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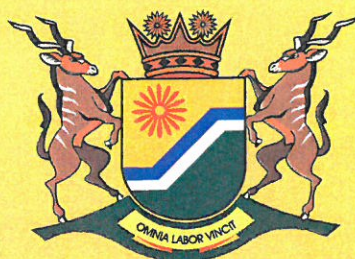
Department:
Public Works, Roads and Transport
MPUMALANGA PROVINCE

Policy & Budget Speech 2014/15



EXPANDED PUBLIC WORKS PROGRAMME





Department of Public Works, Roads and Transport

Policy and Budget Speech

2014 / 15



Ms Dumisile Nhlengethwa
MEC for Public Works,
Roads and Transport

POLICY AND BUDGET SPEECH 2014/15

Department of Public Works, Roads and Transport

- Honourable Speaker of the Provincial Legislature, BT Shongwe
- Honourable Deputy Speaker, DB Dube
- Honourable Premier, Premier DD Mabuza
- Members of the Executive Council
- Honourable Members of the House
- Chief Whip of Majority Party, Honourable JM Mkhathshwa
- Chairperson of the Portfolio Committee, Honourable BV Nkuna
- Members of the Portfolio Committee
- Leadership of Labour and Business
- All Stakeholders of the Department
- Esteemed Guests
- Director General of Mpumalanga Provincial Government, Dr Nonhlanhla Mkhize
- Head of Department, Mr KM Mohlasedi
- Management of the Department and all Employees
- Members of the Media
- People of Mpumalanga
- Ladies and Gentlemen

Honourable Speaker, just over ten weeks ago, we again exercised our most fundamental expression of freedom – our right to vote for a government of choice.

Political emancipation is just the beginning of our journey towards justice and equality. In exercising the responsibilities that flow from democratic participation, we have the opportunity to create a better future for all. As Madiba wrote on his prison calendar in 1979, *"The purpose of freedom is to create it for others."*

At its 52nd National conference, the ruling party-the ANC- took a profound resolution as part of its Strategy and Tactics document. The resolution talks about a need to build a developmental state, as a fundamental step to take forward our democratic ideals of building a united, non sexist, non racial and prosperous nation.

The document says: "Our understanding of a developmental state is that it is located at the center of a mixed economy. It is a state which leads and guides that economy and which intervenes in the interest of the people as a whole.

A South African developmental state therefore, whilst learning from experiences of others, must be built on the solid foundation of South African realities.

Whilst engaging private capital strategically, our government must be rooted amongst the people and buttressed by a mass-based democratic liberation movement. Whilst

determining a clear and consistent path forward, it must also seek to build consensus on a democratic basis that builds national unity. Whilst engaging effectively to promote growth, efficiency and productivity, it must be equally effective in addressing the social conditions of the masses of our people and realizing economic progress for the poor.”

In the context of a developmental state, the key priority areas of the ruling party’s election manifesto remain education, health, economic growth and job creation, safety and security, and rural development. These priorities have been translated into 14 outcomes, which government has set out to achieve in the election cycle period of 2014 to 2019.

The National Development Plan proposes ways in which the country could pursue developments to realize these priorities by the year 2030. Ours is to support government to implement the NDP through a comprehensive implementation plan and putting into place mechanisms to track progress on the plan’s implementation.

Honourable Members, the central objective and mission of government’s developmental agenda, outlined in the Medium Term Strategic Framework (MTSF, 2014–2019), is to set the country on a higher and sustainable trajectory of economic growth by the end of the mandate period (2019) of the current government. To achieve this, it is more important than ever to invest in capital projects that will keep the economy moving and provide much needed employment. Such infrastructure development requires integrated planning that will take into account the projected infrastructure demands and economic growth.

The Department of Public Works, Roads and Transport is at the heart of driving this developmental state which seeks to grow and transform the economy in order to realize our national objectives. In this financial year, we are determined to continue to contribute to the national and provincial priorities of Infrastructure-led economic development, skills development, job creation and poverty alleviation through labour-intensive methods, amongst others.

We have equally noted that to accrue maximum benefit out of the infrastructure investment, we need a comprehensive forward-looking approach, which has a correct diagnosis of our challenges and necessary steps to move forward. To this regard, the Department has since developed the Mpumalanga Infrastructure Master Plan (MIMP) to guide provincial infrastructure investments. The overarching goal of this plan is to better the lives of our people and stimulate social and economic growth.

