

ADDRESS BY THE DEPUTY MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE HON. SIHLE ZIKALALA (MP) DURING THE DEBATE ON INFRASTRUCTURE DEVELOPMENT IN LOCAL GOVERNMENT AS THE ONLY PATH TO VIABLE MUNICIPALITIES, 12 NOVEMBER 2024

Honourable Chairperson and Deputy Chairperson of the NCOP;

Minister of COGTA Hon. Hlabisa;

Honourable Members; and Fellow Compatriots;

We appreciate the opportunity as the Department of Public Works and Infrastructure (DPWI) to address this august House during the debate on the importance of infrastructure development in local government in the development of viable municipalities.

We invite the South African Public and Members of this House to join the Department on Tuesday next week in Durban as we continue to fight organized crime in the construction sector while empowering emerging contractors.

There can be no argument that infrastructure is the foundation on which the future of South Africa is being constructed. It is the cornerstone of any nation's competitiveness, prosperity and social wellbeing.

Infrastructure development connects people to markets, opportunities, and each other. Such connectivity is the lifeline of business, fuelling the flow of goods, services, and ideas that drive innovation and growth.

At the height of COVID-19, His Excellency President Cyril Matamela Ramaphosa, unveiled the country's Economic Reconstruction and Recovery Plan (ERRP) which identified infrastructure delivery and maintenance to be the cornerstone of economic growth, leading the President to characterise infrastructure as the flywheel of the South African economy. This was influenced by the fact that infrastructure, especially construction has multiplier effect which stimulates other sub-sectors in its value chain.

In line with the ERRP, our entity, the CIDB also adopted the Construction Industry Recovery Plan (CIRP) to achieve a coordinated approach in reviving the construction industry.

To reach the National Development Plan goal of investing 30% of GDP in infrastructure by 2030, public and private sector investment need to increase significantly. Many of the reforms led by the National Treasury involve pooling resources with the private sector, multilateral development banks and development finance institutions to fund infrastructure investment more effectively.

To turn the corner and to transform South Africa into a construction site, the Department of Public Works and Infrastructure has been working closely with our agency, Infrastructure South Africa (ISA) to improve the state's technical, project preparation and financial engineering capabilities.

The Department is actively involved in addressing the lack of technical capacity in government departments that are working on construction projects. Research shows that the erosion of municipal engineering capacity increases service delivery failures and in this regard, the Department has supported the CBE's call that senior public officials need to acquire professional registration.

The Department, working through the CIDB has established Centres of Excellence with the University of Johannesburg and University of the Witwatersrand to strengthen construction industry research and to support post-graduate students doing their master and doctoral degrees.

Last year, DPWI also finalised and adopted the CBE's ***Built Environment Professionalisation and Skills Development Strategy for the Public Sector*** where no less than eleven interventions were identified to address capacity challenges. We have continued to support learners from impoverished backgrounds to do well in STEM subjects and to pay bursaries to those pursuing qualifications in the Built Environment.

Through the CIDB, DPWI is also involved in capacitating infrastructure clients on best practice standards for infrastructure delivery. At the centre of our transformation efforts, is the rollout of the cidb B. U.I.L.D Programme with a dedicated focus on empowering women contractors. Women contractors are being supported to be future ready. No less than 160 women-owned companies were supported in the year ending March 2024 across Grades 5 and up.

Honourable Members, The Construction Management branch in the department is responsible for the project planning, design and implementation for infrastructure projects identified by the department and clients. These projects are for the delivery of new state infrastructure projects, refurbishment of existing facilities and repair/ replacement of critical components.

The department is mandated by the Government Immovable Asset Management Asset as a custodian of state properties and is required to provide maintenance to ensure service delivery is not negatively affected. The custodianship role also requires the department to ensure that occupational health and safety regulations are adhered to.

Over the years, the department has noted an emerging trend from the various client departments, which has a negative impact in the manner in which DPWI delivers construction projects. It is concerning to see Departments habitually cancelling projects that are in the design and implementation stage and also delaying or refusing to make further funds available for those projects that are already in the construction stage of the project life cycle.

The Department in most of the cases is not furnished with full reasons why these projects are cancelled. The expenditure incurred for the professional services normally falls within the ambit of fruitless and wasteful expenditure; which negatively affect the overall audit opinion of the Department.

