

# Policy and budget speech by MEC DG Mahlangu, delivered on the 23<sup>rd</sup> May 2013.

**Hon Speaker and Deputy Speaker**

**Hon Premier in absentia**

**Leadership of the ANC present**

**Chief Whip of Majority Party**

**Hon Members of the Executive Council**

**Hon Chairperson of the Portfolio Committee**

**Hon Members**

**Hon Mayors and Councillors present**

**Leadership of the House of Traditional Leaders**

**Leadership of Labour and Business**

**Head of Department Ntate Mohlasedi**

**Other Heads of Departments present**

**Leadership of Mpumalanga Taxi Council**

**Chairperson of Audit Committee**

**Esteemed guests**

**Members of the media**

**Ladies and gentlemen**

Hon Speaker in an important occasion as this one, it is perhaps important to go back to basics and say the obvious. This obvious would mean Hon Speaker that I declare that I am part of a contingent whose being in this august house is owed to the trust, faith and confidence that many of our people, throughout the width and breath of our province, continue to place in our glorious movement- the ANC.

For successive periods since 1994, people in this Province have demonstrated unparalleled trust to our movement as the only tried and tested social force that has their interest at heart and capable to deliver on our long held vision of BETTER LIFE FOR ALL, which in the main is about restoration and promotion of their human dignity.

The journey, as President Zuma has ably amplified profoundly in a song, is long and winding (yinde lendlela). The people in our Province and indeed the whole country; like the children of Israel, fully understand that the journey to total freedom and our vision of better life for all remain steeply and long, and that it can only be achieved through social compact; acting along their Government as active citizens and agents of their own destiny.

Hon Speaker, it is with all these people of Mpumalanga in mind that we shall spare no effort to improve service delivery primarily to add to overall efforts to bring about change faster to our communities.

We are compelled to forever remain vigilant and seek creative ways to meet ever increasing demands for service delivery against limited available financial resources.

It is not to over state the situation to mention Hon Speaker that we are operating in harsh economic conditions where costs for infrastructure and demand thereof are for ever increasing.

We have observed discoveries of rampant anti-competitive and cartel behavior by some of the big companies who dominate the infrastructure building sector. These disclosures should indeed serve to remind us to be forever vigilant for all they do is to undermine capacity of the State to deliver services to all our people.

Hon Speaker, 2012/13 has been a very challenging and difficult fiscal year. Regardless, we managed our fiscus in a manner that allowed us to deliver on most of the agreed outputs. The total expenditure for year under review was **R 3,523,082.00** billion against the appropriated budget of **R 3,527,481.00 billion**.

Severe budget constraints were experienced due to among others; the floods that occurred at the beginning of the 2012 calendar year which placed further pressure on an already challenging fiscal situation. The cost to repair the damaged infrastructure was estimated at **R445.7 million**. Rebuilding of roads and bridges was the most expensive at an estimated cost of **R266 million**.

Planning and design for these infrastructure repairs commenced in 2011/12 whilst implementation was expected to start in the 2012/13 financial year. The required funding in line with the South African institutional framework for natural disasters could not be appropriated. This necessitated adjustments of the approved plans and alignment of the allocated budget during the year.

Notwithstanding these challenges Hon Speaker and Members, we continue to make progress on many aspects which are important in enhancing our business model to deliver services better and faster.

We have introduced reforms within our financial management and this has resulted in improved turnaround time specifically in relation to payment of service providers within 30 days upon receipt of valid invoices. I can stand here and declare without fear of contradictions that we do not owe any service provider who has submitted a valid invoice.

We were also able to complete several infrastructure projects with varying complexity which means that more people now have access to roads, education and health facilities. Through the efforts that we have dedicated in the monitoring of the infrastructure projects, we are happy with massive improvements on the quality of workmanship that is beginning to take shape.

Hon Members, for every project implemented in any locality, it bring with it work opportunities and skills transfer to many people in those localities. We have impressed upon all our contractors and consultants to use local labour to the extent that is possible.

We are also now implementing a program where we identify engineering graduates and twin them to projects, so that they gain necessary experience to qualify for professional registration.

We are happy also that through these efforts, complemented by commendable support from the Executive Council and oversight bodies, service delivery has improved. We have adequately attended to our project planning cycle wherein we source land and complete project designs a year before implementation.