In the next MTSF (2014 - 2019), the Department will facilitate the building of an integrated and modern infrastructure network in the province by improving efficiencies, collaborations, integrated planning, strengthening co-operations, exploring alternative infrastructure solutions and funding mechanisms. This will in turn lead to improved services and socio-economic outcomes.

ADMINISTRATION

Honourable Speaker, as alluded to earlier that our challenges come against harsh economic realities which then demands creativity to find resources from within. We are engaged in a process to review our organizational structure, primarily to streamline it and release funding into service delivery mandates. This however does not negate a need to fill vacant funded and critical posts.

By the same breath, let me hasten to indicate that the Department continues to face a serious challenge of shortage of skilled personnel especially in the light of the massive infrastructure roll out expected in the province. Investment in skills development is therefore crucial to the delivery of the infrastructure mandate.

We realize that this challenge of skills shortage is not unique to the Public Sector only. Therefore the solution requires a collective effort by both the private and public sector. To unlock potential and attract required skills, a range of capacity building initiatives were developed to optimize the attraction and recruitment of targeted groups.

These include; the Internship Programme, Learnership Programme, National Youth Service (NYS), Co-operatives, Young Professionals Programme, and resuscitation of workshops through the Artisan Training Programme.

The Department will continue to recruit 100 interns and 50 learners in the current year in an effort to give graduates an opportunity to gain practical experience and increase their chances of employability.

Honourable Speaker, the Department has made great strides to comply with the directive to pay all invoices within 30 days of receipt. The submission of invoices has been centralized to the Finance Section in order to improve the payment value chain. However, we must acknowledge that there is still challenges relating to payment of invoices for work done on behalf of client departments. To this extent, several reforms as it will be indicated later have been introduced in order to improve the rate for payment of such invoices.

PUBLIC WORKS INFRASTRUCTURE

Honourable Speaker, the Department's mandate has in the recent past evolved to take cognizance of the 14 National Outcomes. The revised mandate still includes coordination of National Outcome 6: An efficient, competitive and responsive economic infrastructure network. However, the Department also supports implementation of other strategic outcomes namely: 1, 2, 3, 4, 7, 12, 13 and 14.

We have enhanced our role as an implementing agent of the provincial infrastructure delivery agenda. In this regard, the Department has adopted the Infrastructure Delivery Management System (IDMS) which is aimed at improving planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of built infrastructure projects. We are confident that this tool and other reforms in infrastructure governance will improve the building infrastructure value chain.

Substantial progress has also been made, notably in ensuring better communication between us and clients departments. Participation of client Departments in the procurement process has enhanced the turnaround time in the awarding of contracts and payment of service providers.

Honourable Members, with respect to implementation of projects on behalf of client departments, we wish to announce to this house that in the previous financial year, a total of 90 projects with various complexities were completed.

During the current financial year, the following projects will be completed on behalf of six (06) client departments:

- 88 Education projects,
- 33 Health projects,
- 3 Social Development projects,
- 6 Projects for Culture, Sports and Recreation,
- 1 Economic Development, Environment and Tourism project and
- 1 Project for Community Safety, Security and Liaison.

Building Maintenance

Honourable Speaker, since the decentralization of the maintenance budgets to User Departments in the late 1990's; we have not succeeded to budget for maintenance of buildings, thus causing buildings to deteriorate. Over the years, preventative maintenance to extend the building lifespan could not be conducted and only normal day to day and emergency maintenance was done to keep buildings in a habitable state.

To address this, the Department submitted a memorandum to the Executive Council requesting approval for the implementation of User Charges for the use of provincial government property. Executive Council approved the proposal thus paving the way for ring-fencing of budgets for maintenance of provincial buildings.

During 2014/15 financial year, R25 million has been made available for the maintenance of government buildings whilst Provincial Treasury is currently working on a model for implementation of this resolution.

Provincial Premier's Infrastructure Coordinating Committee (PPICC)

Honourable Members; this House will recall that in the State of the Nation Address, His Excellency, the State President announced massive infrastructure investment aimed at stimulating the economy and creation of jobs. In order to enhance service delivery of infrastructure roll out in the province, the Executive Council established an infrastructure political committee to streamline and synergize all infrastructure programmes in the Provincial Government.

The formation of the Provincial Premier's Infrastructure Coordinating Committee (PPICC) goes a long way towards achieving the goals espoused in the National Development Plan. Government needs not only to better coordinate collaborative investment by businesses and provincial and local government into key infrastructure projects, but to shape its institutional, policy and regulatory environment in order to enable investment, realise the desired efficiencies, improve infrastructure delivery, and contribute to economic growth and employment creation.

