

THE MINISTER OF PUBLIC WORKS, Ms THOKO DIDIZA, MP, DELIVERS HER BUDGET VOTE SPEECH

DATE: 28 MARCH 2007

VENUE: NATIONAL ASSEMBLY, PARLIAMENT, CAPE TOWN, WESTERN CAPE

Madame Speaker
Honourable Members
Provincial MECs responsible for Public Works
Chairpersons and CEOs of our Public Entities
Senior Officials
Our Stakeholders present
Ladies and Gentlemen

On the 27th of April 2007 our Country will be celebrating its 13th birthday of democratic rule. These celebrations, whatever fan fare that accompany them, will also mark the journey of transformation in our society. Our political freedom as envisaged in 1994 was not an end in itself, but rather a beginning of process of change. South Africa is a country in transition and therefore in some way the challenges it faces have been faced by others before, however the difference is on the format each of these took. For us we chose a reconstruction and development trajectory that places people at the centre of our development as an approach to social transformation.

Today, through this budget we are acknowledging our achievements of the past twelve years as the infrastructure delivery arm of the South African Government. Congratulations goes to those who were the pioneers such as Minister Radebe and Late Minister Stella Sigcau and those they led at the time because they laid a foundation from which we are now constructing a new face of South Africa's infrastructure and property industries. At this moment I would like us to remember the family of Dr Ian Phillips who passed on during Sunday the 25th March 2007. He was one of our cadres in Civil Service who through his advisory role to Minister Radebe at the time, contributed in shaping public works policies and legislation. It is these members of our society who make us remember that ours is to serve our people to the best of our abilities.

As the department whose responsibility is akin to the property developer of public infrastructure, we are proud that through our development efforts within the public sector we have not only laid the basis for shared growth but have created assets that will contribute towards improving the physical environment for our clients and thereby improving their functional spaces. It is in context that we commit once again to make South Africa Work because we would have created an enabling environment for all those who utilize our assets.

This year's Public Works Budget represents a principal resource in the creation of the infrastructure necessary for South Africa's accelerated and shared growth. Not only is the Department responsible for the delivery and maintenance of State infrastructure, it is also required to lead, regulate, develop and transform the infrastructure sector, which is central to the goal of accelerated and shared growth, to grow the economy and to halve poverty and unemployment by 2014.

Madam Speaker, this is a budget for growth, development and transformation of the South Africa's construction and property sectors. Importantly, it is a budget for job creation, underpinning the commitment of the Department, its leadership and management, to the understanding expressed by President Mbeki in his State of the Nation Address that, and I quote:

"none of the great social problems we have to solve is capable of resolution outside the context of the creation of jobs and the alleviation and eradication of poverty", and therefore that "the struggle to eradicate poverty has been and will continue to be a central part of the national effort to build the new South Africa".

Together with the public entities reporting to it, Public Works is fully committed to this national effort and the economic growth that underpins sustained employment.

To achieve economic growth of 6% by 2014, Finance Minister, Trevor Manuel has continuously emphasized that Gross Fixed Capital Formation (GFCF) must rise from 16% in 2004 to 25% of GDP. This means that construction investment must rise to about 8% of GDP and government has reaffirmed its commitment to a massive infrastructure programme to address economic growth, social development and transformation of the built environment. With GFCF currently at 18.4% and construction at 6%, we are on track to achieving these objectives.

However, there are many challenges that need to be tackled by Public Works in a range of public and private sector partnerships to further unlock infrastructure bottlenecks, to create capacity and skills, to promote the SME business sector, broad-based black economic empowerment, job creation and the role of women in all Government programmes for the delivery and management of public infrastructure.

INFRASTRUCTURE DELIVERY MANDATE

Over the past 5 years we have directed major effort towards the critical goal of developing and transforming the construction industry. Implementing the White Paper *"Creating an Enabling Environment for Reconstruction, Growth and Development of the Construction Industry"*, we have worked closely with the industry to establish a regulatory platform for accelerated growth and empowerment.

The construction industry emerges from decades of declining investment as a result of the failure of the apartheid economy. During this process of decline, it lost significant capacity and emerges off a low capacity base into a period of sustained growth and increasing opportunity. Construction output is currently growing at a rate of 10% per annum. South Africa will need to double its construction output in less than 10 years and public sector construction delivery is doubling over a 5 year MTEF period, namely between 2003/ 04 and 2008/09. The delivery challenge is immense and includes capacity challenges affecting both the public and private sectors.

