



**DEPARTMENT OF PUBLIC WORKS AND  
INFRASTRUCTURE BUDGET VOTE 2022**

**DELIVERED BY MINISTER PATRICIA DE LILLE,  
MP  
24 MAY 2022**

**Madam Speaker/House Chairperson**

**Fellow Honourable Members of the Parliament**

**Good afternoon,**

- 1. Today in tabling the new financial year budget, I will also reflect on what has been achieved in the last financial year.**
  
- 2. Apart from the devastation caused by the COVID 19 pandemic, more tragedy has struck with extreme flooding in four provinces and the destruction of buildings in the Parliamentary Precinct with the fire in January 2022.**
  
- 3. We are processing the final report on the damage caused by the fires to buildings in the Parliamentary Precinct which we received on 20 May on the restoration work and related costs.**

**KwaZulu Natal and Eastern Cape Flood Disaster Interventions**

- 4. The Department of Public Works and Infrastructure (DPWI), has been involved in five work streams and interventions to assist in the reconstruction efforts in KwaZulu Natal and the Eastern Cape to mitigate the effects of the flood disaster.**
  
- 5. A database of over 300 built environment professionals has been made available to COGTA to help assess, scope, cost, design and implement critical reconstruction and building of damaged infrastructure.**

- 6. Departmental resources will focus on the current 53 government owned buildings in KZN and the 12 government owned buildings in Eastern Cape which have been damaged by the floods to make them usable.**
  
- 7. The Department has also identified 258 land parcels while the KZN Department of Public Works & Human Settlements have identified a further 25 land parcels.**
  
- 8. These land parcels are being assessed for suitability for the resettlement of displaced communities by the Housing Development Agency (HDA).**
  
- 9. Rural bridges: to date 52 sites in KZN in need of bridges have been identified.**
  - The construction of the first 18 bridges in KZN is to commence from 01 June 2022.**
  
  - In the Eastern Cape, technical assessments have been done at 20 bridge sites.**
  
  - DPWI has re-assigned more capacity to assist the KZN and Eastern Cape Departments of Transport and affected municipalities.**
  
- 10. In terms of the SONA Commitments on the Welisizwe Rural Bridges programme, 96 bridges are planned for the 2022/23 financial year.**

**11. These will be done in 6 provinces; the Eastern Cape, Mpumalanga, Limpopo, North West, the Free State and KwaZulu Natal.**

**12. Earlier this month, together with the Minister of Defence and Military Veterans and the KZN Department of Public Works, we handed over the latest three completed bridges in KwaZulu Natal.**

### **INFRASTRUCTURE INVESTMENT PLAN**

**13. Recent events have again laid bare the importance of infrastructure and ensuring that we not only build new infrastructure but maintain existing infrastructure.**

**14. We must build and maintain infrastructure taking the severe impacts of climate change into consideration.**

**15. The Infrastructure Investment Plan is central to the Economic Reconstruction and Recovery Plan (ERRP) aimed at creating jobs and has started bringing the construction industry back to life.**

**16. Infrastructure South Africa (ISA) was established following approval from Cabinet in 2020 has been hard at work to drive the Infrastructure Investment Plan through project unblocking, unlocking funding to ensure and monitoring and reporting on the implementation priority projects.**

**17. South Africa's NDP sets out clear economic development targets, which is further supported by the Infrastructure Investment Plan as well as the National Infrastructure Plan 2050.**

## **STRATEGIC INTEGRATED PROJECTS (SIPS) PROGRESS**

**18. In 2020 we gazetted 62 projects as SIPS. These projects are in the Transport Sector, Human Settlements and Energy Sector, Digital and Agriculture sectors.**

**19. I will give a quick update on the SIPS and the rest is available on request.**

**20. The Transport Sector gazetted projects are well under way with construction completed on 5 projects, 5 projects in construction and 4 projects in Procurement.**

**21. The Social Housing Sector is making significant progress with 3 projects completed, 2 projects in construction, 2 projects are in procurement while the rest are in the planning stages.**

### **Small Harbours Development**

**22. The R501 million repair and maintenance programme to the 13 Proclaimed Fishing Harbours in the Western Cape included removal of sunken vessels, repairs to slipways, shore crane replacements, security, civil and electrical infrastructure upgrades.**

**23. The project by DPWI included upgrades to the Saldanha Bay slipway which increased the slipway capacity from 600 tons to 1 200 tons.**

