



Budget and Policy Speech 2009-2010 Public Works Vote 8



public works, roads and transport
Department:
Public Works, Roads and Transport
MPUMALANGA PROVINCIAL GOVERNMENT



**Budget and Policy Speech by the MEC for Public Works, Roads and Transport,
MEC Dr Clifford Mkasi
6 AUGUST 2009
Mpumalanga Legislature, Nelspruit**

Honourable Speaker

Madam Deputy Speaker

Members of the Mpumalanga Provincial Legislature

Members of the Executive Council

Honourable Members of the National Assembly and Members of the National Council of Provinces

Honourable Mayors and Councilors present here today

Ubukhosi bami obukhona lapha phakathi kwethu namhla-nje

Representatives of business and labour formations

Representatives of the construction and property industry in Mpumalanga

Distinguished guests

It is a great honour for me to deliver my maiden policy and budget vote address as MEC for Public Works, Roads and Transport. During this address, I will deliberate on our achievements and performance of the past financial year and outline our future plans.

We meet during a period in which world economies are in a crisis - an economic meltdown which can only be equaled to the economic depression of the 1930's. This global economic meltdown will have an impact on service delivery processes as we move forward.

I present this budget speech also noting the protests and unrests that have engulfed our municipalities - notably Mkhondo, Thaba Chweu, Lekwa and Dipaleseng. We have seen unprecedented and wanton destruction and damage to property, never experienced since the dawn of our democracy. These activities will put additional pressure on our scant resources and our ability to deliver a better life for all. We condemn the harassment of our councilors, our brothers and sisters from other parts of the continent and ordinary law-abiding citizens.

However, we must steer our ship safely to safety under these stormy and turbulent circumstances. In the words of the Minister of Public Works, Geoff Doidge, in his budget speech of 17 June 2009:

"It is for the Department to refine its focus, align its key competencies, upgrade its capabilities, measure its performance and deliver property development and management services that measure up to industry standards. For us to be the service provider of choice and to stretch our budget so we can deliver more, requires us to undertake a "turnaround strategy". We will begin this process this year with the intention of improving our customer service, the conditions of the state buildings, improving our delivery time on projects, their cost efficiency and improving our productivity".

We must under these conditions cut our cloth to fit our size, tighten our belts, roll up our sleeves and get down to service delivery.

Allow me to quote one of our living freedom fighters, a world icon and one of our own; Nelson Rolihlahla Mandela:

"In my youth in the Transkei I listened to the elders of my tribe telling stories of the old days. Amongst the tales they related to me were those of wars fought by our ancestors in defence of the fatherland. The names of Dingane and Bambata, Hintsa and Makana, Squnthi and Dalasile, Moshoeshe and Sekhukhune, were praised as the glory of the entire African nation. I hoped then that life might offer the opportunity to serve my people and make my own humble contribution to their freedom struggle. This is what has motivated me in all that I have done in relation to the charges made against me".

Eka masiku ya khume nkaye lawa nga hundza, a hi tlangela siku ra ku velekiwa ka nhenha leyi. Nelson Rolihlahla Mandela u velekiwile hi siku ra ti 18 Mhawuri 1918. U hanyile malembe ya makume nkaye na 'nwe, a tirhisa malembe ya makume ntsevu na nkombo ya vutomi bya yena ku tirhela rixaka. Ndzawulo ya mintirho, mapatu ni swo famba yi tlangerile siku leri hi ku khurhela mapatu eBoikgotso eka masipala ya Bushbuckridge hi nkarhi wo ringana makume ntsevu nkombo wa timinete. Eka malembe lawa taka, hi ta tshama hi tlangela siku ra ti 18 Mhawuri hi ku tirhela rixaka, xi ri xitsundzuxo leswaku hi nga wisi ku kondza vanhu va tiko ra Afrika Dzonga va kumile vutomi byo antswa.

Allow me to pay tribute to my predecessors and to many unsung heroes and heroines who over the past 15 years set down systems that have resulted in the role of the Department of Public Works evolving and changing into the well-oiled service delivery machine that it is today.