Immovable Asset Management

As a custodian of state immovable assets, the Department is responsible for the planning, acquisition, management and disposal of State immovable properties vested in the provincial government. Consequently, the Immovable Asset Register is key to the custodial role which the Department plays in relation to the planning and management of state immovable assets.

Honourable Speaker, I am happy to announce that the Immovable Asset Register continues to be updated as and when new assets are identified and procured.

TRANSPORT INFRASTRUCTURE

Honourable Speaker, the people of Mpumalanga and its economy have always depended on reliable transportation. Over the years, our province has benefited from an ever-expanding web of surfaced roads. The Department continues to seek out opportunities to build the economy by investing in transport infrastructure.

The province is undergoing an economic transformation with the rapid growth of industries such as agriculture, forestry, manufacturing and tourism. It is our responsibility as the Department to ensure a reliable link between these industries and their markets.

The Mpumalanga road network is therefore a core component of the economic infrastructure. Roads are special in the sense that they should precede and facilitate development in any geographical area, while other types of infrastructure generally follows development initiatives. No roads, no development.

Improvement of provincial roads will continue at estimated budget of R2.1 billion (Including compensation of employees) which will significantly enhance the mobility and access to a range of facilities. Such investment on road infrastructure will also play a pivotal role in freight movement and road safety.

Amongst the strategic roads for 2014/15 financial year include:

- Upgrading of road between Sibange and Masibekela (2km) and construction of a bridge across the Komati River
- Road D545 (the Kruisfontein Road) between Dullstroom and Kruisfontein (15km)
- Construction of Bethal Traffic Control Centre (Weighbridge)

Coal Haulage Network Management

Mpumalanga generates 75% of the country's electricity hence the strategic importance of the coal haulage network. As a result, the provincial coal haul network carry extensive volumes of traffic which places an extra burden on the maintenance and rehabilitation demands of the Province. Due to the large traffic volumes and heavy loads on coal haul roads, the condition of those roads deteriorates faster than the rest of the network.

The Coal Haulage Road Rehabilitation Programme (CHRRP) commenced in earnest in April 2011. The involvement of the National Department of Transport, Eskom and National Treasury in the programme has begun to make a positive impact on the Province's socio-economic life.

The programme has also opened opportunities and potential for Public Private Partnerships (PPPs) with coal mines and companies like Sasol. These companies have also contributed towards the road repairs programme and maintenance of road sections traversing close to their operations, thus helping in preservation of the road infrastructure and creating job opportunities.

As part of a Government initiative to safeguard sustainable energy provision, special funding has been made available for this course. In the 2014/15 financial year, R848 million will be made available to fund rehabilitation and repair of roads on the coal haulage grid.

The following projects will be completed during the current financial year:

Rehabilitation of coal haulage roads include:

- Road P182/1 (R542) between P120/1 (van Dyksdrift) and R35 (13 km)(Phase 1)
- Road P120/1 from eMalahleni to D914 (14km)
- Road P127/2 between Duvha Power Station (D914) and N4 (21 km)

Non-coal haulage roads include:

- Road D3928 between Green Valley and Moloro (6.8 km) (Including repair of flood damaged bridge)
- Road D797 between D2940 (Tonga) and R571 Naas (14km)
- Road P95/1 between Limpopo Border and Verena (25.7km) Phase 1
- Road P17/6 (R538) Jerusalem to R40 at Caster-bridge (16km) including drainage, pedestrian accommodation and road protection issues on the entire road
- Road D2969 between Manzini and Swalala (3.8km)

Road Maintenance

A budget of R882 million was set aside for preventative and routine maintenance of the network in the previous financial year. This gave rise to eight thousand two hundred and seventy nine (8 279) work opportunities. In the current financial year, the Department has budgeted R 976 million for road maintenance. A target of nine thousand two hundred and thirty two (9232) work opportunities has been set.

TRANSPORT OPERATIONS

Non- Motorised Infrastructure

Honourable Members, the Department has an obligation to provide public infrastructure to enable increased mobility and accessibility to many areas in the province. The mandate to increase access to rural areas is amplified by the focus on rural development which is a priority for this term of government.

The Infrastructure Rural Mobility Access (IRMA) programme has continued to move forward, focussed on improving the movement of people in rural areas. Since 2007/08 financial year, over R50 million has been invested in non-motorized infrastructure around the province. In 2013/14, this programme was complemented by the introduction of the municipal support programme. These programmes resulted in improved accessibility to public amenities by the previously marginalized people.