**24. This enabled much bigger vessels to be slipped and maintained in the Saldanha Bay Harbour whilst also servicing the surrounding West Coast harbours.**

**25. The Small Harbours Repairs and Maintenance programme has created a total of 925 jobs, 500 were youth.**

**26. The programme also empowered 142 local SMMEs to the value of over R116 million of which 73 companies were level 1 BBBEE companies.**

**Strategic Integrated Project No.36: Salvokop Precinct:**

**27. A flagship project that I announced in the budget speech last year and which is currently underway is the Salvokop mixed-use precinct development as part of the Tshwane Inner City Regeneration programme.**

**28. The Salvokop Mixed-Use precinct development will see the construction of four new government department head offices.**

**29. The four government head offices to be constructed in the precinct includes the Department of Social Development and its agencies, the SASSA and the National Development Agency, the Department of Higher Education and Training, the Department of Home Affairs and the Department of Correctional Services and Constitutional Development.**

**30. The installation of the bulk services has started.**

**31. In terms of economic empowerment, R11.5million has been spent to date on SMME sub contracting. This project is expected to create over 3 200 jobs during the construction phase.**

**32. I will be launching the project next week and meeting the Project Steering Committee which includes residents from surrounding communities to engage them on the importance of this project for the region and ensure that we continue to work together for it to succeed.**

#### **PV and Water Savings on Government building programme (SIP 28)**

**33. The PV and Water Savings on Government building programme was set to go out to the market in the months after tabling my budget vote speech last year.**

**34. This was achieved. On 20 September 2021, the Request for Information (RFI) process for the Integrated Renewable Energy and Resource Efficiency Programme (iREREP) opened.**

**35. We received 58 submissions from the RFI process and we are set to take the Request for Proposals to the market by the end of June 2022.**

## **SKILLS**

**36. Speaker, we have a highly skilled and diverse brains trust in ISA who are hard at work to get the job of implementation right with a 50% gender balance.**

**37. Some of the skills and qualifications of ISA team members include:**

- An Infrastructure Pipeline manager who holds two Masters Degrees including one in Commerce in Development Finance.**
- A female professional in the ISA team holds a Bachelor of Science (Actuarial Science & Mathematical Statistics) and Bachelor of Science Honours (Actuarial Science). She also holds a Master of Philosophy in Development Finance from the University Of Stellenbosch Business School.**
- Another female ISA Official is a Master of Urban Studies (Urban management) graduate with an undergraduate BSc (Urban and Regional Planning) qualification.**

**38. Speaker, as part of building a capable state, DPWI Awarded 173 Bursaries in the past financial year to students to study in built environment fields.**

**39. A total of 129 Internship opportunities were created in the past financial year for youth to strengthen their employment opportunities to access the labour market.**

**40. DPWI participated on ERRP –through skills development by creating job opportunities for 1 230 youth within the built environment.**

#### **NATIONAL INFRASTRUCTURE PLAN (NIP) 2050**

**41. Since last year's budget speech, we have completed the drafting, approval and gazetting of the National Infrastructure Plan 2050 (NIP2050) by March 2022.**

**42. The NIP2050 is long term plan for infrastructure development across the country to ensure that there is the necessary long-term view regarding infrastructure to drive economic and social transformation to achieve NDP goals and beyond.**

**43. We have started the implementation of the first three years of the NIP2050.**

**44. An additional R1.6 trillion in public sector infrastructure investment is required by 2030, over and above that is forecasted for current public sector entities.**

**45. This will be achieved, by, amongst other efforts, building private sector confidence in the capacity and capability of the state to deliver bankable public infrastructure projects.**

**46. We have commenced with the drafting of the second phase of NIP which will focus on social infrastructure and related municipal services, as well as approaches to strengthening coordination through District Development Model approach. This will be finalised in the 2022/23 Financial Year.**

## **INFRASTRUCTURE FUND**

**47. Speaker last year I also updated the house on the blended Infrastructure Fund with a R100billion investment by government over 10 years.**

**48. Some of the projects approved for funding from the Infrastructure Fund so far include:**

- Phase 2 of the Student Housing Infrastructure Programme (SHIP), with an investment capital value of R3.04 billion.**
- The Social Housing Programme, with an investment capital value of R1.1 billion.**

## **BUDGET MAIN VOTE**

**49. Speaker, I have spent some time updating the house on progress on infrastructure because it is vital for the wellbeing of our communities and to help grow our economy.**

**50. In terms of the Appropriation Bill, one allocation is made to DPWI which for this financial year amounts to R8.5 billion.**

