



PUBLIC WORKS AND INFRASTRUCTURE

DEPARTMENTAL **BUDGET VOTE**

•••• 2020/2021

Hon. M. Kolozi

MEC for Public Works, Infrastructure,
and Human Settlements

DATE: 29 JULY 2020
TIME: 09:00

LIVE

**ON: FREE STATE PROVINCIAL GOVERNMENT FACEBOOK PAGE
COMMUNITY RADIO STATIONS: SABC PLATFORMS**

Theme: "Building the Free State together during the period of COVID-19"



DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE BUDGET VOTE 9

SPEECH 2020/21, TABLED BY MEC MOTSHIDISE KOLOI: 29 JULY 2020

Madam Speaker

Deputy Speaker

Honourable Premier, Sisi Ntombela

Honourable Members of the Executive Council

Honourable Members of the Legislature

**Chairperson of the Portfolio Committee on Public Works and Infrastructure,
Roads and Transport and Human Settlement**

Executive Mayors, Mayors, Speakers and Councilors

Director General, Heads of Departments and Municipal Managers

Distinguished Virtual guests

Listeners at Home

Comrades and Friends

INTRODUCTION

Madam Speaker

We are tabling the Department of Public Works and Infrastructure budget vote on the last days of July the birth month of President Rolihlahla Mandela. This month, he would have been 102 years old. Speaking during the celebrations of the centenary of President Mandela, President Mbeki said “in order to achieve the legacy of Nelson Mandela, we need to move forward as a country”. “To be the legacy must mean that we really have a look at what have we done that has not worked, and therefore what is it that we need to do to make sure that this perspective is actually achieved,” “After all of these years of democracy, our country still has all of these major problems and I think, to be the legacy of Mandela, it must mean that we actually achieve actual movement forward”.

This actual movement Madam Speaker, is about more jobs and higher quality livelihoods, greater inclusion and is, therefore, able to decisively reverse the current realities of unemployment, poverty and inequality. This will require “structural transformation” not “structural reform” as understood in the neo-liberal vocabulary.

President Mandela has lived a life of a selfless service to the downtrodden and the marginalised. His courage inspired us all to fight for the liberation of our people and a just society based on human values and solidarity.

It is of importance and proper that **Madam Speaker**, as the Department we join millions of South Africans in sending our heartfelt condolences to the Mandela family, African National Congress, the Alliance as a whole and the people of South Africa for the passing on of President Mandela’s daughter Zinzi who was buried on the 17 of July 2020. This great loss happened at a time when we are faced with the Corona Virus, a health emergency that has unleashed the worst economic depression since 1930s.

Madam Speaker

It is an honour for me to present the Budget of the Department of Public Works and Infrastructure, which is just over R1.729 billion for the 2020/2021 financial year.

The budget increases to about R1.870 billion in the second period of the Medium Term Expenditure Framework and increases to about R1.957 billion in the outer year. This means that over the MTEF the budget for the Department is just over R5.556 billion.

We deliver this budget fully conscious of the critical role that infrastructure development plays in enabling economic activity. We also believe that socio-economic infrastructure is the heartbeat of any society and the means which enables communities not only to reach higher levels of growth and development, but to also build an integrated safety environment. The Department is not only a custodian of public infrastructure development in the Province, but also the social agent for job creation and skills development.

The stagnantly low growth reality, in which the budget vote was developed, is therefore a direct result of the current economic climate which results in an inability to overcome the structurally high levels of inequality, poverty and unemployment. This environment has been compounded by the present Corona Virus pandemic which is engulfing the whole world. The socio-economic impact of the pandemic on the working class and the poor has been devastating especially on child-headed households, the elderly, women, children and vulnerable workers across the globe. **Madam Speaker**, we would like to thank the people of Cuba for their heroic act of proletarian internationalism, genuine solidarity with humanity and their selflessness during this pandemic.

ADMINISTRATION

Madam Speaker

The Department of Public Works and Infrastructure by virtue of its mandate of works infrastructure provisioning, has a pivotal role to play in this mammoth task of poverty reduction and job creation. The Department is further responsible for the provision and effective management of Provincial Government land and buildings.

The number of Government Facilities in the Province has increased over the last decade resulting in a substantial increased workload. As at 31 March 2019 the Department had 4 902 land parcels in its immovable asset management register. In some cases, functions and Government immovable assets were transferred from other spheres of Government to the Province.

