

Public Works Departmental Policy Statement & Budget Vote Speech delivered on Tuesday 16 May 2017 by Minister of Public Works, Hon Nathi Nhleko, MP in the Old Assembly Chamber, Parliament Cape Town

House Chair

Chairperson of the portfolio committee on Public Works

Honorable members of parliament

MECs for Public Works

DG of the Department and his management team

Chairpersons of the Boards and Entities

Esteemed guests

Fellow South Africans

The African National Congress back in 1994 and in other previous policy instruments declared that:

*"No political democracy can survive and flourish if the majority of its people remain in poverty, without land, without their basic needs being met and without tangible prospects for a better life. Attacking poverty and deprivation will, therefore, be the first priority of the democratic Government" (African National Congress, 1994: 5).*

This Budget Vote takes place against the backdrop of the President of the Republic, His Excellency J G Zuma, having implored us in his State of the Nation address to ensure that Radical Economic Transformation takes centre stage in our departmental activities.

This in itself is in response to the policy positions of the African National Congress.

It is the African National Congress that declared that the democratic government shall strive to develop a sustainable economy and state infrastructure that will progressively improve the quality of life of all South Africans.

It further resolved in a number of its National Conferences that government should establish a mechanism to report on efforts it has made in facilitating employment creation.

The focused outcomes of infrastructure development must be job creation, poverty eradication and income generation through an Expanded Public Works Programme approach, using labour intensive methods of construction, development and maintenance.

The ideals of our Radical Economic Transformation requires employment multipliers as well as skills transfer programmes that are dedicated at enhancing our democracy and building an equitable society.

We have committed to the creation of 6 million work opportunities by 2019 through EPWP and other public employment programmes such as Operation Phakhisa. We aim to develop and rehabilitate 333 harbour and coastal properties along the coastal area of our country.

In this regard, capital and maintenance projects to the tune of R400 million has been identified focusing on the spatial and economic development imperatives.

We will, in the upcoming period undertake the repair and maintenance work in three small harbours of Hout Bay, Gordons Bay and Kalk Bay as part of the first phase of the project. The work entails dredging and removal of sunken vessels. These projects will assist in creating additional work opportunities to improve the quality of lives of our people in the Western Cape Province.

Through EPWP, we have facilitated a total of 2,3 million work opportunities in the infrastructure, social, environment, culture and the non-state sectors. In the financial year under review a total of 660 000 work opportunities were created in all spheres of government. In the 2017/2018 financial year, we have set a target for ourselves to facilitate an additional 1,4 million work opportunities.

In furtherance of the objectives of the programme, we will disburse the EPWP Integrated Grant worth R 1 billion to eligible public bodies and incentivize Non-Profit Organizations (NPO's) among other implementers. This will also allow the poorest members of society to generate income by providing services to their communities.

We are implementing a special programme aimed at providing socio economic infrastructure to our rural communities. This effort includes the implementation of Rural Bridges Programme in partnership with the Department of Defence and Military Veterans. The project is intended to provide Bailey-type Bridges to the needy communities.

We piloted the project in the Eastern Cape Province and delivered four (4) bridges bringing to eleven (11) bridges that were under taken during the period under review. These bridges are cost effective and highly useful in the rural areas as they connect villages and create access to amenities for socio-economic development. Bridge sites have been identified in Limpopo, Mpumalanga and the Eastern Cape for prioritization.

On the 14 of May 2017, we officially unveiled the Cerhu River memorial stone in Bawa Village in Mnquma Municipality in the Eastern Cape. The memorial stone is in honour of Ten (10) women who died when the vehicle they were travelling in was washed away trying to cross the flooded Cerhu River in 1993. One of the survivors of the tragedy who also assisted the police in the recovery of bodies, Mr Mhlangabezi Qutu is sitting in the gallery today as our special guest. We applaud his bravery in the service of human kind.

His Excellency the President of the Republic of South Africa in his State of the Nation Address provided us with guidance and leadership on the policy position of the African National Congress on Radical Economic Transformation.

Radical Economic Transformation is a fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female.