The turnaround for payment of contractors especially from clients department has drastically improved.

Hon Speaker I am happy to report that our prestige programme, Expanded Public Works Programme (EPWP) is receiving deserved attention from high levels of leadership in the province.

The Expanded Public Works Programme is one of government arrays of programmes aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

We are now committing more projects to follow EPWP principles in their implementation which has seen more labour absorption, thus alleviating unemployment.

Public bodies from all spheres of government (in terms of their normal mandates and budgets) and the Non State sector (supported by government incentives), are expected to deliberately optimize the creation of work opportunities for unemployed and poor people in South Africa through the delivery of public and community services.

I am now working with MECs of Finance and COGTA to mainstream this further in the municipalities. It will be expected that Mayors afford this programme their personal attention so that we are able to maximize outputs.

Our preliminary figures for 2012/13 financial year indicate that as a province we created 82 932 job opportunities across all sectors of EPWP, and an important aspect of this is the simultaneous support we give to development of emerging contractors. It is worth noting that this commendable progress has been registered against insufficient reporting by all sectors. This means that if we maximize reporting, we stand a chance to receive more budgets thus allowing us to create more jobs.

Hon Speaker amongst many of the challenges is the shortage of skilled personnel. In the previous financial year, we were granted permission by the Executive Council to fill forty two (42) critical posts. The recruitment processes related to these posts have been finalized and most of the incumbents have already assumed duty. In the 2013/14 financial year, more interns and learners will be recruited to address the problem of critical skills shortage, provide foreground for experiential learning and enhance employability of graduates.

Hon Members will recall that the Province took a decision to centralize the management of the provincial government fleet to improve coordination and reduce costs. The system is in operation and is contributing positively towards an improved management of fleet. The outstanding aspect of this process is the acquisition of a billing system to enable us to recover costs from client departments.

## **PUBLIC WORKS**

### **Mpumalanga Infrastructure Master Plan**

Hon Speaker, Infrastructure development remains the backbone of our plans to stimulate economic growth and create much needed job opportunities. To take this important work forward, The Executive Council directed us to develop an overarching Infrastructure Master Plan for the province. This plan will translate provincial government's policy, strategy and planning outputs into tangible deliverables.

It is a critical element in delivering integrated and value-for-money infrastructure outcomes that meet the needs of the Province.

I am happy to report to this august house that we were able to finalize this important assignment and was approved.

## **Project Implementation**

Hon. Speaker, our core mandate as a Department is to coordinate and ensure achievement of the National Strategic Outcome 6: An efficient competitive and responsive economic infrastructure network.

We are however also responsible for the support of the implementation of other strategic outcomes namely: Outcome 1: **Improve quality of basic education** and Outcome 2: **A long and healthy life for all South Africans**.

To this end, we completed construction of eighty six (86) schools, three (3) Social Development offices, six (6) projects for the Department of Culture, Sport and Recreation and thirty one (31) Department of Health projects in 2012/13 financial year.

Several infrastructure projects will also commence in this financial year as part of this mandate.

For the Department of Education we will implement a total number of 143 projects, of which 47 projects are multiyear, 52 are new and 44 are storm damaged projects.

For the Department of Health we will implement a total number of 72 projects, 46 of which are multiyear and 26 are new projects.

19 projects will be implemented for the Department of Social Development of which 4 are multiyear and 15 are new projects.

On behalf of the Department of Culture, Sports and Recreation we will implement a total number of 16 projects, of which 7 are multiyear and 9 are new projects.

We will implement one project each for the Department of Economic Development, Environment and Tourism as well as Department of Community Safety, Security and Liaison. Both projects are multiyear according to project plans.

Our estimates are that the implementation of above mentioned projects will lead to creation of 1038 job opportunities.

## **TRANSPORT INFRASTRUCTURE**

Hon Speaker the Provincial road network is a core component of our infrastructure. Roads are special in the sense that they precede and facilitate development in any geographical area, while other types of infrastructure generally follow development initiatives.

No roads, no development. Transport Infrastructure Programme is central to a responsive economic infrastructure network and facilitates the delivery of road infrastructure network that will serve as a catalyst for provincial economic growth.