The Department has not leveraged on its immovable asset portfolio sufficiently for the economic development of the Free State Province with its 36% unemployment rate. Emanating from the 6th democratic Government and the adjustments to the macro organisation of government an investment mind-set and organisational structure adjustment is required to address aforesaid.

As at the 31 March 2020 the Departmental staff complement comprised of 1 353 staff members. 54.18% representing females and 45.82% males. Within this number there are 38 staff members living with disability representing 2.81% against the target of 2% for the staff establishment.

In the 2019/20 financial year the department spent R426 million on compensation of employees representing 23, 7% of the total budget of the Department of R1. 8 billion. For the 2020/2021 financial year the compensation budget allocation is R491 million representing 28.4% of the budget. The increase in compensation budget is due to the decrease in the total operational budget of 2020/2021 financial year.

The Department has successfully appointed two female staff members on the assistant director level to deal with contract management issues and address capacity shortcomings identified by the Auditor-General in the previous financial year.

In this financial year, we will enhance our professional capacity by appointing suitably-qualified staff within the professions across all functions including occupational health and safety. We will also replace our professionals recruited by the Department of Health and the Department of Education during the course of the previous financial year.

The Honourable Premier during the State of the Province Address on the 25 February 2020 pronounced that 1 863 security officials in the province will be insourced and appointed on salary level 3. The Department currently has 174 of these security officials employed on a contract basis. Processes to finalize their appointment and increase their salary grading have commenced and this target will be reached by the end of the current financial year.

EXPANDED PUBLIC WORKS PROGRAMME

Madam Speaker

Through Programme 3, the Department prioritises the inclusion of youth, women and people with disabilities while responding to Expanded Public Works Programme call of income relief to impoverished communities. Expanded Public Works Programme remains one of the income transfer mechanisms contributing towards the seven priorities aimed at driving the National Development Plan.

Taking into account the unemployment rate of 38, 4% at the end of Quarter 1 as per Quarterly Labour Force Survey released by STATSSA, the need for job creation for income support to sustain the livelihoods for vulnerable communities is massively increasing. This is supported by the latest International Labour Organisation study on the impact of COVID-19 on the labour market, which revealed that the pandemic will globally have a devastating effect on workers in the informal economy.

The objective of EPWP Phase IV is to provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing towards elimination of poverty, reduction of inequality and creation of employment.

The Department has over the past years successfully achieved its EPWP targets, through implementation of various initiatives, carefully planned and implemented

through normal budgeting processes. The Department is also responsible for providing leadership and coordinating the Expanded Public Works Programme in the province.

Various interventions are budgeted for by the Department to alleviate poverty and reduce unemployment. These include; **Cash for Waste, Community Work Programme, Cleaning & Greening, Township Revitalization Programme, Massification projects, National Youth Service Programme and Contractor Development Programme.**

The Department therefore prides itself in leading by example while coordinating the EPWP across all spheres. During the 2019/20 financial year, despite the continuous budgets cuts due to Treasury's fiscal consolidation and prudent financial management strategies, the Department was able to create 2 987 work opportunities against the target of 2 900 by end of the financial year. Of these work opportunities achieved by the Department, vulnerable groups benefited as follows;

Women- 64%;

Youth- 45%

and People with Disability- 1, 5%.

The Department was able to successfully coordinate creation and reporting of 65 052 work opportunities against the target of 52 000, in the province across all spheres of Government. Of these work opportunities reported across all spheres in the Province as at the end of the financial year, vulnerable groups benefited as follows:

Women- 70%;

Youth- 44%

and People With Disability-1%.

As the impact of COVID-19 on jobs unfolds, the Free State, South Africa and the entire globe prioritized the measures to respond to the impact of the pandemic on job losses. In an effort to respond to the crisis of unemployment, aligned to Agenda 2030, Sustainable Development Goals, the Department will continue to contribute towards

environmental cleanliness while at the same time creating employment in various towns. A budget of R27m will be made available in the 2020/21 targeting creation of about 1 690 work opportunities.