An investment of R 42.5 million will be made in the next MTSF period to ensure easy mobility within rural municipalities. In the year ahead, the following IRMA projects will be constructed:

- Culvert bridges at Ntunda 1 and 2
- Ronaldsey Footbridge
- Bus shelters at Mbombela
- Bus shelters at Simotlasi

Provincial Regulatory Entity (PRE)

Honourable Speaker, I am pleased to report that the Department has now established a Provincial Regulatory Entity (PRE) in line with National Guidelines. The regulatory entity will monitor and oversee public transport in the province and will also issue operating licenses for intra-provincial transport. In terms of the new arrangement, the Operating Licensing Board (OLB) will be de-established and its current functions will be transferred to the new public transport regulatory entity. The establishment of the PRE has become necessary, especially now that the National Public Transport Regulator (NPTR) is in place.

The Department will continue to support the taxi industry in an effort to make it a viable business. Almost R6 million will be spent to subsidize the Provincial Taxi Council amongst others for their training on leadership, conflict resolution and administration support. In addition to these, the Department will assist the taxi industry to form cooperatives so that they can enhance their business.

Scholar Transport

The other important aspect in this area of work is the provision of transport for learners who stay away from school facilities. The Department has two programmes used for this purpose.

The first is the Scholar transport. Scholar transport is meant for learners who travel a distance of more than six kilometers to school. I must emphasize that this programme is aimed for learners who do not have schooling facilities in areas where they stay. The program should actually be a reminder of the evils of apartheid human settlement patterns.

Honourable Members, it is important to understand that Scholar Transport is not and should not be perceived as a permanent feature of government policy intervention. The responsibility of government is to usher in a new integrated human settlement pattern that begins to do away with historical injustices.

We have recently observed with concern disturbing developments where schools are alleged to use the scholar transport programme to entice learners in order to increase their enrolment. This has led to learners leaving nearby schools to attend far distance schools thereby increasing demand for scholar transport.

In the recent past, scholar transport service was interrupted in certain areas. The position of the Department is steadfast that much as we respect the rights of service providers to protest, the rights of learners to go to school should be equally protected. The Department is working on mechanisms to speedily resolve the impasse.

The second intervention is the donation of bicycles to learners who travel between 3-5 kilometers to school through a programme called Shova'Kalula.

Moloto Rail Corridor

There is general consensus that implementation of the Moloto Rail Corridor has taken long whilst our people continue to perish on that road. National Cabinet has since directed the Minister of Transport to revisit the Project and bring it to finality.

A consortium has been appointed by the National Department of Transport which is currently updating the study and progress achieved to date is that an option analysis stage is completed. The option analysis results indicate a business case consisting of a rapid rail as main haul with road based feeder services. The project will also have immense local economic benefit for small and medium enterprises operating alongside the corridor.

The Political Oversight Committee (POC), chaired by the Minister of Transport, is in place to provide appropriate governance structures. In the meeting on 13 July in Kwaggafontein, Minister Dipuo Peters alluded to the fact that Rapid Rail Service will take a number of years to complete therefore interim measures should be instituted to address the road carnage on the R573. This will include expansion of the road by adding additional lanes in both directions, widening of bridges, lighting of selected intersections as well as storm water and drainage structures. The Ministers added that the road will be transferred to South African National Road Agency (SANRAL) at no cost to the public.

COMMUNITY BASED PROGRAMME

Expanded Public Works Programme (EPWP)

The National Development Plan (NDP) and the New Growth Path (NGP) frameworks position EPWP as a key programme to contribute towards achieving government's goals of reducing unemployment and addressing gaps in the social protection system of the country.

Thus, the main aim of EPWP Phase 3 is to contribute towards reducing unemployment, poverty and inequality through the delivery of public and community services.

Infrastructure investment amongst others focuses not only on maximizing the economic benefits derived from its construction but further achieving social objectives as a way to activate and support local economies. It has proven to be critical in human development and improves productivity in all aspects of economic endeavour if it is done in a manner that is sustainable, sound, responsive, effective and efficient.

That being said, infrastructure is worthless if it does not elevate the economic status and well-being of the people whom it serves and must be centred on human capital development.

Honourable Speaker, I am happy to announce that the Expanded Public Works Programme (EPWP) has created more than 230 050 work opportunities between the 1st of April 2009 to the 31st March 2014. As articulated by Honourable Premier, D.D. Mabuza in the 2014 State of the Province Address, the EPWP will continue to tackle youth unemployment. The increased budgets in the various sectors are expected to facilitate economic development and creation of 51 135 work opportunities during the current financial year.