The role of Public Works is therefore critical to overcoming a range of potential capacity constraints including the planning, procuring and maintaining of infrastructure. In this context, I am pleased to report that significant results have been achieved. Notably, provincial public infrastructure spend improved last year by 29% under the impact of multi-faceted interventions and partnerships promoted by the Department.

These interventions include the partnership between Public Works, National Treasury, the Construction Industry Development Board (CIDB) and the Development Bank of Southern Africa in support of Government's Infrastructure Delivery Improvement Programme (IDIP). A direct outcome of the Growth and Development Summit, IDIP has built the coordination and capacity of Provincial Departments of Education and Public Works to ensure that South Africa's children are no longer schooling under trees. Public Works and CIDB support has included the development of the *Toolkit* Infrastructure Delivery Management System that forms the foundation for IDIP, covering the full delivery cycle from needs identification through to procurement, project delivery and maintenance.

Our strategic interventions further include the introduction of the Register of Contractors and Register of Projects together with streamlined procurement regulation. In the roll-out of these interventions, over 2000 officials and built environment professionals were trained over the last year and the CIDB procurement training programme has been accredited by the Engineering Council of South Africa and the South African Institution of Civil Engineers.

The resulting procurement improvements have also reduced the time to award of contracts by all organs of state from as much as 6 months in some cases, to 60 days and less – meaning that we are effectively beginning to unlock public sector delivery. We will continue to expand the expert support provided to organs of state, particularly municipalities in the procurement and delivery of critical infrastructure, including the 2010 World Cup.

Introduction of the national Register of Contractors has not been a smooth and easy process, but we have remained firm in our resolve to regulate the sector for improved equity and quality, and to create a firm foundation for development and transformation of the industry. Over 25 000 contractors are now registered in all provinces and, through the national Construction Registers Service, receive cell-phone and e-mail notification of all public sector tenders.

It is worth noting that over 1000 contractors improved their grading status over the past year – and 80% of these are black-owned small and medium sized enterprises. This is because these contractors are now tendering in a regulated and enabling environment and are not competing with “fly by night” players, whose failure rate has undermined delivery and some of our development objectives such as quality, safety, and accessible finance for real industry players.

This year's budget therefore provides for the establishment of a National Contractor Development Programme (NCDP) that will be led in partnership between National and Provincial Public Works Departments together with the CIDB. Our focus is on sustainable enterprises. Sustainable enterprises perform better. They are better employers and contribute to skills development. They are part of an industry that delivers quality and value to clients and society.

This programme will therefore build on the stakeholder commitments of the Construction Charter and the commitment of other stakeholders, including the financial services sector. To facilitate programme implementation and an improved registration service, Public Works and the CIDB will establish construction contact centres at provincial level.

Work has commenced on 4 of these centres and the next will open in eThekweni in May of this year.

It is important to note, however, that contractor development is already well underway in most provinces. Through the Expanded Public Works Programme, 720 small contractors have qualified through accredited learnerships to exit at Grade, 3, 4 or 5. In this context the EPWP will scale up to achieve 1500 learnerships over the next 2 years and the Independent Development Trust will intensify its focus on women in construction, promoting their employment, skills and development as contractors.

Our focus on the construction sector takes full cognizance of the immense potential of the industry as an employer. Under the impact of growing investment and the Expanded Public Works Programme, employment in the construction sector has risen from 645 000 in 2004 to 926 000 (Sept 2005). With construction output set to double, the industry has the potential to generate several hundred thousand further jobs by 2014, contributing significantly to the goals of shared growth. Many of those employed, will need to be skilled. The Department will work with all stakeholders, the CETA, FET Colleges and Industry to ensure that we overcome bottlenecks in the development of critical skills.

PROPERTY DEVELOPMENT

The public Sector property portfolio remains one of the largest in our society in the form of land and buildings. Some of these are and will continue to be used for the accommodation needs of government departments and public entities. The property portfolio therefore requires that we do not only pride ourselves as being a dominant player but rather we should also concern ourselves about the return on the investment for the state as it relates to these assets.