The Department of Public Works is today tasked with coordinating one of the country's top job-creating programmes - the EPWP. Through this programme we aim at creating job opportunities and imparting skills as part of our contribution towards halving unemployment by 2014. The Department is also the custodian of all public property and buildings in the province. It provides for infrastructure development and its maintenance. The mandate of the Department automatically places it at the forefront of service delivery and creation of a better life for all. Failure of the Department to perform, critically hampers service delivery. We therefore cannot afford to fail.

Honourable Speaker, as His Excellency, President Jacob Zuma said in his State of the Nation address of 03 June 2009 this year: *"We shall not rest and we dare not falter, in our drive to eradicate poverty"*.

We understand our mandate. We are ready and equal to the task and challenges that lie ahead of us.

Honourable Speaker, I stand before you to deliver my policy and budget vote address for 2009/2010. This may be the last budget speech under this department. After the proclamation of the State President on the merger of the Department of Public Works and the Department of Roads and Transport, the department will have one budget vote.

The Department of Public Works consists of three programmes on which I will base my deliberations, i.e. Administration, Public Works, Building and Property Management and the Expanded Public Works Programme.

Internal Capacity Building

During the 2008/2009 financial year, the Department managed to fill 262 funded vacant posts. Twenty-nine interns were appointed in scarce skills areas and 22 learnerships were implemented in Public Administration and Project Management. Thirteen bursaries were awarded to students to study in different professions of the built environment and other related fields at our local tertiary institutions. However, the difficulty of recruiting and retaining professionals in the built industry still remains one of our major challenges.

ABET classes have been offered to 365 staff members at the lower salary levels. Forty officials have gone through technical training in the Department's skills programme.

The department is currently merging with the Department of Roads and Transport and its organogram will change accordingly.

Improving internal controls and financial management

The department has in the past year developed measures to ensure that all audit queries are dealt with promptly in order to improve the Auditor-General's report when it becomes available. We are confident that we will see an improvement from the establishment of finance and bid committees in the regions. These committees were strengthened through training to ensure that the procurement of all goods and services are done in accordance with the supply chain management framework.

During the course of the year, the department empowered 79% of companies owned by SMMEs, 60% by women, 60% owned by youth and 9% by persons with disability.

Infrastructure

The Public Works Programme is an extremely challenging portfolio at the best of times, and has become more so against the background of rising construction costs as a result of the global economic downturn as well as the extreme scarcity in skilled technical personnel in this country. The portfolio manages infrastructure delivery programmes for client departments. Disruptions in the programme normally lead to financial implications for the department.

Education Infrastructure

Over the past two years, the Department of Public Works has done its utmost to perform its mandate as project managers for the Department of Education by delivering on budgeted education projects and clearing incomplete and unclosed projects.

One of the major achievements in the delivery of public education infrastructure in the 2008/2009 financial year was the completion of 95 schools. Of the 562 outstanding projects, the Department managed to close 147. An amount of R419 million has been set aside for school projects for the 2009/2010 financial year.

I am proud to announce that the department implemented the first of its new school concept designs at Magudu Primary School in Nkomazi. The school is scheduled for completion in August 2010. The design will also be implemented at another 16 schools in the province at a later stage. The new concept designs are designed in such a way that it moves away from the old "train type" structures and the provision of facilities in drips and drabs, but rather embraces a concept where a fully inclusive school is provided from the onset. A fully inclusive school includes the following facilities: classrooms, ablution facilities, an administration block, school hall, library, laboratory, computer centre, kitchen, sports facilities and a parking area for administrators.

The eradication of the mud and other unsuitable structures programme at schools could not commence due to budgetary constraints in the 2008/2009 financial year. However, in 2009/2010 we will complete the implementation of 20 mud and other unsuitable structures to an amount of R29.8 million.

In 2009/10 the department will focus mainly on the completion of old projects dating back from 2004 to 2008. We are targeting to close 552 infrastructure projects.

Planning and design of Grade R facilities, kitchens, water, electricity and sanitation as well as computer centres to the value of R10 million will be completed within this financial year.