When a contractor is not paid on time, their cash flow is negatively affected and accordingly the contractor has a right in terms of the relevant provisions of the contract to terminate the contract and claim any cost associated with such a termination. This has also resulted in a number of emerging contractors forced to

close their entities as they could not continue working without being paid. That is why as the department we will intensify Operation Pay on Time.

Honourable Members, the shortage of full time professionals in the department due to freezing of vacant positions due to funding limitations has a negative impact on the capacity to manage projects. This has been identified as one of the major causes for delayed projects.

The technical support will now be provided through procurement of Project Management Units (PMUs) to support the implementing offices (Head Office and Regions).

The Key performance outcomes of the PMUs include:

- Programme Management Support to project executing units to identify bottlenecks and resolve to ensure projects are completed.
- Development of record keeping and project monitoring process.
- Preparation and submission of progress reports.
- Support on the implementation of audit action plans.
- Preparation of project cashflows and monitoring of programme expenditure.

Additionally, the Department is paying attention to the effective implementation of IDMS which is a government management system for planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of infrastructure.

Honourable Members, Delayed project hinder the provision of services which are much needed by communities. These delayed projects lead to cost overruns and end up draining our limited budget resources in the midst of competing national priorities.

The delayed projects also negatively impact on the ability of client departments to provide crucial services that our people need like access to justice if the construction of courts is delayed or failure to arrest crime if there is a delay in the construction of police stations.

As a results of project delays, work conditions under which officials of client departments continue to be appalling, unhygienic, and even unsafe.

The 6th Administration embarked on the programme to address bottlenecks in construction projects. These include:

- (a) Investigate delayed projects, in particular, the top 50 ones.
- (b) Investigate and improve systems within the DPWI construction branch and further overhaul the management.
- (c) Strengthen the fight against corruption and the prosecution of wrongdoers such as the Beitbridge Border case where through our courts, there has been a judgement to recover losses.
- (d) Strengthen and enforce the work of restriction committees and work with National Treasury to blacklist corrupt individuals and their companies.
- (e) Build internal capacity so that the department would deliver on its own. During the last administration, work was already completed on the standardized designs for commonly built facilities like police stations. This work, if urgently implemented, will save the state money on the huge costs of design for such buildings.
- (f) DPWI and Treasury need to fast track the process of finalizing regulations that will ensure that the procurement of infrastructure advances black economic empowerment in line with the Public Procurement Act enacted by the President a few months back.
- (g) The Department will continue to fight organized crime, including extortion, work stoppages, and intimidation in the construction sector. In this regard, we applaud the work of the police in dealing with disruption and extortion on construction sites and we must never allow anyone to frustrate the goal of transformation, including criminal syndicates.
- (h) The Department will expedite the processing of the CIDB Amendment Bill which will go far in transforming the construction sector and empower previously disadvantaged groups while punishing those who will choose not to adhere to its provisions and regulations. The CIDB Amendment Bill has also correctly identified the need to establish the Office of the Ombudsman which will address disputes and practices that seek to undermine the Constitutional imperative of transformation through practices like collusion and fronting.
- (i) We support the continuation by the Department of the establishment of the Office of the Engineer-General which will go far in improving the status of the Engineering profession, enhance safety in the Built Environment, and hold all actors within it accountable. We cannot afford to continue experiencing unnecessary, avoidable deaths as we saw with the George disaster incident where more than thirty people perished. Lack of enforcing regulations in the private sector has resulted in Western Cape becoming an exclave hell-bent on exploiting foreign nationals and turn them into cheap labour. This painful form of modern-day slavery was succinctly described by Hugh Masekela, during the apartheid era, in his famous song, STIMELA/COAL TRAIN when he said:

"There is a train that comes from Namibia and Malawi

*There is a train that comes from Zambia and Zimbabwe
There is a train that comes from Angola and Mozambique
From Lesotho, from Botswana, from Swaziland
From all the hinterlands of Southern and Central Africa
This train carries young and old, African men
Who are conscripted to come and work on mines.”*

I refer to this because more than 95% people who died in George were foreign nationals who were employed only because they are not protected by our labour policies. Clearly, the train that transport people to slavery and exploitation still exists and goes nowhere but to the Western Cape, a province which some backward people wish could be separated from the rest of our country to be their enclave or sole preserve.

Together, we must not allow those who are opposed to the vision of a united, non-racial, non-sexist, equal and prosperous South Africa to triumph and take us back to our painful past.

I thank you.