It is for this reason that we have developed the maintenance strategy so that each one of us budget for maintenance for our existing infrastructure as well as those that will be newly constructed assets. Our National Youth Service on building maintenance will also enable us to undertake this task in a manner that creates jobs and imparts skills to those young people who are currently unemployed.

The young people in our Vukuphile learnership programme have given us confidence that it is possible to build a contractor and a contractor supervisor programme in a period of two years. I wish to commend the Municipalities who have used their Municipal Infrastructure Grant as part of the Vukuphile learnership programme. Congratulation goes to the Enkangala Municipality for having been pioneers in this regard.

In our Department's budget last year, our late Minister Stella Sigcau indicated that the department will be setting up the Trading Entity to help us manage in the first instance the accommodation rental from government departments following the devolution of budgets to them. Processes have been undertaken to create this entity, however the institutional capacity of the Trading Entity has not yet been finalized. We will endeavor during this current year to bring this matter to finality.

During this year we will undertake work in enhancing our asset register. It is clear that during the transition period there may be assets of the state that were not correctly captured or missed. We would therefore make a call to those who know of any state

asset to come forward with the relevant information. In order to accelerate this work we will endeavor to give amnesty to those who may currently be using our assets and come forward within a period six months starting 01 April until October 2007.

Honourable Speaker,

I indicated that we are expanding our focus to ensure that the goal of shared growth and broad-based black economic empowerment are also ingrained in our maintenance and management of state assets. In the year ahead, we will begin to leverage these assets to transform the property sector.

Collectively government remains the single biggest landlord, tenant and client of the property industry in South Africa, a position which inevitably thrusts government into the forefront of the transformation of this sector. The reality however, is that apartheid social planning denuded the majority of the people of the right to access and own property, thereby creating a massive class of the landless and, by implication, property-less people. Consequently property ownership has been historically skewed against the poor and Public Works is called upon to lead the process of restorative justice to promote access to, and meaningful and universal participation in the property sector.

Every year government through the national Department of Public Works and provinces invests billions of rands of its budget to lease property from the industry in which only less than 10% of players are from the historically disadvantaged groups. We will now begin to use this investment muscle to drive increasing participation by black- and women- owned businesses so that they are rapidly able to gain experience in leasing and facilities management, a critical entry point to the sector and one that does not require major capital resources.

We are also considering implementation of a Property Academy to support this drive. At the same time, we reiterate our call to the property sector, including the financial institutions and their role in providing access to finance, to work with government on these initiatives so that we collectively ensure the contribution of the sector to the goals of shared growth. Our commitment is clear and within the next 6 months we will establish concrete interventions that support empowerment. These will be based, inter alia, on lease renewals, new leases, minimum participation goals and longer leases that support empowerment.

Honourable Speaker,

Central to the management of public infrastructure is their ongoing maintenance. In last year's Budget Speech the Minister of Finance signaled the development by the Department of Public Works of a National Infrastructure Maintenance Strategy (NIMS) to address concerns particularly with regard to municipal water treatment, water and sewerage reticulation, on-site sanitation, some provincial and municipal roads and other infrastructure. The strategy was approved by Cabinet in the latter part of last year and Public Works is gearing to lead its implementation. Proposed interventions include:

- strengthening the national regulatory framework governing planning and budgeting for the maintenance of infrastructure;
- providing non-financial assistance to those institutions which require it;
- developing the maintenance industry; and
- strengthening monitoring and evaluation related to maintenance.

The maintenance sector forms an integral part of South Africa's total construction delivery capability. As the Deputy President has indicated, its activities are ongoing and substantially local in nature. Rapid growth of the maintenance sector, with its inherent labour intensity, will stimulate sustained job creation, skills development and broad-based black economic empowerment.

Our contribution to the urban renewal strategy of Government includes major projects such as Re Kgabisa Tshwane that not only contributes to improving working space for our civil servants, but also enhances Tshwane as an economic growth point. Currently major work is underway and this will be elaborated in the Deputy Minister's address. Such maintenance-intensive programmes will support our effort to implement the National Infrastructure Maintenance Strategy.

Honourable Speaker,

The Independent Development Trust (IDT) has been particularly successful in supporting the National Provincial Public Works, Education and Health departments in addressing the backlogs in social infrastructure delivery. The IDT has developed and refined a service delivery model which is rooted in labour intensive methodologies, and EPWP principles.

