

**ADDRESS BY MR MXOLISI SOKATSHA (MPL) MEC FOR ROADS AND PUBLIC WORKS TO THE PROVINCIAL LEGISLATURE ON THE OCCASION OF TABLING BUDGET VOTE 5**

Honourable Speaker and Deputy Speaker of the Northern Cape Provincial Legislature

Honourable Premier of this Province Mme Sylvia Lucas

Members of the Executive Council

Members of the Provincial Legislature

Our esteemed District and Municipal Mayors

Our Traditional and Religious Leaders

Veterans of the Liberation Struggle

The people of the Northern Cape

Distinguished guests

Members of the media

Ladies and Gentlemen

Fellow South Africans

Ndiyanibulisa nonke

Molweni, Dumelang, Goeie dag, Good afternoon.

Honourable Speaker, this year coincides with the centenary of the struggle stalwart, Oliver Reginald Tambo. O.R Tambo is the late former President of the African National Congress (ANC) and one of the key founding fathers of South Africa's liberation and constitutional democracy. His values of, *inter alia*, democracy, freedom, tolerance, compassion and respect that he exhibited during the liberation struggle will be emulated by South Africans so that a socially cohesive society as envisioned in the National Development Plan (NDP) eventually becomes a reality.

The words of the late, Mr. Oliver Tambo, continue to ring true as our country quickens its pace to transform the economy and ensure the prosperity of all in our

society and I quote: *"It is our responsibility to break down barriers of division and create a country where there will be neither Whites nor Blacks, just South Africans, free and united in diversity"*.

Today blacks though relishing the fruits of living in free and democratic society, still skirmish to be economically free. Apartheid robbed blacks from education, land, wealth and strategically enslaved generations by introducing practices such as the 'Dopstelsel' and reserving low income jobs such as mineworkers, maids, etc. for blacks. This caused an economic division amongst race groups and today the economy is still owned by whites. The ANC-led government is working tirelessly in a quest to reverse the legacy of apartheid.

The late Stephen (Steve) Bantu Biko who founded the Black Consciousness Movement and guided the student movement in protest against the apartheid system stated and I quote: *"Tradition has it that whenever a group of people has tasted the lovely fruits of wealth, security and prestige it begins to find it more comfortable to believe in the obvious lie and accept that it alone is entitled to privilege"*.

Honourable Speaker, our country is in dire need of economic transformation. The rationale for transformation is captured in the words of Steve Biko, and I quote: *"The logic behind white domination is to prepare the black man for the subservient role in this country"*. The ANC led government takes seriously its plight to bridge the socio-economic divide especially amongst previously marginalised groups and emancipate them from the scourge of poverty, inequality and unemployment. It is the aim of the leading party to unite all South Africans, black and white, behind this vision of radical economic transformation. Establishing a prosperous, inclusive economy is in the best interests of the province as a whole. The objective of radical economic transformation is to reduce racial, gender and class inequalities through ensuring more equity with regards to incomes, ownership of assets and access to economic opportunities.

Honourable Speaker, the State President, the Honourable Jacob Zuma, in his State of the Nation Address (SONA) of 2017, highlighted that white households earn at least five times more than black households, as confirmed by Statistics South Africa. These statistics itself justifies the necessity for fundamental change in the structure, systems, regulations and the patterns of ownership of the economy, prioritising the poor of whom are African and female. I am of the view that political freedom is incomplete without economic emancipation.

Furthermore, Honourable Jacob Zuma in his SONA of 2015, announced the Nine Point Plan with the objective to boost economic growth and create much needed jobs. Point 7 of the Plan highlights the importance of unlocking the potential of Small Medium and Micro Enterprises (SMME's), cooperatives, townships and rural enterprises. Point 8 of the Plan highlights the importance of boosting the role of state-owned companies, information and communication technology infrastructure and broadband roll-out, water, sanitation and transport infrastructure.

The Premier, Honourable Sylvia Lucas in her 2017 State of the Province Address (SOPA) stated and I quote: *"We must use this year as this august house and the Northern Cape Provincial Government to accelerate economic growth as we place more emphasis on the radical transformation of the commanding heights of our provincial economy. We need to take decisive action to overcome the triple challenges of unemployment, inequality and poverty, which pose a threat to our political stability as a country"*.

