



BUDGET VOTE 13

DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE

MINISTER PATRICIA DE LILLE, MP
25 MAY 2021

House chairperson, honourable, Grace Boroto

Fellow Cabinet Members

Public Works and Infrastructure portfolio committee chairperson, Nolitha Ntobongwana and Members of the Portfolio Committee

Honourable Members of the Parliament

Members of the media and fellow South Africans

1. Good Morning, Goeie More, Sanibonani, Dumelang
2. I want to start by wishing all South Africans a Happy Africa Day.
3. Our Seventh key priority for the Sixth Administration is a commitment to a better Africa and World.
4. I believe investing in South Africa's infrastructure will bring us closer to our continent as we link to our neighbours with new ports of entry, bridges and roads - increasing trade and deepening our links.
5. But let me report on how the excavators are breaking ground.
6. Honourable President Cyril Ramaphosa told Parliament in his 2021 State of the Nation Address: "we stand here not to make promises but to report progress in implementing the recovery plan and the priority actions we must take to restore growth and create jobs".
7. I am here to give an honest and frank account of what we have delivered, the problems we face and what we still need to do.
8. Let me start with infrastructure

INFRASTRUCTURE:

9. A year ago this week, on 27 May 2020, the Cabinet approved South Africa's Infrastructure Investment Plan.
10. This plan forms a fundamental part of South Africa's Economic Reconstruction and Recovery Plan.

11. In the development of the Infrastructure Investment Plan, the Department of Public Works and Infrastructure (DPWI) worked with the Presidency's Infrastructure and Investment Office to set South Africa on a new path to plan, secure, invest and implement bankable infrastructure projects.
12. We are using the Sustainable Infrastructure Development System (SIDS) methodology to assess all infrastructure projects to ensure that they are bankable.
13. As a result, infrastructure South Africa (ISA) was created as the single entry point for all infrastructure.
14. The government's Infrastructure Investment Plan is implementation driven with immediate, medium and long term action plans.
15. A total of 50 projects and 12 special projects were identified and gazetted as Strategic Integrated Projects (SIPs) in July 2020.
16. An infrastructure investment project pipeline in the energy, water, transport, human settlements and telecommunications sectors were identified.
17. ISA also assessed all the historical infrastructure projects (SIPs 1 to 18) from the Fifth Administration, reviewing their current status in the project life cycle.
18. It found:
 - There are 46 projects completed with a portfolio value of R162 billion
 - 81 projects are at different stages of construction with a portfolio value of R800 billion
 - There are 22 projects with a portfolio value of R73.1 billion in procurement, and 31 projects with a portfolio value of R215.1 billion at the feasibility stage.
 - 84 projects and programmes on hold with that will be sent back to their project owners advising them that should they wish to resubmit their infrastructure projects following the SIDS methodology.
19. This report was provided to the Presidential Infrastructure Coordinating Commission Council (PICCC) on the 22nd of April.

20. ISA visited the three spheres of government as well as State-owned enterprises, visiting every province unblocking catalytic infrastructure projects, including private sector-led projects.
21. Honourable house chair, when people think of infrastructure, they think of big, "cold" projects, and there is often a disconnect about the importance of infrastructure and its impact on communities.
22. Infrastructure is about people having water to drink, having decent roads, and having a bridge to cross to school or work. It helps them connect to the internet so you can find more opportunities and access critical government services like clinics, police station or court.
23. Infrastructure is about changing people's lives for the better.
24. In putting people first, DPWI developed a Social Facilitation Methodology and Framework for infrastructure this past year to bring communities closer to every single infrastructure projects.
25. This framework was approved by Cabinet earlier this month.
26. Social facilitation puts the community at the centre of an infrastructure project. From the outset of the planning process, the implementation, and finally operating and maintaining.
27. Honourable house chairperson and Members,
28. DPWI is developing the National Infrastructure Plan 2045 (NIP 2045).
29. This plan will spell out the government's intentions to build, manage and maintain infrastructure within a unified vision that enables South Africa to grow, address our inequality and capture our strengths as a nation, within the region and internationally, for the next 24 years.
30. The NIP2045 will provide investors of a clear picture of our future infrastructure plans.
31. Sector experts, from business, organised labour, think tanks, State-Owned Entities are all part of drafting the NIP 2045. The draft plan will be presented to Cabinet in June 2021 and soon after gazetted for broader public comment.