The province is faced with a challenge of under reporting or non-reporting by some of the stakeholders. This has led to the province not being able to achieve its set targets as well as the decrease of incentive grant received. The challenge is further compounded by the inability to report achievements in the demographic targets of people with disabilities. It is from this background that as a province we need to turn the corner and come up with strategies to achieve the targets.

Honourable Members, in an attempt to resolve the above challenges the Department is organizing a provincial summit where all stakeholders will be invited. The Provincial Summit is scheduled to take place in Gert Sibande District Municipality in this quarter.

Amongst the expected outcomes of the EPWP Phase 3 Provincial Municipal Summit is to produce a comprehensive monitoring and report method.

Emerging Contractor Development

A large number of emerging enterprises also depends on the infrastructure sector for skills and business development. Since the introduction of the Construction Industry Development Board (CIDB), there has been a yearly increase in the number of registered contractors as well as improvement in their grading status. The capital investment on infrastructure also provides the necessary environment for developing emerging contractors.

In this regard, the Department has a programme called Sakh'abakhi aimed at skilling learner contractors to address skills shortage and enhancement of Construction Industry Development Board (CIDB) grading. During 2014/15 financial year, 40 learner contractors will be appointed.

National Youth Service

Honourable Speaker, the country is at a cross road. The triple challenges of unemployment, poverty and inequality threaten the stability of the country, more so considering that the youth is in the majority in these categories. The country has to conceive and implement programmes that are aimed at addressing this state of affairs.

One such programme is the National Youth Service. At its core, is the skilling of young unemployed people. At the completion of their training, they will be skilled to take up opportunities in the formal economy or have entrepreneurial skills.

Honourable Members, I am pleased to announce that this financial year (16) National Youth Service (NYS) Cooperatives have been established. Through these NYS cooperatives, 350 work opportunities have been created to assist the unemployed youth.

THE BUDGET

The 2014/15 budget has experienced an increase of R240, 427 million or 6% compared to the Adjusted Appropriation budget of R3, 953, 210, 000 in 2013/14 to R4, 193, 637, 000. Equitable share increased by R88, 596 million from the Adjusted Appropriation of R1, 980, 200, 000 for 2013/14, to an amount R2, 068, 796, 000 in the 2014/15 financial year. Conditional grants increased by R126,046 million from R1, 973, 010, 000 in 2013/14 to R2, 099, 056, 000 in 2014/15 financial year.

The Department received R25,137 million share on own revenue allocation. The funds have been earmarked as a supplement for the Maintenance of Riverside Government Complex. The breakdown and purpose of each grant are as follows:-

Public Transport Operations Grant R491,418 million. The purpose is to provide supplementary funding towards public transport services provided by provincial departments of transport.

Provincial Roads Maintenance Grant of R1,594 billion. The purpose of the grant is to supplement provincial roads investments and support preventative maintenance on provincial road networks; and to ensure provinces implement and maintain road asset management systems.

EPWP Integrated Grant for Provinces at R12,798 million. The purpose of the grant is to incentivize the creation of work opportunities within the province.

Honourable Speaker, it is my pleasure to present to this august house the budget for Department of Public Works, Roads and Transport, Vote 8, and therefore request this house to consider and approve.

Administration	R	238, 324, 000
Public Works	R	633, 057, 000
Transport Infrastructure	R	2 196, 807, 000
Transport Operations	R	1 071, 622, 000
Community Based Programme	R	53, 827, 000
TOTAL	R	4, 193, 637, 000

I would like to offer my sincere thanks to the Honourable Premier DD Mabuza and colleagues in the Executive Council for their support since I stepped into the role of MEC for the Department of Public Works, Roads and Transport. I am also particularly grateful for the commitment and strong support shown by members of the Portfolio Committee for their insightful guidance on Budget Vote 08.

Let me also pass my sincere appreciation to the sterling leadership of all my predecessors for laying the ground in making this Department successful. Allow me to also thank the Head of Department, Mr KM Mohlasedi and his management, the entire staff of the Department of Public Works, Roads and Transport for their dedication and commitment.

Finally, I look forward to working with our industry partners, other government agencies, stakeholders and customers as we transform into a more innovative, agile and flexible organisation that delivers better infrastructure and services to Mpumalanga. I ask for all your support as we navigate new ground, challenge business practices and adapt to a changing environment.

Honourable Speaker and Members of the Legislature, I thank you!