I met with the IDT late last year to support and provide direction to its corporate strategy development process. I am happy to report that following the IDT's participation in the study tour to Chile and Tunisia, to which the President referred in the State of Nation Address, the IDT has a redefined and sharpened niche for itself so as to ensure the relevance its mandate, and its distinctive role in sustainable development and poverty eradication. Hence, with effect from Nov-06, the core role and niche area of the IDT is to facilitate the creation of ***sustainable livelihoods and cohesive communities in poverty pockets and underdeveloped areas by focussing on women as targeted beneficiaries.***

We are looking forward to seeing impact of IDT innovations towards shared growth. In this context the organisation has set some challenging targets for the year ahead. These include:

- 10% of programme spend will be dedicated to women contractors.
- Women contractors employed by the IDT will improve their grading on the national Register of Contractors.

EXPANDED PUBLIC WORKS PROGRAMME

Another critical component of our mandate is the Expanded Public Works Programme (EPWP) that establishes a bridge between the first and second economies, enabling job and skills opportunities, an essential foothold for those historically marginalized from economic participation.

The EPWP is on target to achieve its commitment of one million job opportunities, with the Environmental and Economic sectors of the Programme exceeding their job-creation targets. As of September 2006, the Programme has delivered 459 840 net job opportunities, ahead of the target of 425 000 for the same period, exceeding targets for women (54% against 40%) and youth (60% against 30%).

In an ongoing effort to upscale the scope and the impact of the EPWP, government has announced the launch of the National Youth Service (NYS) – a joint initiative with the

Umsobomvu Youth Fund, Department of Labour and the Provincial Departments of Public Works. Our contribution to the NYS as announced will include the recruitment and built environment skills training of no less than 10 000 unemployed youth and graduates. Amongst us today are 4 of the first new recruits, pioneers of the EPWP contribution to the National Youth Service as announced by the President in his State of the Nation Address.

So far the National Department of Public Works has identified 64 building projects with a total value of R3 billion to kick start the NYS. Provinces will also select their own projects.

A Committee made up of the National Departments of Public Works and Transport and their provincial counterparts, the Presidency, and the National Treasury will coordinate the implementation of the additional R3 billion allocated under the Provincial Infrastructure Grant for the construction and maintenance of mainly rural access roads, contributing to the further expansion of the Programme and job creation. One of the new areas identified for the scaling up of the EPWP is the waste management programme which we will be piloting with municipalities.

As an impetus to the local government, a technical support programme will be rolled out in conjunction with the private sector to assist municipalities to implement the EPWP initiatives in the infrastructure sector. Known as the Expanded Public Works Support Programme, the initiative will target 130 municipalities that have the largest capital budgets. Municipalities continue to post low job creation data, the problem that is also compounded by the current inefficient monitoring and reporting mechanisms. To reflect the true potential of this sphere of government in the identification and implementation of the labour-intensive projects in support of EPWP and its objectives, a more reliable web based reporting and monitoring system is being developed to replace the current use of spread sheets for reporting purposes.

On 15 February 2007 we held the maiden EPWP Excellence Awards as an annual event in recognition of the men, women, and youth who give it their best. From the Home Based Care Givers of Nkomazi at Tonga, community access road builders of Embalenhle near Secunda to the builders of the June 16 Youth Monument in Soweto, one cannot help but notice the appreciation and gratitude in their voices, for the opportunity given to make a difference not only in their personal circumstances but also to leave a legacy in their communities. We thank all participants, individuals and institutions alike.

GOVERNANCE

The Department welcomes the vote allocation of three billion, six hundred and ninety three million and one hundred and twenty thousand rand (R3 693 120 000) for the new financial year (2007/08). The vote represents an increase of five hundred and eighty five million rand (R585 million) compared to the preceding year and is indicative of the growing confidence in the abilities of Public Works to execute both its mandate and functions with increasing finesse.