INFRASTRUCTURE FUND

32. Government established the Infrastructure Fund and committed R100billion over a 10 year period.
33. To encourage private sector investment in infrastructure, we have established the Infrastructure Investment Committee (IIC) chaired by myself and consisting of members from the public and private sector.
34. The aim is for the Committee to encourage crowd-in funding from sources alternative to the fiscus.
35. Some of the projects approved by the committee include:
 - A) For the Student Housing Infrastructure Programme, we have allocated around R3.4billion from the Infrastructure Fund
 - B) For the SA Connect Phase 2, we have allocated R20billion
 - C) Phase 2A of the Mokolo Crocodile River (West) Augmentation Project in Limpopo, we have approved a R3billion contribution as start-up funding from the Infrastructure Fund
 - D) For the One Stop Border Posts with Zimbabwe, Mozambique, Lesotho, eSwatini and Botswana, we have allocated around R1.5 billion will be allocated from the Infrastructure fund. This will be a public, private partnership.
36. It is important to note again that these funds from the Infrastructure Fund will be allocated over the next few financial years.
37. Honourable chairperson, in seeking solutions to provide more secure border infrastructure, DPWI advertised a request for proposals for borderline infrastructure for the country to deal with fixing the porous border fencing around the country.
38. The requests for information closed on 26 April 2021 and this process is aimed at providing borderline solutions for the whole country.
39. DPWI received 16 bids and the department is currently evaluating the proposals and this is expected to be completed on 15 June 2021.

40. Thereafter, the various options will be discussed with the Department of Defence to finalise the specifications before going out for tender.
41. We are exploring using the Built-Operate and Transfer model for this project.
42. It is clear ISA, and the Department are playing a pivotal role in unlocking investment in infrastructure. This places us at the forefront of infrastructure delivery.
43. I now turn to the Budget Vote 13.

BUDGET

44. The Departmental budget allocation over the medium term (three financial years or the Medium -Term Expenditure Framework - MTEF period) is R25.5 billion, and the funding will be spent to meet the 7 Priorities of government an in specific to:
- Accelerated infrastructure investment for economic growth
 - Transform our economy the built environment and enable job creation
 - Proactively ensure spatial transformation and redress through leveraging state assets
 - And provide a dignified experience for our client departments, the civil servant working in a government building, be it a police officer or nurse and ultimately to every South African that visits a government building.
45. The Department's budget allocation for this financial year is R8.3 billion.
46. The departmental budget for transfers and subsidies with the inclusion of transfer payments to the Property Management Trading Entity (PMTE) and EPWP is equivalent to R7.3 billion of the total allocation for 2021/22.
47. For the 2021/22 financial year, the Department will be disbursing allocations to eligible public bodies in the EPWP for the following sectors:
- R1.18 billion in the 2021/22 financial year in the Infrastructure, Environment & Culture and the Social sectors through the integrated grant incentives for Provinces and Municipalities, with an estimated total number of 81 850 work opportunities
 - R1 billion in the 2021/22 financial year for the Non-state Sector Programme, with an estimated total of 52 189 work opportunities

- R414 million in the Social Sector in the 2021/22 financial year for Provinces, with an estimated total of 16 243 work opportunities.
48. For the financial year which ended on 31 March 2021, the EPWP has transferred 99.9 per cent of the budget, with R1.8 million being withheld due to non-compliance by provinces.
49. For the financial year which ended on 31 March 2021, the following demographic targets were achieved in EPWP opportunities:
- A total of 69% of EPWP opportunities went to women
 - 42% of opportunities went to youth
 - And 1% for Persons with Disabilities.
50. House chairperson, both the Auditor-General of South Africa and Members of the Portfolio Committee in Parliament have raised concerns about the reporting by provinces and municipalities of EPWP.
51. In 2020/21, the Department conducted a social audit pilot study in the City of Ekurhuleni Metro, Steve Tshwete Local Municipality and Nkangala District Municipality to assess the impact of the EPWP Programme in communities.

PRESTIGE

52. Under the Prestige programmes for Government functions, state visits and funerals, will reduce from R94 million in 2021/22 to R83 million in 2023/24.
53. The Department is continuing to implement austerity measures, mainly for the state functions, hence the decreasing budget over the medium term for this Programme.