The central question to us as a Department of Public Works is how we respond to this challenge and directive.

In response to this we are focusing on the transformation in the Construction and Property Sector which has started in earnest and is gaining momentum. In order for us to speed up efforts on the the radical economic transformation agenda, we will during this financial year move from planning to implementation by:

- Finalisation of the Baseline Study on the Transformation of the Property Sector
- Obtaining approval on the Sector Codes from the Ministry of Trade and Industry
- Launching of the Construction Sector Codes and Charter

- Integrating all initiatives aimed at transforming the procurement processes to be in line with the Charter

In the built industry we are focusing on promoting skills development through the Skills Pipeline Strategy in order to support the roll out of infrastructure delivery in the country and address skills shortage in the built environment which remains a challenge.

We also implemented in the financial year under review a programme to place interns for work place training working in partnership with the Universities of Technologies and the private sector.

As part of strengthening our work and supporting our mandate, professional councils and entities have been established; and among others we have passed the CBE Act, CIDB Amendment and other pieces of legislation over the years to professionalize the construction and built environment sector.

Key to this is the need for us to deal with the challenges that we still need to overcome in the governance framework. To this end the Council for the Built Environment (CBE) will be hosting a Transformation Indaba on 29 August 2017 at the CSIR International Convention Centre in Gauteng.

The Independent Development Trust (IDT) is undergoing financial, operational and structural challenges. An interim solution is been found together with National Treasury to sustain the entity in the short to medium term while we are working on long term sustainability measures going forward.

Though strides have been made in the redistribution of land over the past 23 years, there is a need for us to accelerate progress to overcome challenges. However, there is still a need for us to finalise the Expropriation Bill with a view to realize land redistribution and disposal for socio economic development.

The distribution of agricultural land is still skewed and not representative of the demographics of the country. In South Africa today only 7.4% of agricultural land is in the hands of black people while Africans only own 1% of agricultural land.

As a democratic government we recommit ourselves to develop a sustainable economy and state infrastructure that will progressively improve the quality of life of all South Africans. In this regard, State infrastructure serves as an important socio-economic lever to exert visible impact in driving capital formation, investment growth and social development.

As a catalyst to development, the State's immovable assets and lease portfolios, continue to hold extensive benefits and opportunities in respect of Government's broader developmental agenda and socio-economic transformation.

Our immovable asset portfolio, is constituted of 30 097 land parcels on which 95 164 improvements are located (buildings and structures) valued at R 117 billion (excluding completed projects and assets under construction) as at January 2017. Our total lease portfolio comprises 2597 leases, with an annual projected expenditure of approximately R4 billion.

We believe that unaccounted for properties could still be traced and brought back where they belong; the State. We therefore call upon members of the public to volunteer any information they have on illegally occupied buildings, stolen and illegally transferred buildings as well as pieces of land. This will assist the government towards updating our asset base.

We have implemented a turn-around programme since 2012 to address the governance and operational challenges of the Department. The programme has started to yield results as the majority of the project deliverables are visible in the public domain. As a result of which we have achieved an

improvement in the audit outcomes and levels of governance have also improved.

The Departmental total budget for 2017/2018 is R7 Billion and R22,5 Billion in the Medium Term Expenditure Frame Work period. An amount of R6 Billion is earmarked for transfers and subsidies in the current financial year, while the remaining R1, Billion will be used for Compensation of Employees and Goods and Services.

In the upcoming weeks, the Minister will as part of familiarizing himself with his portfolio, visit Regional Offices of the Department of Public Works, Entities and Boards, Professional Bodies and Provincial political management structures. Such engagements will assist the Minister to appreciate the kind of challenges faced by our clients as well as our delivery partners.

In conclusion, let me to take this opportunity to thank the Portfolio and Select Committees on Public Works and the Deputy Minister for a warm welcome and their support to the Department in the past financial year;

The Director-General and his management team and to the department and all committed employees for their dedication and commitment to serve ordinary South Africans.

Our efforts as the Department of Public Works must be understood to be about nothing else but honour and dignity for our people.

Thank You.