I am happy to announce that the designs for the Cyril Clarke Secondary School at Mataffin will commence in this financial year with the procurement processes starting in September 2009. The budget for construction has been set aside, allocated in two financial years, i.e. 2009/2010 and 2010/2011. The implementation of Khunjuliwe Secondary School in Lekwa Local Municipality is earmarked for implementation in this financial year with a budget set aside for this financial year and the one following. The department will further complete the implementation of Khulufunde in Dr JS Moroka in Nkangala.

Health Infrastructure

One of the major achievements in the delivery of public health infrastructure in the 2008/2009 financial year was the processing of 89% of the infrastructure budget of the Department of Health for payment to contractors and consultants.

Out of 26 hospital and primary health facility projects planned for completion in the 2008/09 financial year, only 10 projects were completed. However, the designs of 9 hospital facilities were done and the department started with the upgrading and construction of 8 hospital facilities worth R570 million for the 2010 Health Infrastructure Projects. These projects are expected to be completed before the 2010 Soccer World Cup.

Plans have been put in place for the completion of 16 outstanding health projects, including the construction of 30 units for doctor's accommodation at Themba Hospital. The department will also focus on completing the designs for the M2, M3 and M5 medico-legal laboratories (or forensic mortuaries) at 5 hospitals.

Other Infrastructure projects

The department continued to facilitate and supervise the delivery of building infrastructure by other departments.

The construction of the Provincial Archive (a project of the Department of Culture, Sport and Recreation) and the Disaster Management Centre (a project of the Department of Local Government and Housing) started in September 2008 at a project cost of R97 million. The Disaster Management Centre will be completed in this financial year as part of our 2010 projects, while the construction of the Provincial Archive will be completed in the 2011/2012 financial year at a project cost of R191 million. The department will further complete Phase 3 of the construction of the Samora Machel Memorial Heritage Site at an estimated project cost of R2, 1 million, which includes paving on the overflow parking and additional outside lighting. The department will also complete 9 district and sub-district Social Development Offices (at Hluvukani, Zoeknag, Masoyi, Kanyamazane, Moloto, Mokobola, Volksrust, Bethal and Balfour) in this financial year at a total project cost of R52 million.

The Department also looked into the matter of identifying a site for a Provincial Traffic Training Academy. Various sites in the Province were inspected to house the academy and Hoxani College was identified as the only site that had the necessary building infrastructure suitable to immediately accommodate such a facility. The Department is still negotiating with the Department of Education for the acquisition of the site.

Service delivery Improvements

The Professional and Project Management Services structure was upgraded in order to retain and attract scarce skills personnel. As a strategy to improve service delivery, a Programme Management Unit was outsourced to highly skilled professionals who do the scoping, budgeting, quality monitoring and oversight of designs as part of the planning process.

The deployment of an Operational Support Team to the Department assisted with improvements to record keeping, tracking and monitoring of payments, monitoring of quality and progress on infrastructure projects as well as the transfer of skills through informal training.

The Construction Industry Development Board (CIDB) has developed a Sub-contract Policy that is being implemented by the Department on sub-contracting of infrastructure projects. All the tender documents for infrastructure projects have a clause which stipulates that more than 25% of the contract amount must be sub-contracted. A goal of 40% sub-contracting on all infrastructure projects is set for the 2010/11 financial year.

The department also identified a storage area for contract documentation in Mashishing and the renovation work and installation of shelves will be completed in this financial year.

Stakeholder structures

The 2008/2009 financial year saw the establishment of the Provincial Infrastructure Forum. The forum, which is chaired by Mr. Fenter Khumalo of NAFCOC and which consists of professional organizations, organized business, labour as well as government institutions in the construction sector, will assist the department with valuable feedback and input into its programmes. In particular, the forum intends to partner with CIDB to ensure that contractors in the province are capacitated.

Following on the resolutions of a Provincial Construction Summit held on 6 and 7 March 2008, a Construction Contact Centre was opened in March 2009 to assist Mpumalanga's contractors with their CIDB registration matters.

FNB will be funding the provision of mentorship to emerging contractors and a memorandum of understanding will be signed between FNB and the Department in due course.