This will also support the safeguarding of sustainable energy provision in the country.

Our road infrastructure plans are divided into four categories; upgrading from gravel to tar, coal haulage, non-coal haulage and reseal.

As presented in this house last year, allow me to report that we have completed the construction of the following roads;

- 9 km Mooiplaas and Ekulindeni
- 18.5 km of Marloth Park and Komatipoort and
- Goromane bridge, including upgrading 6 km road

## **UPGRADING**

The following roads which are being upgraded from gravel to tar and rehabilitated will be completed in this financial year;

- 9.2km of road D2964 between Diepdale and Swaziland border
- 11km of Road D3969 and D3974 between Kildare and Cunningmoore (Rolle - Oakley Phase 2)
- 9.3km Upgrading of Road D2976 between Daantjie and Mpakeni.
- 14km Upgrading of Road D2975 between Luphisi and Siphelanyane.
- 17.5 km phase1 upgrading of Roads D4390, D4385 and D4387 between Rolle and Oakley.

This includes construction of Bethal Traffic Control Centre (Weighbridge)

In addition, the following roads will be upgraded from gravel to tar starting in this financial year;

- 6 km Upgrading of Road D2908 between Pieterskraal and Madubaduba Rd via Majakaneng  
21km upgrading of a Rural Access Road D3968 between R40 Junction (near Bushbuckridge) and Rolle (via Merry Pebble)
- 12.41km upgrading of a Rural Access Road D281 between Volkrust and Daggaskral
- 11.8km upgrading of a Rural Access Road D2740 between Nokaneng and Senotlelo
- 8.32km upgrading of a Rural Access Road D3970 Jim Brown to Marite including a Bridge on Marite river

## **COAL HAULAGE**

The following Coal haulage roads under rehabilitation will be completed in this financial year;

- 16km Rehabilitation of Coal Haul Road D914 between P127/1 and R35 (South of Middelburg)
- 27 km Rehabilitation of Coal Haul Road P52/3 between Kriel and Ogies
- 30km Rehabilitation of Coal Haul Road P53/2 between Leandra and Standerton (P90/1)
- 23km Rehabilitation of D1398 from D1555 (Arnot Power Station) to Hendrina

The following coal haulage projects are continuing with rehabilitation;

- 17.9 km rehabilitation of road Rehabilitation of Coal Haul Road P95/2 between the Gauteng Border South of Bronkhorstspuit and Delmas
- Rehabilitation of Coal Haul Road P127/2 between Duvha Power Station (D914) and N4 (21 km)

## REHABILITATION

Hon Speaker the following are new coal haulage roads that commence with construction in this financial year;

- 15km Rehabilitation of Coal Haul Road P120/1 from eMalahleni to D914
- 15km Rehabilitation of Coal Haul Road P182/1 (R542) between P120/1 (van Dyksdrift) and R35
- 14 km Rehabilitation of Coal Haul Road D686 from Leeuwfontein past Kendal Power Station over R555 (P95/1) to N12

Furthermore Hon Members, rehabilitation of the following new **Non coal haulage** roads will start in this financial year;

- 25.7km Phase1 rehabilitation of Road P95/1 between Limpopo Border and Verena
- 14km rehabilitation of Road P17/6 (R538) Jerusalem to R40 at Caster Bridge. This will also address drainage, pedestrian accommodation & road protection issues on the entire road.
- 12km Phase1 rehabilitation of Road D481 between Embuleni Hospital towards Ekulindeni  
8 km rehabilitation of Road D2968 between Numbi and Makoko, including repair of a Flood Damaged bridge.
- 6.8 km rehabilitation of Road D3928 between Green Valley and Moloro, including repair of Flood damaged Bridge.
- 6.8km rehabilitation of Road D2969 between Manzini and Swalala
- 22km rehabilitation of Western Sections of Road P154/4 from P49/1 (N11) to D1398 between Middelburg and Wonderfontein
- 6.5 km rehabilitation of D2967 (Including 0.5 km Section on Road D2969 and Improvement of a Bridge Structure between Manzini and Mgcobanweni
- 14km rehabilitation of Road D797 between D2940 (Tonga) and R571 Naas

