



**SPEECH BY HON. SIHLE ZIKALALA, MP THE MINISTER OF THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE, ON THE OCCASION OF THE BUDGET VOTE 2023/24, 31 MAY 2023**

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Honourable Chairperson and Honourable Members;

### **Repositioning DPWI as an Implementing Agent of Choice**

**Honourable Chairperson**, the Department of Public Works and Infrastructure (DPWI) carries the crucial mandate of co-ordinating infrastructure development and looking after the biggest property portfolio in the country.

In the 2023/24 FY, DPWI will work with stakeholders to strengthen its role in poverty alleviation, job creation, and economic transformation to support the implementation of priorities in the Economic Recovery and Reconstruction Plan (ERRP).

Attention will be given to contract management through capacity building, risk management, and continuous monitoring of projects. The War Room approach and Project Management Units (PMUs) will help fast track the implementation of projects.

Infrastructure South Africa (ISA) continues to be our special purpose vehicle that will focus on ensuring that we have well packaged projects that are financially viable, catalytic in impact and are delivered on time with all stakeholders meeting their commitments.

Our supply chain, legal and other line function units as well as departments will engage regularly to address all transversal challenges.

### **Rebuilding After the Floods**

**Honourable Chairperson**, in KwaZulu-Natal, 18 land parcels measuring 533 hectares were released by the Department for the purposes of accommodating communities, including those displaced by floods in 2022.

At the start of March 2023, four land parcels measuring 2.8ha were released to Msunduzi Local Municipality for the purposes of accommodating communities including those displaced by flooding.

### **Land Restitution**

To support land restitution in the previous financial year, 221 land parcels measuring 148 796ha were released from the Department property portfolio to the Department of Agriculture, Land Reform, and Rural Development (DALRRD) for transfer to the approved land claimants. The target of 10 000ha has thus been significantly exceeded. Approximately 1 576ha is earmarked to be released within the 2023/24 financial year.

### **Land for Human Settlement**

In support of Human Settlement Development, 44 land parcels measuring 2 560ha have been released to the Housing Development Agency. In the 2023/24 financial year, an approximated extent of 6 320ha is earmarked to be released.

## **Land Redistribution**

To address the skewed patterns of land ownership, 125 land parcels measuring 25 549ha of agricultural land was released from within the Department's portfolio to support subsistence farming and food security. An estimated additional 50 land parcels are earmarked to be released within the 2023/24 financial year.

## **Land for Socio-Economic Purposes**

The Department released eleven (11) land parcels measuring 15ha for a variety of SANRAL road construction projects.

In addition, 24 land parcels measuring 117ha were released for the registration of ESKOM servitudes for the construction of generation, transmission and distribution power lines. Approximately 2 230ha are earmarked to be released within the 2023/24 financial year.

## **Welisizwe Bridges**

**Honourable Chairperson**, in the 2023/24 FY, 96 Welisizwe bridges at a cost of R1.1 billion are planned as follows: 17 bridges for KZN, EC, NW and MP; and 14 bridges for NW and FS. To support enterprise development, construction material and bridge components should be sourced locally.

## **Small Harbour Development**

**Honourable Members**, the repair and maintenance programme of the 13 Proclaimed Fishing Harbours empowered over 100 SMMEs in the Western Cape.

The next phase is to identify opportunities for establishing small harbours in the Eastern Cape (EC), KwaZulu-Natal (KZN) and the Northern Cape (NC). The Chinese government is partnering with us in doing a feasibility study aimed at developing marine infrastructure of these coastal communities.

## **Progress on Strategic Integrated Projects (SIPs)**

Through ISA, we are implementing the Infrastructure Investment Plan as approved by Cabinet in May 2020.

In addition to what was reported in 2022, South Africa has amassed a pipeline of Green Hydrogen Projects with a value of over R300 billion, which are in project preparation stages.

Among these projects, is the Boegoebaai Green Hydrogen in the Northern Cape with a potential to create around 35 000 work opportunities.

