



POLICY AND BUDGET SPEECH 2022/23 FINANCIAL YEAR



**POLICY &
BUDGET
SPEECH
2022 - 23**

2022/23 POLICY AND BUDGET SPEECH BY THE MEC FOR PUBLIC WORKS & INFRASTRUCTURE

MR BABALO MADIKIZELA

Honourable Speaker;

Honourable Premier and Members of the Executive Council;

Honourable Chairperson and Members of the Portfolio Committee on Public Works and Infrastructure;

Honourable Members of the Provincial Legislature;

Government Officials;

Departmental Stakeholders;

Members of the Media;

Distinguished Guests;

Ladies and Gentlemen;

Revolutionary Greetings!!!!

The Communist Party of China's eight-point regulation instructs leaders to understand the real situation facing the people; to take time to listen and lastly to find practical ways and means to solve the challenges confronting the people. We continue to follow these orders as we implement the mandate of the sixth Administration.

Madam Speaker, kunyaka ophelileyo ndathi '*Kuzoqhuza uthuli kungaxelwa into engapheliyo*. This Policy Speech on one part is an account of our work and it also marks the half of the sixth term. The Speech itself is tabled in the Year of unity and renewal to defend and advance South Africa's democratic gains. What a compelling time to reflect and commit to do better **to serve our people... SERVE NOW.**

The Department for the 2022/23 financial year has been allocated an amount of **R2.5 billion an increase of 2.3%** from last year's main appropriation. Honourable Members, the implication of this minimal increase is two-fold, in that in the foremost the Department has to do more to generate revenue. Secondly, the Department must find creative ways to deliver services to client satisfaction.

Madam Speaker, 2022 also marks the second year of our Departmental transformation agenda. I am happy to announce that we now have an approved Organisational Structure. The approved Structure repositions Public Works and Infrastructure as an implementing Agent of choice for social infrastructure in the Province. The Structure further introduces two key new capabilities, one being Facilities Management and the other being the Transversal Infrastructure Coordination. Kuqhuz'uthulli, we serve now.

Honourable Members, we started the 2021/22 financial year with a commitment of a madman to transform the property sector. In this regard, we shall be convening the Property Development and Investment Conference on the 31st of March 2022. The Conference will be convened under the theme '**Developing and financing the Provincial Government's Immovable Assets as a vehicle for transformation and Revenue Generation**'. This Conference will provide an opportunity for property developers to have sight of the 195 Government's properties which we collated into a Bid Book. It is these properties that will provide a leverage for transformation of the property sector and raise the much needed revenue for the Province. Key to the success of the conference is to work with the Honourable Premier to cut red tape as directed by the President in the SONA of 2022 in order to encourage private sector investment.

However, Honourable members, it is important to note that we have started the process of releasing some properties. Our madness has yielded positive results. The private sector, for instance will invest over R3 billion over 36 months in the redevelopment of Erf 1 (former Amatola Sun Hotel) in Bhisho. On completion of the reconstruction, government will receive R1 million per month in revenue.

We have also paid attention in releasing properties in small towns such as Cala in Sakhisizwe Local Municipality, Mbizana in Winnie Mandela Local Municipality and Alice in Raymond Mhlaba Local Municipality.

The private sector investment during the 24 months of construction will be R20 million, R26 million and R66 million, respectively. Let me hasten to state that the revenue expected just from these three properties will be R426 million over 30 years.

Thomas Sankara, Madam Speaker, warns that “our revolution is not a public-speaking tournament (it is) the collective effort of revolutionaries to transform reality, to improve the concrete situation of the masses...” As we started the transformation Agenda, we expected the fiercest response from the previously advantaged Landlords. To my surprise, Honourable Members, some White Landlords have been supportive of our agenda to an extent of offering mentorship to upcoming Black Landlords. Our revolution requires **FOCUS** in order to sustain concrete gains and we must serve now.