## BRIDGE CONSTRUCTION

As mentioned earlier Hon Speaker, the impact of flood damages on our infrastructure and budget is huge. As part of dealing with backlog created by the flood damages, we will, in this financial year begin construction of the following bridges;

- Reconstruction of a Flood Damaged Culvert bridge on Road D2973 between Gutswakop and Clau –Clau

- Reconstruction of a Flood Damaged Bridge on Road D2945 between Boschfontein and Gomora
- Reconstruction of a Flood Damaged Bridge on Road D4392 (Near Dumphries)
- New Bridge M6535 ("Bridge 1") on D622 near Ciliers in Govan Mbeki
- Reconstruction of a Flood Damaged Culvert bridge on Road P168 / 1 between Ermelo and Lothair
- Reconstruction of a Flood Damaged Bridge on Road D2944 near Boschfontein
- Construction of a new bridge over Nkomazi River in Tjakastad, Chief Albert Luthuli Municipality. This is the river crossing which has been in the media recently.

## MUNICIPAL SUPPORT

Hon Speaker, we are all concerned about the fast deteriorating infrastructure in our province, especially municipal infrastructure. While we have our own provincial backlog, a situation in many municipalities cannot be ignored. In this regard, Executive Council has approved that we assist municipalities in distress.

We have therefore established maintenance support teams that will give dedicated support to municipalities focusing on improving access to social amenities such as grave yards, schools and health facilities.

We are also going to give dedicated focus on the investment on Comprehensive Rural Development Programme (**CRDP**) municipalities. To this end we have increased our budget investment to these municipalities from R42 million in the previous financial year to over R200 million in the current financial year.

This includes completion of construction of Sibange bridge over Nkomazi river.

We have made it clear to all our contractors that under no circumstances shall we allow them to source or buy building material outside a particular municipality unless there is proof that such material cannot be found in that particular municipality.

We are committed to the implementation of the CRDP because we realize that if implemented correctly, this programme has great potential to take many of our people out of abject poverty.

## TRANSPORT OPERATIONS

Hon Speaker we also have an obligation to provide public infrastructure to enable increased mobility and accessibility to many areas in our province especially in rural areas. In this regard, the following infrastructure projects will be constructed in support of Non-Motorized Transport:

- Culvert Bridge at Steyndorp in Chief Albert Luthuli Municipality
- Bus shelters at Katsibane, Makola, Magononong and Lefiso in Dr JS Moroka Municipality
- Walkways at Kwaggafontein in Thembesile Hani Municipality
- Construction of Culvert bridge in Sibange 1, Nkomazi Municipality
- Construction of Culvert bridge in Sibange 2, Nkomazi Municipality
- Construction of Culvert bridge in Mayflower, Chief Albert Luthuli Municipality

## **Scholar Transport Services**

Honorable speaker, the transportation of learners, safely and timely still remain a high priority for the Department. The Department has put measures in place, amongst others, to ensure that the vehicles used to transport scholars are road worthy and reliable. A budget of R441 916 Million has been set aside for Scholar Transport.

The Department will leverage on the successes of bicycles donation by resuscitation of Shov'Kalula programme to augment Scholar Transportation. A total of 6 000 bicycles will be procured and donated during the 2013/14 financial year.

## **Bus Subsidization**

General commuters will continue to enjoy government subsidy which has been allocated a budget of R 462 926 million for 2013/14 financial year. This budget has seen some increase to cover the annual price adjustments affecting bus operators.

## **Moloto Rail Development Corridor**

Hon Speaker I wish to take this house and the people of Mpumalanga in confidence on the developments about this matter. In the last term of office, feasibility study was conducted and completed about a need for rail network on this corridor.

In taking forward this task, National Treasury has since requested further feasibility study which should look into a number of options or alternatives besides rail. A team comprising of all stakeholders, is now undertaking this study and is expected to complete this task by March 2014.

## **COMMUNITY BASED PROGRAMME**

Hon Speaker as I outlined earlier, The Expanded Public Works Programme (EPWP) represents Government's most direct policy instrument to tackle unemployment. The increased capital investment in the construction industry is expected to facilitate economic development and creation of jobs.

Accordingly, the budget of this Programme will receive a significant boost from R40, 949,00 to R 59 512,00 for enhanced coordination of the programme. The 42% increment is in line with the Province's commitment of creating Full Time Equivalent jobs in the current financial year.