**51. R7.4 billion of that budget is allocated to transfers and subsidies mainly for the entities of the Department and the coordination of the EPWP.**

**52. Of the R7.4 billion, R4.5 billion is allocated to the Property Management Trading Entity (PMTE) within DPWI.**

**53. The balance of the overall DPWI budget is allocated to compensation of employees and goods and services.**

**54. The total budget allocation for the PMTE for this new financial year is R23.5 billion, R19 billion of which comes from other client departments.**

**55. The biggest source for the PMTE budget is received through revenue from accommodation charges for client departments using DPWI buildings.**

**56. In terms of last financial year's expenditure, the department managed to spend 97% of the adjusted budget and PMTE's expenditure in the last financial year was 89%.**

### **30 DAY PAYMENTS**

**57. The Department has made a huge improvement with regard to the 30 days payments compliance, as the compliance rate for the financial year ended 31 March 2022 stands at 97 per cent, this is up from 95 per cent in the previous financial year.**

**58. The Department will continue to improve, with consequences management being implemented for employees not complying with the processing of the payments within 30 days.**

**59. So far 75 cases of contract and consequence management for late payments, have been instituted against officials since the last financial year to date.**

### **DEBT OWED TO DPWI (under PMTE)**

**60. The user departments owe DPWI an amount of R8.3 billion as of 31 March 2022 (unaudited). More than 60% of the amount relates to old claims for previous years.**

**61. For the financial year 2021/22 under review, R21.5 billion was invoiced to client departments, of which R18.4 billion (85%) was recovered.**

**62. Late reimbursements affects DPWI's ability to provide quality services and settle invoices to service providers and municipalities.**

#### **DPWI (under PMTE) DEBT TO MUNICIPALITIES**

**63. As of 31 March 2022, the total outstanding amount owed by the department to municipalities amounted to R502million of which R337 million was paid during the month of April 2022.**

**64. The remaining R165 million is still being processed for payment by the department.**

**65. DWPI has made payments across all 257 municipalities to the value of R5billion during the 2021/22 financial year.**

**66. The department continues to engage the municipalities for disputes over property ownership, incorrect billings, incorrect interest charged, invoices not submitted, and payments not allocated by the municipality.**

#### **LAND REFORM PROGRESS**

**67. Speaker, the Department of Rural Development and Land Reform undertook a land audit in 2013 which found that:**

- **79% of South African land was in private ownership,**
- **14% owned by the State,**
- **7% was unaccounted for.**

**68. Of the 14% owned by the State, this is divided between land owned by national government departments, provincial governments and municipalities.**

**69. Land redress, is one of the key drivers to towards addressing the spatial, and socio economic imbalances in our country.**

#### **Progress for Restitution**

**70. Since May 2019 to date, DPWI has released 214 land parcels measuring 30 277 hectares for restitution. Last year's target for restitution was 10 000 hectares and this was exceeded.**

#### **Progress for Redistribution (Land Tenure)**

**71. Since May 2019, DPWI has released 25 549 hectares of agricultural land (125 parcels) for the Redistribution Programme.**

**72. For this 2022/23 financial year, 50 land parcels have been identified for potential release for redistribution for the Agricultural programme.**

## **The Human Settlements Programme**

**73. Since 2019 to date, 73 land parcels measuring 4 761 hectares has been released for human settlements across the country.**

**74. For land released for socio-economic purposes, in support of infrastructure development, 15 hectares (11 land parcels) were approved for registration of servitude for roads, water, electricity and gas pipeline servitudes in this past financial year.**

**75. For this new financial year DPWI plans to release:**

- 7 100 hectares in various provinces for human settlements development purposes**
- 180 hectares for socio economic purposes.**
- 154 745 hectares under land reform for restitution and land tenure**

**76. This amounts to over 162 000 hectares planned for release by DPWI nationally for the new financial year.**

## **SUPPLY CHAIN MANAGEMENT**

**77. In terms of the 30% sub-contracting requirement, during the past financial year, the Department awarded 13 tenders above R30million worth R1,4 Billion and sub-contracted 30% to designated groups to the value of R431 million.**

**78. This is up from last year where the department awarded 15 tenders above R30million worth R836 million and sub-contracted 30% to designated groups to the value of R251 million.**

**79. For last financial, out of 269 tenders, 229 tenders worth R2, 7 Billion were awarded to designated/ targeted groups. This constitutes 85% of the awards.**