Property Management

The department is the sole custodian of all government buildings and properties and therefore also responsible for coordinating the implementation of the Government Immovable Asset Management Act or GIAMA.

A Provincial Technical Implementation Task Team was established and two meetings were held in an effort to create awareness for the implementation of GIAMA. However, during our preparations we identified that there were challenges regarding capacity to produce Custodian and User Immovable Asset Management Plans (C-IAMP and U-IAMP). A service provider was appointed to assist the department in drawing up these plans in this financial year.

The main activities regarding immovable asset management that the department will be embarking upon, is to continue to implement GIAMA provisions. This will entail the development of Custodian and User Immovable Asset Management Plans (C-IAMP and U-IAMP). The function requires that the department also develop policies that will work hand in hand with GIAMA, particularly in the area of asset management, office and residential accommodation, and acquisition and disposal of government immovable assets. More importantly, the Provincial Immovable Asset Register must be updated and consolidated before the end of the financial year.

The department has also started with its plan of implementing a BBBEE strategy for property management. This strategy entails the promotion of companies that has a sizable number of previously disadvantaged owners of properties. Of the properties that were acquired for rental, 50% were sourced through this principle. We will continue with the strategy in this financial year. I would like to indicate that accompanying this strategy, is the establishment of a Property Incubator Programme which aims to empower previously disadvantaged to develop to the same level as established property owners.

Maintenance and the implementation of GIAMA

In total, the department serviced and maintained 1 820 pieces of two-way radio equipment and 225 life saving equipment was serviced at regular intervals. However, the sewerage treatment maintenance plan and the conditional assessment on sewerage treatment works for hospitals and primary health facilities could not be developed due to budget constraints.

This issue must be given priority for funding in the 2010/2011 financial year as the lack of a maintenance budget for sewerage treatment plants carries a serious health risk.

The sewerage maintenance plan for Pilgrim's Rest and Louieville sewerage treatment works will be developed and finalized. Funds for the implementation of the maintenance plan should be outsourced immediately to avoid the serious consequences associated with sewerage spillages.

The district offices of the Department are responsible for maintenance of provincial buildings and receive thousands of emergency maintenance requests. Amongst others, the districts attended to and completed a total of 18 520 emergency maintenance requests, provided steam to 15 provincial hospitals and managed preventative projects on behalf of all client departments. This number is increasing at a very high rate due to the lack of a preventative maintenance budget.

The department will be guided and assisted by the implementation of GIAMA to decrease the rate at which the number of emergency maintenance requests is increasing. The implementation of preventative maintenance projects will continue while at the same time the Department will attend to emergency maintenance requests.

Devolution of municipal rates and taxes

The 2008/2009 financial year saw the devolution of payment of municipal rates and taxes from the National Department of Public Works to provincial departments for the first time. This was a complex project, as municipal rates and taxes for all provincial government properties in 18 of the province's municipalities had to be verified before payment could be made.

Mpumalanga was one of the few provinces in the country that managed to complete the process by the end of the financial year. Of the 18 municipalities, 15 billed the department and provincial government paid more than R28 million in municipal rates and taxes. (Thembisile and Dr J.S Moroka Local municipalities were left out because they did not bill the department.)

This experience will stand the province in good stead in the 2009/2010 financial year, during which we will further refine and improve the process. Prompt payment will also assist our municipalities to meet the obligations they have towards service delivery in their communities.

Sustainable energy use

In 2008/2009, we started with the assessment of office buildings and health facilities for the installation of energy saving equipment. This process is at an advanced stage with the assessment of most facilities now complete. The Department has, on the assessed properties, commenced with the installation of energy saving devices such as energy efficient light bulbs. This project is a multi-year project and we will continue to contribute in this manner towards conserving our precious natural resources in the next financial year.

On job creation and skills development through the EPWP

We take pride in the achievement of Mpumalanga's first Expanded Public Works Programme which started in 2004 and shows that the province has exceeded its EPWP job creation target of 100 000 by the end of March 2009 by more than 7000 work opportunities.

