

**ADDRESS BY DPWI DEPUTY MINISTER BERNICE SWARTS DURING THE POST BUDGET  
INFRASTRUCTURE DIALOGUE, UNIVERSITY OF THE WITWATERSRAND, 29 FEBRUARY 2024**

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Construction Management Foundation CEO, Mr Ronnie Siphika;  
Board Chairperson of the Construction Management Foundation, Mr Mashilo Pitjeng;  
CEO of the Engineering Council of South Africa (ECSA), Dr Lindelani Matshidze;  
Wits Senior Lecturer, Dr Sitsabo Dlamini;  
Deputy President of SACPCMP, Dr Bridget Ssamula;  
Director at Infragap (Pty) Ltd, Mr Tshepo Lethea;  
The Academic Community;  
Leadership of the Council for the Built Environment (CBE);  
Representatives of the Construction Industry Development Board (CIDB);  
Government Officials present;  
Social and Developmental Partners;  
Distinguished Ladies and Gentlemen;

Good Afternoon! Dumelang! Molweni! Sanibonani! Thobela! Lotshani! Avuxeni!  
Ndimatsheloni!

On behalf of the Department of Public Works and Infrastructure (DPWI), we wish to convey our sincere gratitude to the leadership of the Construction Management Foundation, the WITS Construction Economics and Management, as well as the UJ's Department of Quantity Surveying and Construction Management for inviting us to participate at this Sustainable Infrastructure Development Seminar Series.

We are inspired to be among professionals and a community of scholars that are at the heart of building the South African Built Environment.

We are inspired to be in a company of patriots who are redefining the future of construction management.

We are indeed encouraged to be with our allies who are seized with the urgent task of developing the skills pipeline and advancing construction and professional development.

We, as the Department of Public Works and Infrastructure, honour engagements with critical stakeholders like yourselves, not just to share what we do, but also because these platforms enrich our worldview and help us improve service delivery.

Thirty years ago, South Africans from all walks of life achieved a democratic breakthrough and entered into a covenant to create a democratic, non-racial, non-sexist, equal and prosperous society.

Delivering his inauguration address as Founding President of a democratic South Africa, our beloved icon, tata Madiba declared, “***the time to build is upon us***” and added:

***“Let there be justice for all.***

***Let there be peace for all.***

***Let there be work, bread, water and salt for all.***

***Let each know that for each the body, the mind and the soul have been freed to fulfill themselves.”***

Despite the challenges and obstacles we have faced on our thirty year long journey to create the South Africa that Madiba and his generation envisaged, we have not ignored the national objective of building a South Africa that belongs to all, black and a white, a South Africa constructed on the foundation and cornerstone of human dignity.

Vision 2030 of the National Development Plan places emphasis on the construction sector as an engine and driver of economic development and growth.

Faced with at least three calamities in the 6<sup>th</sup> Administration – COVID-19, devastating floods, and a civil unrest – government crafted the Economic Reconstruction and Recovery Plan (ERRP) to stimulate inclusive, sustainable growth.

We look to academia to assist our country in advancing climate-resilient infrastructure and to promote low-carbon and resource-efficient solutions.

The ERRP prioritised infrastructure-led growth and development given its catalytic impact, multiplier effect, and potential in creating much needed jobs.

The Plan mandated our entity, Infrastructure South Africa (ISA), to improve the state’s technical, project preparation, as well as engineering capabilities.

To fast-track project delivery, ISA has been focusing on project preparation of the Strategic Integrated Projects (SIPs), the development of standard designs and clearing of permits.

Today’s dialogue takes place not long after His Excellency President Cyril Ramaphosa delivered the State of the Nation Address (SONA) on 8 February where infrastructure was mentioned no less than ten(10) times.

It also takes place a few days after the Minister of Finance delivered the Budget Vote which referred to infrastructure at least fifteen (15) fifteen times.

**Ladies and Gentlemen**, it is clear from both the SONA and the Budget Vote that indeed our government sees the construction sector as the “flywheel” for economic recovery and employment creation.

The South African economy is not yet near the 5% GDP growth envisaged in the NDP.

To reach the NDP goal of investing 30% of GDP in infrastructure by 2030, public and private sector investment would need to increase significantly.

The South Africa’s National Infrastructure Plan (NIP 2050) shows that the cost of delivering infrastructure to achieve the NDP objectives is estimated to exceed R6 trillion between 2016 and 2040 alone with energy and transport accounting for over 72% of this spend.