The Department will continue to coordinate the mainstreaming of EPWP through the roll-out of infrastructure development projects of varying sizes, from construction and maintenance to renovations and rehabilitations. We have set a job-creation target of 76 136 which will focus on the four sectors, namely: Infrastructure, Social, Environment & Culture and Non-State.

## **Emerging Contractor Development (Sakh'abakhi)**

Hon. Members, we have a programme called Sakh'abakhi which is dedicated to the upliftment of people to take advantage of available economic opportunities remains paramount for this Department. To achieve this, 43 building projects amounting to R14, 898.00 have been earmarked for allocation to emerging contractors.

## National Youth Service

Three hundred and five (305) youth beneficiaries consisting of two hundred and one (201) women and one (1) person with disability will be awarded maintenance projects to the value of R17, 227 million in all our districts. These incumbents are part of the recently established NYS Co-operatives.

## THE BUDGET

Please allow me to present the budget of the Department for 2013/14 financial year. The 2013/14 budget has seen a marginal growth of R443, 591,00 or 12.6 per cent as compared to the adjusted appropriation budget of R3, 527,481,00 in 2012/13 to R3, 971,072,00 for 2013/14 financial year. Equitable share increased by R245 436,00 from the adjusted appropriation of R1, 754,297,00 for 2012/13, to an amount R1 999.733,00 in the 2013/14 financial year.

Conditional grants increased by R198, 155,00 from R1, 773,184,00 in 2012/13 to R1, 971, 339,00 in 2013/14 financial year. The major increase on Conditional Grants is under the Provincial Roads Maintenance Grants, which has increase from R1 240.694,00 during the 2012/13, to R1, 487, 722,00 in the 2013/14 financial year.

The entire budget of the Department of Public Works, Roads and Transport, Vote 8 is R3, 971, 072, 00 broken down as follows;

<b>Administration</b>	R 225 687, 00
<b>Public Works</b>	R 567 870, 00
<b>Transport Infrastructure</b>	R 2 107 063, 00
<b>Transport Operations</b>	R 1 010 240, 00
<b>Community Based Programme</b>	R 59 512, 00
<b>TOTAL</b>	<b>R 3 971 072, 00</b>

Hon Speaker and members, yinde lendlela. This profound song reminds us that freedom and democracy can only have a meaning where citizens take pride of being empowered people, where fundamental human rights and dignity of our people is restored, promoted and protected.

Democracy and freedom cannot and will not thrive in an unequal, poverty stricken and high unemployment rate as we face in our country. These are challenges of our present moment. These challenges demand and require all of us, to mobilize our people so that acting together with their Government, a social pact emerge to reverse these harsh and cruel social and economic ills.

The situation as it prevails requires no fear. It requires us to take bold decisions even if they may be unpopular in the short term. This situation requires us to constantly tell our people nothing else but the truth. Amica Cabral reminds to never tell lies and to never claim easy victories.

Our glorious movement the ANC is a living organism. It finds its breath amongst the poor of the poorest of our people. It is rooted within our communities because it is indeed a people's creation. It derives its mandate from all people of all walks of life. We come from far with them. We fully understand their plight. We know it will not take few years to reverse the hardships created by the evil apartheid system.

As I said that our very being here in this house as majority party is owed to the trust, confidence and faith that many of our people have in the ANC since the dawn of freedom and democracy. We fully appreciate their patience, and shall never, never take it for granted, for we fully know it is not elastic.

We will never fear our people. Through thick and thin we shall always go back to them and report regardless of whether it's shortcomings or successes.

I take this opportunity to thank all employees of the Department. It is through their collective effort that we will continue to make progress and improve the lives of our people.

I thank in particular the Head of Department Ntate Mohlasedi and his entire management collective for their relentless focus on the ball.

I also wish to thank the staff in my office for their commitment, my family for their enduring support, colleagues in the Executive Council for their comradely foresight and support, the Portfolio Committee for their unparalleled insightful support and finally the Premier for his visionary leadership.

As I conclude I want to share with you the profound words of one former President of USA Franklin Roosevelt;

*"I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our people impels. This is pre-eminently the time to speak the truth, the whole truth, frankly and boldly. Nor need to shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days."*

***Thank you!***