The Department for the 2022/23 financial year has allocated an **amount of R269 million**, on leases for Office Accommodation. Our twin task is to reduce the expense on leases by constructing various Office Precincts but equally must ensure that where we lease the previously disadvantaged get opportunities. Honourable Speaker, you would recall that when we started the journey back in 2019, Black Landlords were benefiting only 33% in the expense Lease Portfolio. To date, I am pleased to report that our madness has changed this picture. Black Landlords are currently benefiting 55% in the Portfolio. We are moving the position of this table for all to sit around it.

In the 2022/23 Financial Year, the Department has set aside an **amount of R246 million**, for Buildings Infrastructure. Our flagship state funded projects include:

- the construction of Emaxesibeni Cluster Offices where the contractor for Civil Works was handed over in December 2021. The construction of the Buildings structures will commence in the coming financial year to prioritise the moving of the Departments of Human Settlements and Health from Kostad;
- the construction of Mqanduli Cluster Offices where we will hand over the contractor during the first Quarter; and
- the construction of Makhanda Training Centre where the Contractor is currently on site for the Phase one while the other phases will commence in the 2022/23 Financial Year.

Honourable Members, in the current Financial Year, the Department has spent an amount of R22.5 million in the upkeep of the Prestige Portfolio. The projects implemented include Security upgrades at the Provincial Legislature; refurbishment of Lillian Dedricks and landscaping. In the coming year, a total budget of **R27 million** has been set aside for the Prestige Portfolio.

The plan, over and above the general maintenance, is piloting the construction of 4 new Houses at the Ministerial complex. This will ensure that the complex develops into an Estate to accommodate all Members with their different needs.

Honourable Members, we re-affirm our commitment to ensure that the Bhisho Precinct is delivered in the current term. We have worked with both National and Provincial Treasuries to realise this goal, as a result a new tender with three batches whose first was issued in July 2021 and the third which is the last will close in May 2022. I must hasten to state that the Department has put in place a contingency plan in the event the current tender does not come to fruition.

We have concluded the plans for the development of other Office precincts in Sarah Baartman and Port Saint Johns. The Provincial Infrastructure Management Office (PIMO) has augmented our Transactional Advisory capability in order to package the financial model to deliver these projects along the model we have adopted for the Bhisho Precinct.

The Department will continue to provide the Agency role in implementing Infrastructure projects on behalf of Client Departments. However, Honourable Speaker, the biggest challenge confronting the Province is the subject of Infrastructure coordination.

Madam Speaker, we have gathered valuable inputs from the various role players in the process of crafting the Provincial Infrastructure SMME Development Strategy which is in its final stages of consultation. However, as at end February 2022, 40 direct awards to the value of R151 million were made to contractors in the Contractor Incubator Programme (ICDP). Furthermore, a total of 127 direct awards with a total value of R 397 million were made to Eastern Cape based SMMEs.

Honourable Speaker, the Expanded Public Works Programme remains one of the key interventions in alleviating poverty through the creation of sustainable work opportunities. As at end of quarter 3, the Province created 117 633 work opportunities surpassing the annual target of 95 718.

In the coming year, the Department will support all Public Bodies to create no less than 97 764 sustainable work opportunities. The Department for its part, has set aside an **amount of R53 million** to create 4000 sustainable work opportunities.

We continue to contribute to the Provincial skills pipeline for the built environment. Currently we have enrolled 134 candidates in the Professional Development Programme. These candidates have been assigned to various projects which result in the reduction of professional service's costs by approximately 18%

Equally our contribution to the skills pipeline also talks to the production of Artisans in various trades. It is pleasing to report to the House that we have operationalised our Artisan Development and Training Centre in Steynsburg.

Madam Speaker, we welcome the unwavering support from oversight bodies which assist the Department to strengthen the control environment toward maintaining clean good governance. This is evidenced by the Unqualified Audit report from the Auditor General with reduced matters of emphasis as well as the Special Investigation Unit report that cleared the Department on procurement relating fraud and corruption.