To date, 88 SIPs have been gazetted covering foundational infrastructure networks in energy, water & sanitation, transport as well as digital communications infrastructure. The SIPs also cover human settlements, agriculture, and agro-processing.

We wish to report the following progress:

- Total value of projects completed is R21.4 billion – mainly roads, energy and human settlement projects.
- Total value of projects currently in construction is R 313.5 billion.
- Projects in procurement are standing at R295.2 billion.
- The energy sector infrastructure project pipeline registered with ISA includes the R180 billion of embedded generation investment programme, R50 billion of the Risk Mitigation Independent Power Producer Programme (RMIPPP); R12.1 billion for REIPPP programme Bid Window 6; and R50 billion for the same programme for Bid Window 5.
- ISA has already unlocked 225 MW for Scatec of approximately R16 billion and almost 1 GW of solar, wind and PV projects for 3 projects built by Red Rocket South Africa with an investment value of approximately R9.3 billion.

### **The Infrastructure Fund Project Pipeline**

In December 2022, the National Treasury confirmed approvals of blended finance projects through the Budget Facility for Infrastructure (BFI) process that includes bulk water projects, with a total project value of R57.7 billion. Fiscal support amounts to R21.7 billion.

The Infrastructure Fund is earmarking a total of 9 projects amounting to R45 billion that are at an advanced stage. These include the six ports of entry programme, container terminal upgrades and human settlements projects.

### **Integrated Renewable Energy and Resource Efficiency Programme (iREREP)**

The Department together with the Ministry of Electricity, supported by National Treasury's Government Technical Advisory Centre's (GTAC) is finalising the first Request for Proposals (RFP) under the Integrated Renewable Energy and Resource Efficiency Programme (iREREP/Programme).

The RFP will be published by the end of June 2023 and will introduce up to 3 740 MW of equivalent capacity, the creation of over 13 100 new small enterprises, an estimated 503 000 jobs, and provide skills opportunities for at least 475 000 people.

### **Construction Project Management (CPM)**

**Honourable Chairperson**, in the 2022/23 Financial Year, R3.05 billion was spent on contractors and consultants for infrastructure projects. About 95 infrastructure projects were completed and 65 sites were handed over to contractors.

Completed projects include:

- NababEEP Police Station in Namakwa District, Northern Cape.

- Phase 1 of Emanguzi Police Station in Umkhanyakude District, KwaZulu-Natal is completed. The construction of the jersey barriers in uMkhanyakude will curb cross border crime.
- The Department's ICT Disaster Recovery Centre at 49 Fennell Street, Johannesburg.
- Komatipoort Police Station in the Ehlanzeni District Municipality, Mpumalanga Province.

### **Top Fifty (50) Construction Projects**

The Department has identified top 50 significant projects in terms of budget allocation and importance.

The projects will be closely monitored to drive performance and meet delivery deadlines. They include:

- The Durban High Court in KwaZulu-Natal.
- Burgersdorp Correctional Centre in the Joe Gqabi District, Eastern Cape.
- Groote Schuur Estate Heritage in Cape Town.

### **Planned Construction Projects**

In 2023/24, the target is to hand over 168 infrastructure sites for construction, complete 109 infrastructure projects, and deliver 154 design solution for user departments.

### **Update on the Mooikloof Sectional Property Development**

We can appraise the House as follows on the Mooikloof Development, a catalytic mega-scale private sector development in the east of the city of Tshwane, with a development area of 198ha.

The Upgrading of the Hills Sewer treatment works has been completed. Upgrades to 5 intersections on Garsfontein Drive as well as upgrades to the Impala road intersection are in progress. Phase 1 of the upgrades to the Eastern Link Sewer is in progress. Phase 1 of the Delmas Bulk Water Supply Line to Rietfontein Reservoir is in progress. Phase 1 of the link to the existing Eskom line and link cables from Mooikloof to the Bashewa Substation is in progress. The boundary wall and gate house have been completed. 40 Apartments have been completed and another 40 are currently under construction.