As from January 2007, we have effected the mandatory Quality Assurance in line with the recommendations of the International Institute of Internal Auditors. Our management processes supporting good governance, controls and management of risks were independently evaluated by Mr. Graham Joscelyne, who is an international expert and a

former Auditor-General of the World Bank Group in Washington, DC. In his report, Mr. Graham remarked, and I quote: ***“DPW conforms and exceeds the International Standards”***. To sustain the good work, all our senior officials have participated in the training on the processes of risk identification and controls management. We have also continued to maintain cordial and cooperative relationships with the DPW Audit and Risk Management Committee as well as the Office of the Auditor-General.

The Department’s Internal Audit and Investigation Services Unit has developed and is implementing a comprehensive Fraud Prevention Strategy to deal effectively and efficiently with internal fraud and corruption. This strategy is already bearing fruit as proven by the recent sentencing of a private individual to 15 years imprisonment in the Pretoria Specialised Commercial Crimes Court for her role in a fraud of R4, 2 million. This significant breakthrough is the result of rigorous internal investigations and good cooperation with the National Prosecuting Authority.

I would like to thank all others for their integrity, honesty and diligence. You are the strong link in the value chain of service delivery. South Africa continues to work because you work.

Closing Remarks

Honourable Speaker,

I take this moment to announce the appointment of Mr. Manye Moroka as the Director-General of the Department. He will resume his responsibilities from the 01 April. I wish him success and together with the staff and management, assure him of our support. I also welcome the appointment of Mr. Ronnie Khoza as the new CEO for the Construction Industry Development Board (CIDB). The process of appointing the Deputy Directors-General of Operations as well of Corporate Services is at an advanced stage. We shall be making announcements in due course. We certainly require firm management and stringent leadership to uphold corporate governance.

A special thanks to the Deputy Minister for his continued support. Our work would be incomplete without the oversight function of the Public Works Portfolio Committee. In reverence to your role, we have resolved to consciously work at strengthening the relationship with you. This is one of the key strategic imperatives that will inform and influence everything we do as a Department. I thank you all.

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Africa is a country in transition and therefore in some way the challenges it faces have been faced by others before, however the difference is on the format each of these took. For us we chose a reconstruction and development trajectory that places people at the centre of our development.

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However, there are many challenges that need to be tackled by Public Works in a range of public and private sector partnerships to further unlock infrastructure bottlenecks, to create capacity and skills, to promote the SME business sector, broad-based black economic empowerment, job creation and the role of women in all Government programmes for the delivery and management of public infrastructure.

INFRASTRUCTURE DELIVERY MANDATE

The Department of Public Works regulates and facilitates a development agenda for the construction and property sectors. Until now, for obvious reasons, we have focused primarily on the creation and construction of public infrastructure, regulation of the industry through the Construction Industry Development Board, Registering of contractors, and developing guidelines for the public sector on the

procurement for infrastructure delivery. Building on our achievements to transform the construction sector, we will intensify this focus to ensure shared growth, skills development and sustainable job creation. But we are also now focusing increasing attention on the maintenance and management of infrastructure, including transformation of the property sector.

Over the past 5 years we have directed major effort towards the critical goal of developing and transforming the construction industry. Implementing the White Paper “*Creating an Enabling Environment for Reconstruction, Growth and Development of the Construction Industry*”, we have worked closely with the industry to establish a regulatory platform for accelerated growth and empowerment.

The construction industry emerges from decades of declining investment as a result of the failure of the apartheid economy. During this process of decline, it lost significant capacity and emerges off a low capacity base into a period of sustained growth and increasing opportunity. Construction output is currently growing at a rate of 10% per annum. South Africa will need to double its construction output in less than 10 years and public sector construction delivery is doubling over a 5 year MTEF period, namely between 2003/ 04 and 2008/09. The delivery challenge is immense and includes capacity challenges affecting both the public and private sectors.

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These interventions include the partnership between Public Works, National Treasury, the Construction Industry Development Board (CIDB) and the Development Bank of Southern Africa in support of Government's Infrastructure Delivery Improvement Programme (IDIP). A direct outcome of the Growth and Development Summit, IDIP has built the coordination and capacity of Provincial Departments of Education and Public Works to ensure that South Africa's children are no longer schooling under trees. Public Works and CIDB support has included the development of the *Toolkit* Infrastructure Delivery Management System that forms the foundation for IDIP, covering the full delivery cycle from needs identification through to procurement, project delivery and maintenance.