Finance Minister Godongwane indicated that Treasury estimates real GDP growth of 0.6 % in 2023 down from the 0.8% growth previously estimated. All things equal, between 2024 and 2026, growth is projected to average 1.6%.

To encourage inclusive economic growth with infrastructure at the centre, National Treasury is introducing “far-reaching reforms to infrastructure financing and delivery” aimed at optimising the infrastructure value chain and to attract private sector participation.

To prioritise infrastructure provision, our government aims to invest more than R943 billion in public infrastructure over the MTEF.

The spending will support the refurbishment and maintenance of existing assets and the building of new infrastructure.

Regarding municipalities, an additional R1.4 billion has been set aside for the municipal disaster recovery grant to fund the repair and reconstruction of infrastructure damaged by the floods of 2023.

According to the Minister of Finance,

- Treasury has gazetted the amendments to the PPP regulatory framework for public comment. The amendments will reduce the procedural complexity of undertaking PPPs, create capacity to support and manage PPPs, formulate clear rules for managing unsolicited bids, and strengthen the governance of fiscal risk.
- Treasury is reviewing institutional arrangements and governance for catalytic infrastructure to create clearer mechanisms for accountability, cooperation and coordination.

- Introducing several new financing instruments, such as infrastructure bonds and concessional loans. As part of this, a flow-through tax vehicle for specific infrastructure projects, similar to trusts and other investment vehicles, is being considered by Treasury.
- To mainstream climate finance, Treasury is developing a climate-budget tagging framework to influence policy, planning, and budget decisions.

**Ladies and Gentlemen**, to finance infrastructure at the scale required, government has to collaborate with the private sector to deliver priority infrastructure projects. The Strategic Integrated Projects (SIPs) that have been gazetted provides a platform to revive the construction industry, deliver services, and improve the lives of our people.

Participating in the SONA Debate on 14 February 2024, my colleague, the Minister of Public Works and Infrastructure Sihle Zikalala reported that:

- In 2020 there were 50 gazetted projects. The portfolio now boasts 126 Projects and 12 Special Programmes.
- DPWI has operationalised the Infrastructure Fund (IF) to mobilise long-term private finance. No less than 14 advanced projects (including Ports of Entry) with an aggregate capital value of R66.9 billion are being supported by the IF.
- Through Operation Phakisa Ocean's economy, DPWI invested R500 million on repair and maintenance program for Proclaimed Fishing Harbours in the Western Cape. The program has created 672 jobs and empowered local SMME companies with over R61 million.
- DPWI is finalizing an in-kind grant from the Chinese government to conduct feasibility studies for new harbours along the coastlines of the Northern Cape, Eastern Cape, and KwaZulu-Natal.
- 96 Welisizwe Rural bridges are being built annually in six provinces at a cost of R1.1 billion. This project will create no less than 6270 job opportunities in one financial year and 17280 job opportunities in the MTEF while contributing to skills transfer, localization and SMME development.
- At least R139.1-billion is being invested in 11 water and sanitation infrastructure projects. These will create more than 20 000 temporary jobs and 14 000 jobs during operational phases. To date, no less than 8000 jobs have been created.
- The current energy sector SIP pipeline consists of 76 gazetted projects with a value of approximately R1.4 trillion at various stages of development including projects which are in construction. A number of jobs and economic stimulation will emerge from the 14 Green Hydrogen Projects.
- Seventeen (17) social housing projects have been gazetted, four (4) projects on digital infrastructure, and two (2) on agriculture/agro-processing.

- In the transport sector, 16 Strategic Integrated Projects under the SIP21 programme were gazetted. Six been completed like the N1 Polokwane Eastern Ring Road phase 2, N1 Ventersburg to Kroonstad as well as NW Musina Ring Road. Five other projects are currently in construction and these include the N3 Cato Ridge to Dardanelles, and N2 EB Cloete Interchange.
- Work continues on Project Ukuvuselala, the Gauteng-Eastern Cape high-capacity rail corridor to transport vehicles from Tshwane to Gqeberha port. This project is an expansion of the existing South Corridor rail infrastructure which will extend from Waltloo and Kaalfontein in Gauteng to the Gqeberha via the Free State Province, and the Eastern Cape Province primarily for the automotive industry. The project value is approximately R6.5 billion.

**Compatriots**, we cannot overemphasise the importance of transformation in the construction industry to achieve an inclusive growth.