Honourable members, JF Kennedy addressing the joint Convention of the General Court of the Commonwealth in 1961 had this to say:

“For all of those to whom much is given, much is required. And when at some future date the high court of history sits in judgment on each one of us--recording whether in our brief span of service we fulfilled our responsibilities to the state--our success or failure, in whatever office we may hold, will be measured by the answers to four questions:

- First, were we truly men of courage
- Secondly, were we truly men of judgment
- Thirdly, were we truly men of integrity; and
- Finally, were we truly men of dedication

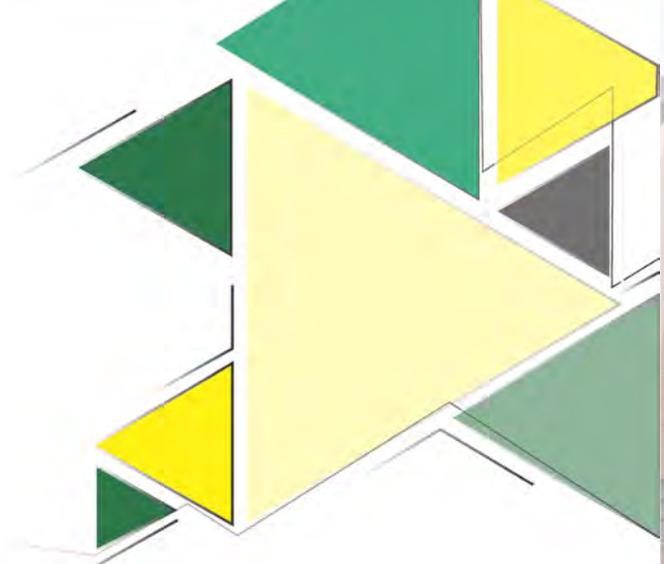
As we enter the second leg of the sixth term of Government, as a Department we will raise the bar and remain FOCUSED. We will indeed continue to SERVE our clients with dedication and enthusiasm. Let us SERVE! SERVE NOW!

I now table the 2022/23 Policy and Budget Speech, Annual Performance Plan and the Operational Plan for the Department of Public Works & Infrastructure.

I Thank You.

ANNEXURE A

R thousand	Main appropriation 2021/22	Adjusted appropriation	Medium-term estimates			% change from 2021/22
			2022/23	2023/24	2024/25	
1. Administration	529 615	523 687	516 542	490 212	506 185	(1,4)
2. Public Works Infrastructure	1 848 812	1 857 212	1 933 105	1 850 259	1 916 568	4,1
3. Expanded Public Works Programme	127 076	145 430	134 647	123 194	136 634	(7,4)
Total payments and estimates	2 505 503	2 526 329	2 584 294	2 463 665	2 559 387	2,3
Current payments	1 694 069	1 701 518	1 738 384	1 675 850	1 736 559	2,3
Compensation of employees	890 514	851 605	875 384	918 802	967 823	3,1
Goods and services	803 555	849 913	863 000	757 048	768 736	1,5
Interest and rent on land	-	-	-	-	-	-
Transfers and subsidies to:	587 792	628 947	617 438	549 159	573 816	(2,2)
Provinces and municipalities	568 704	604 359	596 002	537 723	561 867	(1,4)
Departmental agencies and accounts	-	-	-	-	-	-
Households	19 088	24 588	21 436	11 436	11 949	(21,2)
Payments for capital assets	223 642	195 864	228 472	238 656	249 012	16,6
Buildings and other fixed structures	196 099	180 943	209 991	222 175	232 151	16,1
Machinery and equipment	27 543	14 921	18 481	16 481	16 861	23,9
Software and other intangible assets	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-
Total economic classification	2 505 503	2 526 329	2 584 294	2 463 665	2 559 387	2,3



Vision

“Leader in provincial infrastructure delivery, co-ordination and socio-economic investment”

Mission

“A custodian of provincial government immovable assets and a coordinator and provider of sustainable infrastructure resulting in socio-economic transformation and development”

Values

Commitment
Integrity
Accountability
Professionalism
Service excellence
Transparency
Innovation

Fairness

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