The Township Revitalization Programme which is the EPWP Infrastructure flagship programme in the Province was implemented and completed in eighteen (**18**) towns in the past financial year at a total amount of R66 million. This towns includes; **Brandfort; Dewetsdorp; Excelsior; Frankfort; Tshiame; Tweeling; Tweespruit; Verkeerdevlei and Wepener.**

Due to budget constraints resulting from COVID-19 impact, the Department has set aside R10, 4million to complete Township Revitalisation Programme in the following Towns; **Allanridge, Botshabelo, Odendaalsrus and Steynsrus.**

While the President announced six priority areas through youth employment in his 2020 State of the Nation Address, the Premier, through her 2020 State of the Province Address shared a detailed pragmatic youth development approach for the Free State province. It was therefore not by default that the 2020 Free State SOPA was dedicated to youth. National Youth Service Programme, implemented by my department resonates well with the commitment made by both the Honourable President and Madam Premier. The Department's targets participation of 150 young people in the National Youth Service. A budget of R5.4 million has been set aside for this programme. Out of the 150 participants, 25 will be ring-fenced for **youth with disabilities**. An additional budget of R5.8 million has been set aside for skills development for internal EPWP projects. The skills development includes Occupational Health and Safety aligned to COVID-19 to ensure that participants remain vigilant on workplace safety issues amplified by the pandemic while providing community services.

The Department will coordinate the creation and reporting of **54 000** work opportunities in the Free State province across all spheres and sectors for this new financial year. Of all those work opportunities, the targeted vulnerable groups are as follows:

60% women
55% youth
and 2% of people with disabilities.

National Department of Public Works and Infrastructure has made available additional conditional EPWP grants as follows: R29m for municipalities and R80.1m for Provincial Departments. All eligible Departments and municipalities must ensure compliance to the conditions of the grant and use the opportunity to expand job creation initiatives internally funded so that the province can start to realise growth of this conditional grant

PUBLIC WORKS AND INFRASTRUCTURE

Madam Speaker

The Department of Public Works and Infrastructure continues to help our communities at different municipalities with Infrastructure Maintenance. The macro organisation of government introduced by the 6th democratic Government and as outlined in PSCBC resolution 1 of 2019 determines that infrastructure projects must forthwith be executed by the Department of Public Works. The IDMS function has already been transferred from National Treasury to the National Department of Public Works. It is expected that this reform will be cascaded down to the Provincial Departments in the near future.

In accordance with our Provincial Executive Council resolution of 2019, sector Departments are allowed to implement projects to the value of up to R15 million. This stand-point implies that the Department of Public Works and Infrastructure is not responsible for any sector Department projects as well as the maintenance projects that are budgeted under R15 million.

During the 2019/20 financial year we completed the renovation of **Soutpan Community Hall** and **Sisi Ntombela Orphanage**. For 2020/21 we will be completing repairs and renovations to the **Koppies Community Hall**. The Department has prioritized the refurbishment of **Thusanong, Tshireletsong and other buildings** for

use by the Free State Government at a total budget of **R27.9 million** over the MTEF period. This will reduce the expenditure on private rental of office space.

Working together with our sector Departments, the Department has successfully **completed the construction of the following projects in 2019/20 financial year:**

- **Hoopstad:** GM Polori School;
- **Warden:** Silindukuhle School;
- **Vrede:** Thembalihle New Primary School;
- **Bloemfontein:** Grassland New Primary School and Grassland Secondary School.
- The **Botshabelo** Substance Abuse Dependency Treatment Centre in Botshabelo was completed this month.

The Department stays committed to meeting its obligations as the custodian of government buildings. The Department has spent an amount of R35.5 million for maintenance in the 2019/20 financial year.

The 2020/2021 financial year started with a COVID 19 pandemic and the Department was tasked with the responsibility of refurbishing isolation and quarantine sites. As a result 2020/2021 maintenance budget has been increased to R110.8 million, this budget will also cover COVID-19 projects.

The Department has conducted conditional assessment of nine resorts that were earmarked for use as quarantine sites. The following resorts were refurbished in the first quarter of this financial year: **Soetdoring, Willem Pretorius, Sandveld, Koppies Dam, Gariep Dam, Tussen Die Rivier, Sterkfontein, Seekoeivlei and Phillip Sanders**. The refurbished facilities carry a total bed capacity of 638 and are currently being used by the Department of Health for quarantine and isolation purposes. Refurbishment of these resorts also guarantees the Province an improved revenue generation ability post Covid-19 use.

PROPERTY MANAGEMENT

Madam Speaker

Immovable Asset Register

The Department of Public Works and Infrastructure as the sole custodian of properties registered in the name of Free State Provincial Government has a mandate of maintaining the property portfolio and to ensure that it contributes towards the investment value of the Province. The immovable asset register currently has a total number of 4869 land parcels to a value of R11 billion.

Honourable Premier, I'm pleased to report that we have concluded the audit of our farms, we are now in a position to report on occupation and use of these farms. Together with the Department of Agriculture and Rural Development we will work on a plan that will be presented to the Provincial Executive Committee aimed at improving the utilization of farms and promote access by youth and women of the Free State to work the land.