PROPERTY MANAGEMENT TRADING ENTITY (PMTE)

54. The budget allocation for PMTE is R4.2 billion for the 2021/22 financial year.
55. The PMTE will also focus on refurbishing and maintaining government buildings in its portfolio and developing 12 small fishing harbours.
56. Under the PMTE allocation, an amount of R 945.7 million is allocated to DPWI specific infrastructure projects and is used for:
 - R256 million for used for Land Ports of Entry,
 - R116 millions for Dolomite Risk Management where Government buildings that are at risk to collapse because of a dolomite sinkhole and doline problem especially in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape and the northern part of the Free State provinces.
 - R23 million is set aside for the retrofitting of facilities that have not catered for people with disabilities,
 - R20million is projected spend for this financial year for refurbishment to parliamentary villages to ensure that they are compliant
 - R35million projected spend in this financial year for refurbishment of the Parliamentary precinct in buildings such as the NCOP, the Marks Buildings, 100 Plein Street and security infrastructure.
 - R131.7million on other infrastructure projects such as the Port Elizabeth Eben Donges building: building alterations and refurbishments including Air conditioning and Mechanical installations, the upgrading of 10 Water treatment plants and the upgrading the DPWI regional office in Durban.
 - R199 million is for precinct development in cities to support efficient and integrated government planning by grouping Departments that provide similar services.

SALVOKOP

57. As part of integrated planning and development, the Department has completed the Township Establishment to develop Salvokop Precinct mixed-use precinct in Tshwane.
58. This includes the national offices for 4 government departments, namely; the Department of Correctional Services, the Department of Higher Education and Training, the Department of Social Development and agencies – SASSA and the National Development Agency (NDA) as well as the Department of Home Affairs.
59. The process for the appointment of a contractor to install bulk and internal services at Salvokop is currently being finalised that will facilitate development Phase 1 constituting 350 000m² of development of four Government Head Offices.
60. Four Public-Private Partnerships have been registered and are currently in feasibility and budget approval stages with National Treasury.

PV and WATER SAVINGS ON GOVERNMENT BUILDINGS

61. DPWI as the landlord for all government buildings consumes a significant amount of electricity and water. An estimated 4021 Gigawatt hours and 39 million kilolitres of water each year.
62. This equates to on average R2.4 billion expenditure each year on electricity and on average R1.8 billion each year expenditure on water.
63. The Department's PV and Water Savings on the Government Buildings Programme aims to reduce energy consumption by between 22 to 45% over the life of the Programme and reduce water consumption by between 30 to 55%, which will equate to an estimated saving of up to R500billion over 30 years for government.
64. Further this Programme will reduce carbon emissions by 54.5 mega tonnes.
65. The Programme was gazetted as a SIP on 24 July 2020, which has enabled it to follow an expedited path.

66. The Programme has received Treasury Approval 1 for Phase 1 and it has been registered to be implemented in collaboration with the private sector on a full Design, Finance, Build, Operate, Transfer (DFBOT) basis, allowing the Programme to proceed to Phase 2.
67. Phase 2 entails the implementation and procurement of the Programme.
68. The initial parts of this process involve the packaging of projects to be issued as required, including developing financial, technical, and legal components of procurement documents.
69. The Project Team and Transaction Advisor, together with the Chief Financial Officer have worked with National Treasury on the structuring and governance of the various utilities budgets and are in full agreement on the way forward.
70. This will mean that this SIP will be able to go to market in the next few months.

LAND REFORM

71. House chairperson, the DPWI plays an active role in the Inter-Ministerial Committee (IMC) on Land Reform to fast track land reform.
72. Just this weekend, I joined the President and Ministers from the Land Reform IMC as we handed over 31 title deeds to black farmers outside Groblersdal in Limpopo.
73. I want to thank the two members of the portfolio committee who joined us at the hand over event, honourable Samantha Graham-Mare and Honourable Timothy Victor Mashele.
74. The Department's Real Estate Investment Services that champions the work of land reform has been allocated R220 million for this financial year. This branch spent 98% of their budget in the previous financial year.

75. In the past year:

- 2 574 hectares were released for Restitution Programme to the Department of Agriculture, Land Reform and Rural Development (DALRRD) to finalise land transfers to claimants.
- 52 parcels of land totalling more than 3 000 hectares were released for human settlements.
- 125 Parcels agricultural land for land redistribution measuring 25 500 hectares and covering all nine provinces.
- Further, in support of infrastructure development, 15 hectares or 11 land parcels were approved for registration of roads, water, electricity and gas pipeline servitudes.