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The resulting procurement improvements have also reduced the time to award of contracts by all organs of state from as much as 6 months in some cases, to 60 days and less – meaning that we are effectively beginning to unlock public sector delivery. We will continue to expand the expert support provided to organs of state, particularly municipalities in the procurement and delivery of critical infrastructure, including the 2010 World Cup.

As part of the preparations for the country to host a successful FIFA soccer world cup tournament in 2010, the Department has made available its expertise and other resources to lend a hand, where necessary. In addition, the CIDB assisted in the development of the Procure 2010 manual and the Department has seconded personnel to the local organizing structures in an effort to reinforce the procurement capacity of the hosting regions / cities.

Introduction of the national Register of Contractors has not been a smooth and easy process, but we have remained firm in our resolve to regulate the sector for improved equity and quality, and to create a firm foundation for development and transformation of the industry. Over 25 000 contractors are now registered in all provinces and, through the national Construction Registers Service, receive cell-phone and e-mail notification of all public sector tenders.

It is worth noting that over 1000 contractors improved their grading status over the past year – and 80% of these are black-owned small and medium sized enterprises. This is because these contractors are

now tendering in a regulated and enabling environment and are not competing with “fly by night” players, whose failure rate has undermined delivery and some of our development objectives such as quality, safety, and accessible finance for real industry players.

Now that it is established, the Register of Contractors forms a valuable development instrument because we are now able to identify clearly the capacity and empowerment gaps across the different classes and grades of contractors registered. Importantly, this provides the opportunity to target specific development interventions to address these gaps, with the goals of increasing supply-side capacity, creating more meaningful empowerment and raising the quality and performance of construction enterprises.

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- developing the maintenance industry; and
- strengthening monitoring and evaluation related to maintenance.

The maintenance sector forms an integral part of South Africa's total construction delivery capability. As the Deputy President has indicated, its activities are ongoing and substantially local in nature. Rapid growth of the maintenance sector, with its inherent labour intensity, will stimulate sustained job creation, skills development and broad-based black economic empowerment.

Our contribution to the urban renewal strategy of Government includes major projects such as Re Kgabisa Tshwane that not only contributes to improving working space for our civil servants, but also

enhances Tshwane as an economic growth point. Currently major work is underway and this will be elaborated in the Deputy Minister's address. Such maintenance-intensive programmes will support our effort to implement the National Infrastructure Maintenance Strategy.

Honourable Speaker,

The Independent Development Trust (IDT) has been particularly successful in supporting the National Provincial Public Works, Education and Health departments in addressing the backlogs in social infrastructure delivery. The IDT has developed and refined a service delivery model which is rooted in labour intensive methodologies, and EPWP principles.

I met with the IDT late last year to support and provide direction to its corporate strategy development process. I am happy to report that following the IDT's participation in the study tour to Chile and Tunisia, to which the President referred in the State of Nation Address, the IDT has a redefined and sharpened niche for itself so as to ensure the relevance its mandate, and its distinctive role in sustainable development and poverty eradication. Hence, with effect from Nov-06, the core role and niche area of the IDT is to facilitate the creation of ***sustainable livelihoods and cohesive communities in poverty pockets and underdeveloped areas by focussing on women as targeted beneficiaries.***

We are looking forward to seeing impact of IDT innovations towards shared growth. In this context the organisation has set some challenging targets for the year ahead. These include:

- 10% of programme spend will be dedicated to women contractors.
- Women contractors employed by the IDT will improve their grading on the national Register of Contractors.

EXPANDED PUBLIC WORKS PROGRAMME

Another critical component of our mandate is the Expanded Public Works Programme (EPWP) that establishes a bridge between the first and second economies, enabling job and skills opportunities, an essential foothold for those historically marginalized from economic participation.

The EPWP is on target to achieve its commitment of one million job opportunities, with the Environmental and Economic sectors of the Programme exceeding their job-creation targets. As of September 2006, the Programme has delivered 459 840 net job opportunities, ahead of the target of 425 000 for the same period, exceeding targets for women (54% against 40%) and youth (60% against 30%).

In an ongoing effort to upscale the scope and the impact of the EPWP, government has announced the launch of the National Youth Service (NYS) – a joint initiative with the Umsobomvu Youth Fund, Department of Labour and the Provincial Departments of Public Works. Our contribution to the NYS as announced will include the recruitment and built environment skills training of no less than 10 000 unemployed youth and graduates. Amongst us today are 4 of the first new recruits, pioneers of the EPWP contribution to the

National Youth Service as announced by the President in his State of the Nation Address.