Transformation is possible where there is access to work and projects, hence the need to accelerate getting projects off the drawing board onto the construction sites.

Investment in construction technology will have a positive impact on costs, productivity, and stakeholder support by accelerating automation and digitalisation. DPWI wants to see an industry where projects are more standardised and connected to the Internet of Things (IoT).

Working with you, we can leverage technologies such as Building Information Modelling (BIM), Digital Twinning, Virtual Reality (VR) and Augmented Reality (AR).

Together, we can deploy data-driven decision-making through Artificial Intelligence (AI) and big data analytics to aid decision-makers by providing further insight into the complex challenges and potential solutions.

Through our entity, the Construction Industry Development Board (CIDB), we established a Centre of Excellence with the University of Johannesburg to strengthen construction industry research and to support post-graduate students doing their master and doctoral degrees.

The areas of research cut across a spectrum of areas for the development of the built environment including technology adoption to enhance collaboration and making the industry more effective and transparent. We have said that going forward, the partnership needs to be extended to other academic institutions.

Collectively, we must tackle the challenge of the lack of technical capacity in government departments that are working on construction projects.

We support the call by the CBE that senior public officials need to acquire professional registration.

Infrastructure client departments are being capacitated on the cidb prescripts, the cidb Standard for Uniformity (SFU), the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and the cidb B.U.I.L.D Programme.

Commitment and compliance of infrastructure clients will enable the realisation of the targets for the B.U.I.L.D Programme, which will be incrementally built up over a five-year period. The target is to provide for R8 billion worth of contracts to be directed to developing enterprises together with developmental support.

We announced in the Budget Vote Speech of the Department on 23 May 2023 that the plan is that around 1 000 contractors will receive development support per year. On public sector contracts, we said R450m is to be spent on workplace training per year; 10 000 learning opportunities to be provided per year to FET learners acquiring artisan skills; and 1 500 learning opportunities are to be provided to candidates per year.

Currently, the cidb is supporting 250 women-owned contractors on implementing Construction Management Systems in cidb Grades 5 to 8.

Through the Departmental Bursary scheme, DPWI also offers university bursaries for students pursuing degrees in the Built Environment at our tertiary institutions. We support students from grade 10-12 who are pursuing Maths and Science all the way to university, and upon graduation, offer them internships in the Department. We have a bias to capacitate and support the entry of black women in construction

To revitalise the construction sector means we must all be uncompromising in fighting corruption, collusion, fronting, extortion and violence in the construction industry. Our Department continues to work with all stakeholders to eliminate the challenge of work stoppages, intimidation, and payment of protection fees at construction sites which give a bad name for the construction industry.

Minister Zikalala has directed the cidb to establish an Ombudsman Office which will serve as an independent body focusing on resolving disputes in the construction industry.

We have appointed a Restriction Committee and Authority (RCAA) which considers all cases that are presented to it for restricting of service providers who have abused the supply chain system or failed to meet their contractual obligations.

We have also said that construction companies must insist on being paid on time without offering public officials bribes to fast track payment.

**Ladies and Gentlemen**, the Construction Industry Development Board (cidb) has developed a Construction Industry Recovery Plan (CIRP) aimed at reviving the construction industry.

Objectives of the CIRP include:

- (a) Implementing a robust and capable infrastructure project pipeline.
- (b) Advancing industry capacity and transformation, including materials supply and mainstreaming women in the industry.
- (c) Creating institutional capacity, removing impediments from the infrastructure delivery processes, and streamlining approval and permitting processes.
- (d) Implementing green economy commitments to identify opportunities in the materials supply manufacturing and onsite reduction of energy consumption and promoting sustainability.

In conclusion, we once again wish to make a special appeal to the academic community to work closely with our Department in developing the requisite skills that will build the construction industry of the future.

It is you who will train the STEM teachers who will encourage more South African youths to excel in these subjects and related engineering fields.

We hope that you will encourage indigenous knowledge systems (IKS) in your classes and examples so that our architecture and building practices can reflect more of the African worldview and sustainable practices.

And we look to South African companies to lead the way in demonstrating a vote of confidence in our economy by leading the world in investing in the infrastructure project pipeline.

The time for building is upon us!

Let us roll our sleeves, get to work, and ensure that in our beloved country, there is work, bread, water and salt for all the children of the land.

Together Growing South Africa!

South Africa Works Because of Public Works!

I thank you!