76. In the 2021/22 financial year, the Department plans to release;

- 21 132 hectares for land restitution,
- 10 951 hectares for Human Settlements
- and 180 hectares for other socio-economic purposes.

77. The Department also has an extensive Property portfolio comprising 29 041 land parcels and 81 573 buildings - a total of 9 736 are vacant parcels of land ready to support the spatial transformation of our cities and towns.

78. The Real Estate Registry and Information Services is responsible for the Department's Immovable Asset Register, and it will receive R62 million in the current financial year.

79. National Treasury is currently assisting DPWI to draw up the specifications to digitise the immovable asset register.

80. We are planning to conduct a proof of concept to transfer the immovable asset register onto a block chain platform to enhance transparency and the credibility of the asset register.

81. The Immovable Asset Register (IAR) is the core tool that DPWI can use to sweat the assets of the state, drive investment in infrastructure and bring about social and spatial justice.
82. House chairperson for this financial year, the allocation for the Real Estate Management Services Branch is R11.2 billion that will be spent on Leases, Property Rates and Municipal Services.

GBVF

83. Through its Real Estate Management, the department has identified 83 properties in the past year to be allocated for use as shelters for victims of gender-based violence.
84. Together with the Department of Social Development, we inspected 83 properties, and 30 properties were selected to be used by the Department of Social Development as shelters or support centres for people affected by GBVF.
85. During the previous financial year, 12 properties were allocated to Social Development; six were in the Western Cape and six in the Gauteng Province.
86. In this financial year, the Department will prepare and release more properties across the country for Social Development to utilise in the fight against GBVF.
87. As DPWI, we have requested provinces and municipalities who also own buildings to also release some of their own buildings for GBV purposes and not only wait for DPWI to do so.
88. The Department's Facilities Management Branch will be doing repair and maintenance (preventative and reactive) on state-owned buildings received an allocation of R3.9 billion for the current year to maintain the entity's portfolio of properties.
89. The Department has enhanced its strategy in reducing reactive maintenance by putting in place preventative contracts through Total Facilities Management and Term Contracts.

90. The Department has awarded 76% of these contracts to previously disadvantaged groups, further disaggregated to 37% to women and 17% to youth.

CONSTRUCTION PROPERTY MANAGEMNT

91. The Departments Construction Project Management Branch received an allocation of R5 billion for the current year. The CPM branch only managed to spend 69% of their allocated budget in the prior year.
92. The reasons for the underspending are mainly due to poor management contract management, poor cash-flows from the contractors that led to inadequate material supplies on sites and negatively impacted the delivery of milestones.
93. In addition, the COVID-19 pandemic required the temporary closure of sites that hurt site productivity, including the mandatory reduction of the workforce to accommodate social distancing.
94. These led to under-performance on the infrastructure budget where projects were not executed as planned and spending did not occur as projected.
95. In mitigation, the Department has established a panel of contractors that will be utilised in an instance where a contractor has been terminated due to poor performance or any other justifiable reason.
96. This will save money as a significant amount is usually spent on assisting a non-performing contractor or appointing a replacement contractor. There will therefore be less impact on construction periods and expenditure on projects.
97. Measures have also put in place to monitor the Procurement Plan to ensure that projects are firstly packaged correctly and ready for the procurement process and secondly that they are awarded timeously and lastly to ensure that the budget is allocated to those projects that can be delivered.

SUPPLY CHAIN MANAGEMENT

98. In terms of the 30% sub-contracting requirement, during the past financial year, the Department awarded 15 tenders above R30million worth R836 million and sub-contracted 30% to designated groups to the value of R251 million.
99. The Department is also exploring a proof of concept for the use of Block chain technology within SCM. A proof of concept has been registered with National Treasury.
100. The Department piloted the implementation of the opening of its bid adjudication processes for public observation in the past financial year.
101. Every tender advertisement also includes notification of public observation in the bid adjudication process.
102. As DPWI improves its Supply Chain Management, it is critical to pay our service providers within 30 days as the law requires.
103. Delayed payment can often lead to bankruptcy of entrepreneurs, especially SMMEs trying to break their way into the built environment or construction industry.
104. As of end-March 2021, 92% of invoices received by PMTE were processed within 30 days of receipt, while 96% of invoices in the Department's Main Account were processed within 30 days.
105. This demonstrates the commendable work that the Department is doing.
106. In instances where officials have been found to have transgressed the requirements to pay service providers and suppliers on time, disciplinary actions are recommended against such officials.
107. In the financial year ended 31 March 2021, the Department's Main Account made 281 referrals to Labour Relations for consequence management against officials.