Infrastructure planners and developers are required to design infrastructure projects that are futuristic. Asset management techniques have moved with the digital era. The availability of real time data and computing power is key and security protocols have become more sophisticated. Data coupled with key and new skills currently not on the post establishment can contribute to creating alignment between the Department, financiers necessary for Public Private Partnership and the citizens of the Free State, who are the beneficiaries of infrastructure development.

The energy crisis precipitated by ESKOM requires us to explore and initiate green technology across our existing property and future infrastructure particularly in cost effective affordable methods. We have budgeted for the refurbishment of Thusanong Building in the 2020/21 financial year. We have identified this building as the second smart building that the Department will deliver. The building will offer sustainable energy technologies including digital access, light movement sensors, and grey water reticulations amongst others. It is anticipated that the refurbishment will take approximately 2 and half years to complete.

Property Transformation and Revenue Collection

The Department of Public Works and Infrastructure plays a central role in realizing transformation in the property industry which is by far dominated by Previously Advantaged Individuals. The Department has a total of 73 lease contracts of which 38 are entered into with Historically Disadvantaged Individuals. This represents 52% transformation progress against the 2020 target of 60%. The Department is confident that this target will be reached by the end of 2020/2021 financial year.

Property Management managed to collect R45.5million representing 60% of its target for 2019/20 financial year. We will be working very hard with the Provincial Treasury to improve this performance and to create more ways of enhancing revenue. Our target for 2020/21 was to generate R81.5 million in revenue. This target is unlikely given the impact of Covid-19 on the economy of the Province and the property market as a whole.

Municipal Payments

The Department continues to fulfil its obligations towards the municipalities despite the constrained resources. A total amount of R470 million representing 99.99% of the rates and taxes and R429 million representing 99.73% of the municipal services was paid to municipalities as at 31 March 2020. The biggest recipients were Mangaung Metro and Centlec; Matjhabeng; Maluti-A-Phofung; Moqhaka and Dihlabeng Local Municipalities. The debt to municipalities was therefore reduced to R568 million as at 31 March 2020. An amount of R 436.245 million is budgeted for the payment of rates and taxes in 2020/21 financial year. R138.343 million or 31.72% of this amount will be paid to Mangaung Metro. R 225.320 million is budgeted for payment of municipal services in 2020/21 financial year. An amount of R151,056 million or 67.04% of this amount will be paid to Mangaung Metro and Centlec.

The Department piloted the water savings programme towards the end of 2018/19 financial year. The programme was piloted at the Psychiatric Hospital focusing on the reduction of the water losses and improvement of billing. This pilot programme has created a saving of R12.3 million in this facility alone over a period of 18 months with an average saving of R 683 000 per month on the water account. The programme will be rolled out to the following hospitals in 2020/21 financial year:

- Pelonomi Hospital
- Universitas Hospital
- Botshabelo Hospital and
- Moroka Hospital

CONCLUSION

Madam Speaker

We are ready as the Department to ensure that we deliver on our mandate with the available limited resources, on time and of the required standard. We also promise to work tirelessly and with full cooperation of our client Departments to ensure a full realisation of this mandate.

To Honourable Sarah Moleleki and all committee members of the Portfolio Committee on Public Works and Infrastructure, Roads and Transport and Human Settlement, thank you for your support and guidance in pursuance of your oversight role.

May I take this opportunity to extend my profound gratitude to members of the Executive Council for their support and guidance.

Allow me to thank the staff of the Department of Public Works and Infrastructure under the leadership of Acting Head of Department Mr Ernest Mohlahlo and all staff members for their hard work and dedication to the cause of our Department.

My special thanks to the honourable Premier, Sisi Ntombela, who has given us the responsibility of a Department that is charged with the delivery of socio-economic infrastructure and job creation in the Province.

I wish to thank my family for their continued understanding and unwavering support.

I thank you.

**DEPARTMENT OF PUBLIC WORKS AND
INFRASTRUCTURE BUDGET – 2020/21**

BUDGET VOTE: DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE	
BUDGET ALLOCATION PER PROGRAMME	2020/21 (R'000)
ADMINISTRATION	135 885
PUBLIC WORKS INFRASTRUCTURE	1 520 657
EPWP	72 688
Grand Total	1 729 230

BUDGET ALLOCATION PER ECONOMIC CLASSIFICATION	2020/21 (R'000)
Compensation of Employees	491 348
Goods and Services	725 348
Transfer Payments	440 915
Payment for Capital Assets	71 619
Grand Total	1 729 230