### **Support to Victims of Gender Based Violence**

Working closely with the Department of Social Development (DSD), the Department continues to release properties to serve as shelters for victims of gender based violence.

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

### **Leases**

**Honourable Members**, the leasing portfolio has grown exponentially due to unavailability of ready to use government properties. Over the years, user departments preferred to use leased properties and consequently ballooned the budget to over R5 billion per annum.

To reduce the department's leasing in portfolio, we enhance the Department's Refurbishment, Operate and Transfer (ROT) programme.

### **Maintenance of Infrastructure**

**Honourable Members**, the ring fencing of budgets for infrastructure maintenance through National Treasury requires implementation with precision in all spheres of government.

We intend allocating maintenance teams and conducting planned maintenance to each client department and submitting a quarterly report on the maintenance assessments to departments for Accounting Officers to budget for.

The Department is determined to reduce the over reliance on reactive maintenance by implementing preventative contracts as well as Total Facilities Management contracts.

### **Targets and spend for 2023/24**

In the current financial year, a total of 15 Total Facilities Management (TFM) contracts are projected at an estimated value more than R434 million for a period of 3 years for various User Departments.

All Total Facilities Management Companies (TFMC) are aligned to SMME development, creation of job opportunities for women, youth and people with disabilities.

Eradication of Asbestos Project is underway with the budget estimate of R10 million.

The repairs and follow up maintenance of 110 water and waste water treatment facilities as identified by the green drop audit with a projected budget requirement of R250 million over the MTEF.

### **Expanded Public Works Programme**

**Honourable Members**, through the Expanded Public Works Programme (EPWP), the pro-poor ANC-led government is able to provide short-term relief through work opportunities in a variety of sectors to cushion the needy.

As EPWP marks 20 years since its inception, we conduct a thorough review ensure that the programme develops clear, become more impactful with a clear exit strategies.

In the Q4 report we have as at 17 May 2023, 990 686 work opportunities against a target of 1 023 569. This translates to 97% achievement against the target for the 2022/23 FY.

### **The Independent Development Trust (IDT)**

**Honourable Chairperson**, the Independent Development Trust (IDT), is showing signs of revival after experiencing difficulties two years ago.

At least 45 projects were completed during 2023/24 FY, and 18 of these were new infrastructure facilities that were completed against the annual target of 21.

Some of the shortcomings in performance were caused by the late transfer of funds by client departments and the devastating floods experienced in large parts of KwaZulu-Natal last year.

A total of R905-million of infrastructure programme expenditure was on BBBEE-compliant entities, representing 45% of the total programme spend against a target of 75%.

The Expanded Public Works Programme exceeded its target, creating a total of 109,871 work opportunities through the EPWP NSS Programme against an annual target of 64 000 work opportunities.

### **Skills Development in the Built Environment**

**Honourable Members**, in 2023/2024, DPWI is awarding about 100 bursaries across all Provinces for youth who will study Built Environment qualifications, valued at R16 million.

Through the Young Professional Programme, 79 Candidates will be recruited for 2023/24 financial year.

Currently, a total number of 108 youths are employed under the Work Integrated Learning Programme and Graduate Internship Programme.

In partnership with BankSETA, DPWI employed 994 youth under the Graduates Internship Programme during 2022/23 financial year. The programme is further extended to the 2023/24 financial year.

In 2023/24, we will embark on Massification of Skills Development Programme by appointing and training 2 500 youth within the Artisans Trades as a contribution to Artisan Development as stipulated by the President during the SONA.

A total number of 1 500 youth will be appointed under the Graduates and Work Integrated Learning Programme Internships within the Built Environment fields across all Provinces.

No less than 200 youths under the Ocean Economy Skills Development Programmes will be given training, and 500 unemployed youth will be appointed under Water and Energy Efficiencies skills development Programmes.