108. In PMTE, consequence management was recommended against 143 officials.

CORRUPTION

109. As the honourable President Ramaphosa said in his 2021 SONA: “Corruption is one of the greatest impediments to the country’s growth and development.”

110. Corruption steals from the poor.

111. Yesterday, together with the Head of the Special Investigating Unit, Advocate Andy Mothibi and civil society members we launched the newly established Infrastructure Built Anti-Corruption Forum.

112. This forum made up of representatives from the public sector, government entities, civil society and law enforcement agencies such as the Hawks and the National Prosecuting Authority and aims to collaborate on and coordinate anti-corruption initiatives in the infrastructure built environment.

113. The aim is to address vulnerabilities through forensic investigation, criminal prosecution, recovering losses, proactively preventing future losses in the sector.

114. Since 2010 to date, the Special Investigations Unit (SIU) had investigated 6 796 matters in terms of four Presidential Proclamations. 6 468 matters were finalised, and 328 cases are pending.

115. In addition, the SIU is seeking to recover R1.4 billion in losses suffered by the Department as a consequence of a series of irregularities relating to transactions entered into by the Department with service providers.

116. To date, R129 million has been recovered from landlords who overcharged the department for rentals.

117. In addition, the SIU has referred 197 criminal referrals relating to misrepresentation and fraud to law enforcement agencies for prosecution.

118. House chairperson, the Nkandla matter is also still before the Pietermaritzburg High Court.

119. In the civil matter, the parties have applied for a new trial date. They are anticipating that the case will be heard in August 2021.
120. The criminal cases are managed by the SIU, which has referred to four matters for criminal prosecution.

POLICY

121. I want to provide Parliament with an update on the Department's policy priorities during this financial year.
122. The Expropriation Bill was introduced in Parliament in October 2020, and the Parliamentary processes are currently underway, including public hearings and oral presentations in all provinces.
123. The Department plans to introduce the Public Works General Laws Amendment and Repeal Bill to Parliament in the 2021/22 financial year.
124. In addition, we are currently developing the Construction Industry Development Board (CIDB) Act Amendment Bill, and this legislation will be introduced to Parliament during this financial year. The draft Public Works Bill will be gazetted for public comment during this financial year.
125. DPWI will also publish regulations for both the Infrastructure Development Act (IDA) and the Government Immovable Asset Management Act (GIAMA) this financial year.

RURAL BRIDGES

126. House chairperson, one of the key projects making a lifesaving and significant impact for our most vulnerable communities in rural communities, especially in the Eastern Cape, KwaZulu Natal is the Welisizwe Bridges Project.
127. Three other provinces: Limpopo, Free State and North West, have expressed a keen interest in the implementation of the Programme.

128. Working together with the Eastern Cape Department of Transport and Department of Defence, 10 Bridges were completed in the Eastern Cape and a further 20 bridges are scheduled for installation in this financial year.
129. In KwaZulu-Natal, working together with the KZN Department of Transport and Department of Defence, 8 Bridges were installed during this past financial year, with a further 6 to be completed by the end of this month. In addition 20 further bridges are scheduled for installation in this financial year.

SMALL HARBOURS

130. The Department contributes to Operation Phakisa: Oceans Economy through the Small Harbours and State Coastal Property Development programme.
131. The Department has spent R500 Million to repair and maintain the Proclaimed Fishing Harbours in the Western Cape.
132. Thus far, the entire Programme has created 672 jobs and empowered local SMME companies to a value of over R61 million.
133. The Programme is expected to reach culmination by March 2022, bringing the existing harbours to an 80% operational efficiency.
134. In the quest for the development of new harbours, the Department is finalising the in-kind grant from the Chinese government to conduct feasibility studies along the coastlines of the Northern Cape, Eastern Cape and KwaZulu Natal.
135. House chairperson, members from the above it is clear that there is a lot of work for DPWI to do especially in the delivery of infrastructure that will improve the lives of all South Africans especially the most vulnerable.
136. The Deputy Minister and I are determined to lead and drive a greater level of urgency in DPWI to ensure that we deliver to the people of our country and expedite the implementation of the Infrastructure Investment Plan so as to create the conditions conducive for investment by the private sector which can in turn create more jobs for our people.
137. Thank You.