



public works
& infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

**STATEMENT BY THE MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE,
HONOURABLE SIHLE ZIKALALA, ON THE OCCASION OF A MEDIA
BRIEFING ON DEPARTMENTAL ACTIVITIES AND POLICY DIRECTIONS, 20
AUGUST 2023**

GOOD DAY, LADIES AND GENTLEMEN OF THE MEDIA

We welcome all of you who have joined us physically for this media briefing and those who have joined us online. The purpose of this media briefing is to update the nation on how the Department of Public Works and Infrastructure (DPWI) is responding to the national imperatives of the Economic Reconstruction and Recovery Plan, implementing infrastructure delivery as the flywheel of the economy, job creation, transformation and fighting crime and corruption in the Built Environment.

Our engagement comes three days after we convened the MinMEC, a forum where we meet with the Provincial MEC's of Public Works and Infrastructure. In our presentation, we will cover policy issues and directions that are emerging from the drivers of the property and infrastructure sector in South Africa.

UPDATE ON THE CONSTRUCTION INDUSTRY RECOVERY PLAN (CIRP)

The Department of Public Works and Infrastructure is a key player in the Economic Sectors, Investment Drive, Employment and Infrastructure Development Cluster. As part of accelerating the sector contribution to the country's Economic Reconstruction and Recovery Plan, the MinMec meeting endorsed the transformative Construction Industry Recovery Plan (CIRP) which provides a focused approach for the inclusive development of the construction industry. The plan will now be brought before Cabinet Committees and Cabinet for approval.

The Construction Industry Recovery Plan (CIRP) enables a focus on the entire infrastructure delivery and maintenance value chain. The CIRP is a construction industry-wide plan focusing on the public and private sectors.

South Africa has a strong core network of national economic infrastructure, yet investment in infrastructure has lagged over the past decade. In addition to reviving the construction sector, a significant infrastructure push will support local manufacturing and other related sectors across the value chain.

As the Department, we welcome the post covid-19 improvement in the property investment in the country which has improved by [FROM???] almost R2, 8 trillion post Covid-19 for residential industry to R6, 7 trillion.

We will unveil the full plan soon as it will represent a defining moment in our efforts to revitalize the construction sector, encapsulating our unwavering commitment to driving economic prosperity, fostering social inclusivity, advancing transformation, and championing environmental sustainability. We are putting the building blocks to build a construction industry that not only meets the demands of our time but also paves the way for a brighter and more prosperous future.

EFFORTS BY THE DEPARTMENT OF PUBLIC WORKS & INFRASTRUCTURE, TO ASSIST IN THE STRENGTHENING OF THE POWER GRID

As we are all aware, we are all hands on deck in supporting the efforts by the country through the Ministry of Electricity in creating energy security. As the Ministry of Public Works & Infrastructure, we met with the Ministry of Electricity, earlier this month to discuss the pressing matter of strengthening the electricity grid as the nation continues to deal with issue of power challenges.

As a custodian of state properties, we have heightened the need to urgently acquire property for the expansion of the Eskom transmission infrastructure. We are also expediting the expropriation applications for Eskom servitudes.

We wish to report that we have processed a request by Eskom for servitudes on the state land in various properties. We have received 45 requests from Eskom and 25 of them have been approved by the Minister of Public Works, an equivalent of 143.7485 hectares. A further six requests are being processed (currently at the stage of valuation and feasibility).

The Department is also dealing with requests for servitude for portions of land from the Independent Power Producers on state land. Two IPPs have made applications with one requesting approximately 19 hectares and another with an extent of 13 hectares. We are processing these requests and we will subject them to conveyancing process by the Department

We are committed to expediting the work of infrastructure development and releasing available state-owned land for all national programmes. In order to quicken the pace on this work, the Ministries of Public Works and Infrastructure as well as

Electricity have formed a task team to fast-track expropriation applications and identify and address implementation challenges. Resolving our energy crisis is our collective priority.

UPDATE ON THE IMPLEMENTATION OF STRATEGIC INFRASTRUCTURE PROJECTS IN THE COUNTRY.

Since the gazetting of the projects in 2020, some headways can be reported with a number of projects completed to the value of approximately R4.63 billion. Projects completed were mostly covered within the Transport (Including the Small Harbours in the Western Cape) and Social Housing Programme. Five out of twelve SANRAL gazetted projects and 4 Social Housing Projects were completed. A further four projects are expected to be completed within this financial year:

✓ Hull Street Social Housing Project Phase 1 – Social Housing Project in the Northern Cape (Under SIP 24: Human Settlements)

✓ Newcastle Hospital Street Social Housing Project (500 units out of 1056 completed) Social Housing Project in KZN (Under SIP 24: Human Settlements)

✓ Scatec Kenhardt 1,2,3 -Renewable energy project in Northern Cape (Under SIP 20a RMIPPP)

✓ Sefako Makgatho Health Sciences University Student Accommodation in Gauteng (Under SIP 34: Student Accommodation)

The total investment value of the above-mentioned projects to be completed is estimated to be around R17, 5 billion.