So far the National Department of Public Works has identified 64 building projects with a total value of R3 billion to kick start the NYS. Provinces will also select their own projects.

A Committee made up of the National Departments of Public Works and Transport and their provincial counterparts, the Presidency, and the National Treasury will coordinate the implementation of the additional R3 billion allocated under the Provincial Infrastructure Grant for the construction and maintenance of mainly rural access roads, contributing to the further expansion of the Programme and job creation. One of the new areas identified for the scaling up of the EPWP is the waste management programme which we will be piloting with municipalities.

As an impetus to the local government, a technical support programme will be rolled out in conjunction with the private sector to assist municipalities to implement the EPWP initiatives in the infrastructure sector. Known as the Expanded Public Works Support Programme, the initiative will target 130 municipalities that have the largest capital budgets. Municipalities continue to post low job creation data, the problem that is also compounded by the current inefficient monitoring and reporting mechanisms. To reflect the true potential of this sphere of government in the identification and implementation of the labour-intensive projects in support of EPWP

and its objectives, a more reliable web based reporting and monitoring system is being developed to replace the current use of spread sheets for reporting purposes.

On 15 February 2007 we held the maiden EPWP Excellence Awards as an annual event in recognition of the men, women, and youth who give it their best. From the Home Based Care Givers of Nkomazi at Tonga, community access road builders of Embalenhle near Secunda to the builders of the June 16 Youth Monument in Soweto, one cannot help but notice the appreciation and gratitude in their voices, for the opportunity given to make a difference not only in their personal circumstances but also to leave a legacy in their communities. We thank all participants, individuals and institutions alike.

GOVERNANCE

The Department welcomes the vote allocation of three billion, six hundred and ninety three million and one hundred and twenty thousand rand (R3 693 120 000) for the new financial year (2007/08). The vote represents an increase of five hundred and eighty five million rand (R585 million) compared to the preceding year and is indicative of the growing confidence in the abilities of Public Works to execute both its mandate and functions with increasing finesse.

As from January 2007, we have effected the mandatory Quality Assurance in line with the recommendations of the International Institute of Internal Auditors. Our management processes supporting

good governance, controls and management of risks were independently evaluated by Mr. Graham Joscelyne, who is an international expert and a former Auditor-General of the World Bank Group in Washington, DC. In his report, Mr. Graham remarked, and I quote: **“DPW conforms and exceeds the International Standards”**. To sustain the good work, all our senior officials have participated in the training on the processes of risk identification and controls management. We have also continued to maintain cordial and cooperative relationships with the DPW Audit and Risk Management Committee as well as the Office of the Auditor-General.

The Department’s Internal Audit and Investigation Services Unit has developed and is implementing a comprehensive Fraud Prevention Strategy to deal effectively and efficiently with internal fraud and corruption. This strategy is already bearing fruit as proven by the recent sentencing of a private individual to 15 years imprisonment in the Pretoria Specialised Commercial Crimes Court for her role in a fraud of R4, 2 million. This significant breakthrough is the result of rigorous internal investigations and good cooperation with the National Prosecuting Authority.

I would like to thank all others for their integrity, honesty and diligence. You are the strong link in the value chain of service delivery. South Africa continues to work because you work.

Closing Remarks

Honourable Speaker,

I take this moment to announce the appointment of Mr. Manye Moroka as the Director-General of the Department. He will resume his responsibilities from the 01 April. I wish him success and together with the staff and management, assure him of our support. I also welcome the appointment of Mr. Ronnie Khoza as the new CEO for the Construction Industry Development Board (CIDB). The process of appointing the Deputy Directors-General of Operations as well of Corporate Services is at an advanced stage. We shall be making announcements in due course. We certainly require firm management and stringent leadership to uphold corporate governance.

A special thanks to the Deputy Minister for his continued support. Our work would be incomplete without the oversight function of the Public Works Portfolio Committee. In reverence to your role, we have resolved to consciously work at strengthening the relationship with you. This is one of the key strategic imperatives that will inform and influence everything we do as a Department. I thank you all.