Through CIDB, No less than 1 000 contractors will receive development support per year. R450 million will be spent on workplace training per year whilst 10 000 learning opportunities will be provided per year to FET learners and artisans.

### **Main Budget Vote**

**Honourable Chairperson**, having reflected on a number of our programmes and policy mandates, let us present the budget allocation, starting with the main vote.

The Departmental budget allocation over the MTEF is R27.5 billion. The allocation for 2023/24 is R8.782 billion.

The Expanded Public Works Programme has a total budget of R9.7 billion over the MTEF period, increasing at an average medium-term rate of 5 per cent, from R2.96 billion in 2022/23 to R3.2 billion in 2024/25.

For project preparation, ISA is allocated R600 million over the medium term period.

The compliance rate for the 30 days payment for the financial year ended 31 March 2023 is at 98 per cent, an improvement from the achievement of 97 per cent in the previous financial year.

### **PMTE Budget**

**Honourable Chairperson**, the budget allocation for the PMTE over the medium term is R 68.9 billion of which R23.9 billion is allocated for the 2023/24 financial year. R 4.5 billion of this amount will be received as an appropriation from National Treasury through a transfer from the main vote.

Over the medium term, the entity will focus on developing precincts to support efficient and integrated government planning by grouping departments that provide similar services to make service delivery more efficient.

The Department will also carry out refurbishment, repair and capital projects for 15 departments, including correctional centres, police stations, courts and office buildings.

Spending on goods and services – mainly for repairs and maintenance of state-owned buildings, and lease payments – accounts for an estimated 62 per cent. Compensation of employees make up 9.6 per cent or R6.6 billion with the balance of 28.7 per cent or R19.8 billion being spent on property rates and infrastructure.

Under the PMTE allocation, an amount of R 983.7 million is allocated to DPWI specific infrastructure projects in the current year (R 3.1 billion over the medium term) and will be used on precinct development, Repairs and Maintenance of the 53 Land Ports of Entry, Dolomite Risk Management where Government buildings are at risk to collapse, demolition and replacement of prefab houses in Acacia Park and the security in of Bryntirion Estate and upgrade on DPWI buildings.

### **Payments**

In terms of monies owed to the PMTE, the total amount invoiced for the financial year ended 31 March 2023 is R20.3 billion, of which R17.8 billion (88%) was recovered from client departments.

The user departments owe an amount of R9.6 billion as at 31 March 2023. More than 77% of the said amount relates to old claims for previous years.

### **Economic Sabotage and Hijacking of Project Sites**

We will continue working with law enforcement, the private sector, and communities to end the hijacking of construction sites and deal with construction mafias in the country. We applaud work done by police by this must get strong support from all of us.

### **Recovery of Fraudulently Stolen Properties**

**Honourable Members**, on 9 September 2022, the Asset Forfeiture Unit obtained Preservation Orders on 3 fraudulently stolen properties reported in 2017.

The SIU, during their investigations, uncovered numerous additional properties belonging to the state, which were similarly hijacked and stolen. The properties were transferred to the Provincial Government.

### **Update on the Expropriation Bill**

**Honourable Members**, during 2022/23 financial year, the Expropriation Bill public participation processes by the Portfolio Committee (PC) on Public Works and Infrastructure and is now with NCOP.

### **Update on the Construction Industry Development Bill**

On the draft Construction Industry Development Board Amendment Bill, two legal opinions were received from the Office of the Chief State Law Adviser (OCSLA) which required further consultations with the National Treasury (NT) and the Department of Justice and Constitutional Development (DoJ&CD). We have so far received a written opinion from the DoJ&CD.

### **Update on the Public Works Bill**

The Draft Public Works Bill which seeks to provide for a framework for a uniform system to regulate public works throughout the Republic will be consulted with stakeholders during 2023/24 and submitted for introduction to Parliament by the end of the fourth quarter of 2023/24.

South Africa Works Because of Public Works!

I thank you!