With regard to the SIP 28: PV and Water Savings on Government Buildings Programme, also known as the Integrated Resource Efficiency and Renewable Programme (iREREP), the Request for Proposal (RFP) for the Programme was released on the 30th of June 2023. The RFP contains 4 unique projects spread across the country, with another 3 projects already packaged and expected to be released shortly. There has been broad interest from the market with a significant number of potential Bidders registering for the Programme and More than 90 companies have registered for the 1st Bid Window.

The 1st Bid Window has been extended over a longer period, to allow Government to interact with the Private Sector and various other stakeholders on salient features of the Programme and the RFP. The Programme is very important for the South African government as a SIP, and we are working on rolling it out not only at the national government level but at the provincial and local government level. Furthermore, in the energy efficiency space, Infrastructure South Africa (ISA) is currently finalizing support for the project preparation of the Solar Water Initiatives Programme (SIP 33).

Between January 2023 and July 2023, the total value of projects reported under the SIP Programme is as follows:

✓ R164 billion worth of projects in Procurement as reported by the various project sponsors and owners.

✓ R245 billion worth of projects are in construction phase.

PROGRESS ON RESOLVING BLOCKED AND STALLED PROJECTS IN THE COUNTRY

Since our arrival in the office, we have put at the apex of our priorities turning South Africa into a construction site. This process has culminated in us visiting various

provinces to assess the implementation of projects and elevating as a priority unblocking of blocked or stalled projects. These projects include courts, police stations, and correctional facilities among others. We are making important headways and many such as the Parys Correctional Facility, Magistrates Courts such as, Mamelodi are being put back to schedule. We expect to handover the Port Sheptone Magistrate Court and Manguzi Police Station soon.

To unblock and address challenges of stalled projects, the following measures are in place:

1) All delayed projects and their challenges have been identified and intervention measures with clear actions plans with start and finish dates are put in place followed by strong monitoring mechanisms for implementation targeting various role players to management level.

Turnkey implementation methodology has been adopted to implement projects and will save longer duration periods associated with planning, design and procurement.

The close monitoring of projects will be enhanced by the establishment of the outsourced programme management units that we are in the process of establishing.

PROGRESS IN STOMPING DISRUPTION OF CONSTRUCTION SITES

Distinguished Members of the Press, we wish to report that since the law enforcement agencies are prioritising this crime there is a glimmer of hope that eventually we will win the war against those involved in extortion, hijacking and disruption of construction sites.

While the practice is still rife and keep morphing to other areas using intimidation as a tactic, we are confident that we will overcome this criminal practice. To assist the

construction sector, we are establishing a call centre for speedy reporting of construction disruptions and this will support the assigned law enforcement units to this priority crime. It is important that police act swiftly and those involved are caught in the act. We appeal to construction companies not to be cowed into submission by complying with this criminal conduct.

MEASURES TO DEAL WITH DEFAULTING CONTRACTORS SHORT-CHANGING GOVERNMENT.

One of the major challenges we have identified that impact on the delivery of infrastructure projects and eventually on growth and employment prospects in the country, is the lack of consequence management for contractors shortchanging the state.

We have resolved to stem the tide on rampant corruption by unscrupulous contractors that are fleecing government through shoddy workmanship and deceitful liquidations. The Department has appointed a Restriction Committee and Authority (RCAA) that is composed of cross functional expertise including GRC, Legal Services, Supply Chain, Construction specialists, Security services and Internal control representatives.

The Committee's role is to consider all cases that are presented to it for restricting of service providers who have abused the supply chain system or failed to perform on contracts. The departmental procedure requires that Branches who experience challenges with performance of appointed contractors or consultants submit a motivation for restriction to the Committee who then considers the merits of the matter. The Committee also ensures that Treasury Regulations are complied with, to the extent that the contractor or consultant must be allowed to make representations as to why they should not be restricted or blacklisted.

In terms of restriction, the department itself restricts a service provider when there are contraventions in relation to the PFMA and/or the General Conditions of Contract regarding performance. When there is a contravention of procurement regulations, the Department is required to only recommend restriction to the National Treasury who will consider the matter and implement restriction or not. The periods for which a service provider can be restricted from doing business with government is up to a maximum of 10 years.

The Department has to date recommended 7 service providers to National Treasury for restriction. Some of the service providers successfully appealed their cases to National Treasury with the exception of one that was involved in construction and cleaning and the Beitbridge matter. The cases referred back to the Department by National Treasury where advice is that is stating that the restriction must be made in terms of the General Conditions of Contract. These matters are now on the agenda of the Restriction Committee which is currently processing the restrictions. The Committee meets weekly to deliberate on matters that are presented to it.