The start of EPWP 2 signals a new opportunity for the department to address some of the challenges presented by the first Expanded Public Works Programme. Amongst the opportunities is the introduction of the concept of Full Time Equivalent job opportunities that will ensure that participants are provided with a longer period of work. Phase 2 EPWP also brings in a financial incentive scheme through which government entities which exceed their job creation targets can be encouraged to create even more. A third feature of Phase 2 is that not all work opportunities will be coupled with skills training.

The target towards which all government departments as well as municipalities in Mpumalanga will work towards in 2009/2010 is to create 28 198 work opportunities of which 19 571 will be work opportunities and 8 627 will be Full Time Equivalent Jobs. In the past week, the National Minister of Public Works, Mr. Geoff Doidge, signed a protocol agreement with Premier David Mabuza that committed provincial departments as well as municipalities in Mpumalanga to the above-mentioned targets.

We further intend increasing work opportunities annually in order to contribute significantly to the national target of 4.5 million work opportunities by 2014. The provincial target for 2014 is to create 237 170 work opportunities of which 75 617 will be full time equivalent jobs.

All municipalities in Mpumalanga have already committed themselves to setting aside 50% of their Municipal Infrastructure Grant for the EPWP, some even committing 100% of their MIG funds. However, provision of EPWP training will definitely be a challenge next year, as only 40% of our municipalities have been able to set aside 1% of their budget for EPWP training needs.

Sakh'abakhi Contractor Development Programme

We have set targets for the participation of women, youth, and people with disability as well as military veterans in the Sakh'abakhi programme. To date 55% women, 40% youth, 2% people with disability as well as 3% military veterans have participated in the programme.

One of the biggest challenges we have experienced with this programme, is the lack of projects through which participating contractors can advance from one Construction Industry Development Board level to the next. From our first year, Sakh'abakhi I, there are still 14 learner contractors that need second projects before they can exit the programme. From the second year, Sakh'abakhi 2, 35 learner contractors still need another project before they can exit the programme.

National Youth Service

The province formally launched the National Youth Service in June 2007, and since then the youth identified for these projects were trained as artisans, using a combination of on-the-job and classroom training. For the 2007/08 financial year, 500 youths were recruited as part of the NYS I group. This first batch of 500 graduates was honoured in November last year at the first NYS graduation ceremony.

Exit strategies saw 10% of the NYS I formally employed by the Department of Public Works, Roads and Transport. Some 150 members of NYS I are currently receiving further training at NQF level 3, through the National Skills Fund programme of Vul'ematfuba. Cooperatives have also been formed and registered as part of the exit strategy.

The National Youth Service was scaled up in the past financial year to recruit 1050 new members. To improve the programme, participants in the new intake were recruited from within a walking distance of the projects identified. This is to ensure that the stipend is not used for transport.

Another improvement to the programme was that learners are now receiving their monthly stipends through the training service providers i.e. FET Colleges and Ifihlile Training Academy. NYS II members will be concluding their theoretical training between October 2009 and February 2010 and the 1050 members of NYS II should graduate early in 2010. The recruitment for NYS III will commence in October 2009 and carry on into next year.

Allocation of the Budget Vote

Honourable Speaker, allow me now to present to you the Strategic Plan, Implementation Plan and the Policy and Budget Speech for Vote 8 Public Works for the 2009/2010 financial year, distributed into three programmes as follows:

Programme 1 Administration:	R69, 871 000
Programme 2 Public Works Building and Property Management:	R377, 365 000
Programme 3 Expanded Public Works Programme:	R29, 663 000

The total budget for the department for the 2009/2010 financial year is **R476, 899 000**.

Conclusion

In conclusion, let me take this moment to thank the Honourable Premier David Mabuza, Members of the Executive Council, Members of the Provincial Legislature and the Portfolio Committee on Public Works, Roads and Transport for the supportive role they played in terms of oversight and advice. This support has assisted in highlighting weakness and gaps that needed attention within the department.

Allow me also to thank the entire management and staff for the role they played during the preparation of this budget.

Before concluding, let me also thank you Honourable Speaker, for patiently guiding all members of the legislature, especially the new members like myself.

The Department is looking forward to an eventful 2009/2010 financial year and we believe that together we can do more.

Ke a leboga.



public works, roads and transport

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