#### **PMTE NEW FINANCIAL YEAR PROJECTS**

**80. Speaker, under the PMTE allocation, an amount of R 985.7 million is allocated to DPWI specific infrastructure projects including:**

- R 42 million for various projects such as the Pretoria office block northern gateway and the Salvokop Precinct Development.**
- R315 million for the Repairs and Maintenance of the 53 Land Ports of Entry,**
- R175 million for Dolomite Risk Management where Government buildings are at risk to collapse because of sinkholes and dolomite problems as at Waterkloof Air Force Base and the Olifantsfontein Trade Test Centre in Ekurhuleni.**

- R13.6 million for the retrofitting of offices and facilities, including correctional facilities and police stations that have not catered for people with disabilities
- R250 million for construction and upgrading of facilities used by the elected representatives. This includes projects such as the demolition and replacement of prefab houses in Acacia Park.

### **CONSTRUCTION PROJECT MANAGEMENT (CPM)**

**81. Under the PMTE infrastructure projects, approximately 127 infrastructure projects were completed and 107 sites were handed over to contractors for the 2021/22 financial year.**

### **IMMOVABLE ASSET REGISTER (IAR)**

**82. The Auditor-General acknowledged a major improvement with respect to the valuation of immovable assets and classification of assets under construction.**

**83. It is worth noting that the Immovable Asset Register was unqualified for the 2020/21 financial year.**

**84. The Department is in the process of implementing a programme to digitise the IAR which includes the creation and maintenance of a Single Repository.**

## **EPWP**

**85. The Expanded Public Works Programme Branch has a total budget of R3billion for the 2022/23 financial year, which includes Grants to be transferred to public bodies.**

**86. In the 2021/22 financial year, the overall target for work opportunities in EPWP was 1 009 972 and this was achieved: 69% beneficiaries were women participants, 41 % youth and persons with disabilities and 1%.**

**87. Out of these work opportunities, provinces and municipalities combined have reported 634 546 work opportunities.**

## **REAL ESTATE MANAGEMENT SERVICES**

### **GBVF**

**88. DPWI has identified 83 properties in the past year to be allocated for shelters for victims of GBV and the Department of Social Development has selected 47 properties to be used as shelters.**

**89. During the previous financial year, 12 properties were allocated to Social Development; six were in the Western Cape and six in the Gauteng Province.**

**90. The Department will prepare and release more properties this year across the country for Social Development to utilise in the fight against GBVF and we call on provinces and municipalities to also release some of their own buildings for GBV purposes.**

## **LEASES**

**91. The decision was taken to stop rental payments on month to month leases as this was flagged as irregular expenditure by the Auditor General and has assisted in accelerating the lease renegotiation and renewal process.**

**92. DPWI has started engaging landlords on the overcharging rentals to bring costs aligned to per square metre rates as informed by the Rode Report, an independent market report for the property industry providing an index of pricing per square metre across South Africa.**

**93. The department has evidence of overcharging compared to the rates in the Rode Report.**

**94. The Department achieved a total reduction of R273 million for 330 leases that were renegotiated during the last financial year.**

**95. We intend to finalise this process of reaching an agreement with landlords on the new pricing as soon as possible as some of the rates government is being charged are astronomical and way above acceptable market rates.**

## **REFUBISH, OPERATE AND TRANSFER PROGRAMME**

**96. To bring innovation into the lease portfolio, DPWI has developed a Refurbishment Operate and Transfer Programme (ROTP), which aims to attract capacity - capital and skills - from private sector to assist Government to improve the condition of specific facilities as a pilot project.**

**97. We are packaging the first batch of properties to be released to the market in the second quarter of this financial year.**

**98. This will include Refurbishment, Operation & Maintenance of the properties by the private provider.**

## **GOVERNANCE, RISK AND COMPLIANCE**

**99. In last year's budget speech, I announced the establishment of the Infrastructure Built Anti-Corruption Forum, a multi-sectoral body led by DPWI and the SIU.**

**100. The forum's operations structures have been set up, this year will see the forum place greater emphasis on awareness and prevention activities to encourage people to come forward with information on corruption so that we can put perpetrators behind bars.**

**101. Speaker, from the budget and priorities outlined above, I would like to reiterate my commitment to cleaning up this department and getting it on track to work for government and all South Africans.**

**102. We have made great inroads over the past three years but I will be the first to admit that a lot more still needs to be done to work on the level of urgency we need to deliver to our citizens. I thank you.**

**ENDS**