CIDB AMENDMENT BILL

To further cleanse the Built Environment sector, we are accelerating the Construction Industry Development Board Amendment Bill through the proper legal processes. The Bill is intended to expand the scope of cidb's development interventions to the private sector; to provide for improved compliance and enforcement of cidb prescripts; to expand the scope of the construction industry registers to include other industry participants, such as professional service providers.

ESTABLISHMENT OF THE OMBUDSMAN OFFICE FOR THE CONSTRUCTION INDUSTRY

We have also directed the cidb to establish an Ombudsman office for the construction industry. The Ombudsman Office will serve as an independent body for resolving disputes in the construction industry.

ACCREDITATION OF CONTRACTORS

Due to the risk and poor performance by some contractors, we have recommended to the cidb to implement processes and assess registration requirements. We are committed to ensure that contractors that offer poor quality work or those that at times are involved in corruption need to be removed from the cidb Register of Contractors.

The culture of non-performance by contractors in both public and private projects must be addressed. Some of the companies hold the registration certificate from the cidb but are not qualified or at a level to undertake the scope of infrastructure work they are doing. The cidb will now shift focus in the accreditation process to take into account the capability of the contractors to undertake the work at each cidb grading level based on scale and scope and this will not compromise transformation especially gender transformation of the built environment sector.

WELISIZWE BRIDGES

With regards to Welisizwe Rural Bridges, we are making progress. We intend to build 96 rural bridges with a total of R3.6 Billion approved from the Budget Facility for Infrastructure (BFI) over a period of three years (MTEF). The funding covers six (6) provinces which are Eastern Cape, Free State, KwaZulu-Natal, Limpopo, Mpumalanga and the North West. The Department of Defence which is our lead implementing agent, has already visited all provinces and work is ongoing and we will soon make announcement on the unveiling of this key infrastructure for our rural communities.

OPERATION BRING BACK

The Department is intensifying its efforts to bring back its lost assets. We are vigorously implementing a campaign which we have dubbed "Operation Bring Back" We are scouring every part of the country getting back lost, stolen, or illegally occupied properties. We will investigate, detect, prosecute, recover and resolve the potential misappropriation of state land and buildings.

The Department is partnering with other institutions of government such as SIU, NPA, SAPS, and Courts to prosecute those that have stolen, misappropriated state land. We want to see difference within 24 months. We are also engaging client departments whom we provide with properties that are under their care for daily use to properly return them to the department if they are no longer utilising them. This will enable us to protect them from illegal occupation, help us to refurbish and re-allocate to other public users in need.

JOB CREATION INTERVENTIONS

The Department of Public Works and Infrastructure has noted the recent statistics on the state of employment in the country especially among the youth. The Department is part of the solution in resolving this challenge. As part of our response, we are resolving to insource some of the services by resuscitating:

Workshops and Training Centres: This will improve the upkeep of immovable assets under the custodianship of DPWI. This Insourced model is aimed at utilising State Buildings and infrastructure as a source of employment creation, and we are planning to create 5000 jobs in the first phase of this programme. In addition to day-to-day maintenance (reactive maintenance) the Department also plans to execute repair and refurbishment (proactive maintenance) as well as minor new works projects using the insourced model. The employment opportunities cut across the entire life cycle of immovable assets and the maintenance thereof. The roll-out of this programme will offer opportunities for youth and unemployed graduates in the following trades:

- a. Electrical engineering
- b. Mechanical engineering
- c. Carpentry,
- d. Plumbing
- e. Building

- f. Painting
- g. Welding
- h. Boiler Making
- i. Rigging
- j. Water Care Technicians
- k. Plant and Machine Operator
- l. Civil Engineering
- m. Potholes filling/repair
- n. Horticulture
- o. Locksmiths

With regards to the projects delivery element of the programme, the Department will still be outsourcing certain categories of work to specialist sub-contractors. To this end, DPWI will in a very deliberate way specifically target women and youth owned companies and will work with the CIDB and community leaders to identify such contractors.

LIFT REPLACEMENT AND MAINTENANCE PROGRAMME

Another programme that we will be rolling out relates to lift replacement and lift maintenance programme. The programme at this stage is estimated between R600 million and R 1 billion Rand. Similar to the workshops in-sourced programme, there will be a deliberate programme of including women youth owned contractors. We will launch this programme shortly.

CONCLUSION

As we conclude, we wish to indicate that we are repackaging our mass employment opportunity programme, the Expanded Public Works Programme, to be more impactful and to give a meaningful change to all participants.

We will be recruiting and training participants to focus on road maintenance, cleaning and environmental management, renewable energy (solar programme for government buildings) and cleaning of all government buildings.

The focus will be on training to ensure that participant gains skills in these areas and are trained to start enterprises. The impact of the repacked programme should be seen in better maintained public facilities, potholes fixed and clean environments. The reloaded and repacked EPWP must lead to the meaningful change in the life of all participants and their contribution to the growth and development prospects of the country.

I thank you

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