Infrastructure investment is a key priority of the National Infrastructure Plan as adopted during 2012 of which amongst other are the Strategic Infrastructure Projects (SIP's). Focusing on SIP's, I need to mention that the department is actively involved in the following national strategic projects namely;

SIP 8: Green Energy in support of the South African economy. The department imposes conditional maintenance on developers, to adhere to during the construction phase of Green Energy projects in support of the South African economy.

SIP 16: Square Kilometre Array (SKA) and MeerKAT. The SKA access road is such an example of a cooperative partnership development and the construction of this road will be completed during 2017.

Honourable Speaker, as we put efforts in our quest as government to transform the economy, we are still faced with challenges of resistance from white monopoly capital who monopolise the construction industry especially the Grade 9 contractors. Despite the recent pronouncement that our economy is in technical recession, the department is devoted in supporting local businesses and entrepreneurs to ensure that we reignite the economy by transforming the construction and property sector therefore, local procurement and supply will always remain our top priority. As supported by the departments' 2017 SCM Rollout Plan and in alignment Broad Based Black Economic Empowerment (BBBEE), we continue in our efforts to unlock the potential of SMMEs, upcoming contractors and townships. The department is committed in implementing the new Preferential Procurement Regulations of 2017, making it compulsory for big contractors to subcontract 30% of business to black owned enterprises.

Honourable Speaker, 2016/17 has been a very challenging and difficult fiscal year. Regardless, we managed our budget in a manner that allowed us to deliver on most of the agreed outputs. The total expenditure for year under review was R 1, 6 billion against the appropriated budget of R 1, 6 billion which tell us that we have spent 100% of our budget. There is still severe budget constraints due to the pressure of John Taolo Gaetsewe (JTG) communities for new roads.

Honourable Speaker, we reported at Standing Committee on Public Accounts (SCOPA) that we received an unqualified audit opinion for the since 2013/14 financial year. This in itself affirms that this department has stability and sound financial management, however, we need to address other issues that was raised by the Auditor General (AG) pertaining to internal control and performance monitoring. The department has made great strides to comply with the directive to pay all invoices within 30 days of receipt. However, we must acknowledge that there are

still challenges relating to payment of invoices for services rendered on behalf of client departments.

Honourable Members, the department's biggest challenge relates to the unpaved roads in the rural areas and gravel roads to provide access to SIP's and other economic activities. These projects require funding to be ring-fenced to prioritise related objectives and the department is constantly engaging public and private stakeholders to accelerate the development of roads in these areas. The average road network Visual Condition Index (VCI) which is also a method used to measure the conditions of tarred road, which gradually improved since 2012, with a substantial improvement of 7% in 2013, which continued with a 2% in 2014 and a further 1% improvement in 2015. This improvement in the overall condition of the paved road network is a direct consequence of substantial preventive maintenance and the average VCI for provincial tar roads is currently at 70%. We will ensure the compulsory sub-contracting of 30% of the value of contract for all bids in excess of R30 000 000. Through this programme we were able to complete:

- The rehabilitation of 40 700 m<sup>2</sup> of surfaced road;
- Resealing of 1.8 million m<sup>2</sup> of surfaced road;
- Regravelling of 346 kilometers; and
- Patching of more than 47 863 m<sup>2</sup> potholes; and
- Blading of 65 185 blade kilometers

It is with great satisfaction that I report that the department completed the reseal on the following projects:

- Barkley West to Danielskuil
- Britstown to Vosburg
- Askham to Rietfontein
- Loxton to Victoria West
- Loxton to Carnarvon and
- Kleinsee

The Department of Roads and Public Works will invest a total of R 4.1 billion on road infrastructure development for the 2016/19 MTEF period of which R1 billion was spent in the first year. The focus of the department has shifted from roads construction to the maintenance of roads in order to preserve the assets that we have. The department contributes to Outcome 6, which entails the establishment of an efficient, competitive and responsive economic infrastructure network through the routine roads maintenance program.

We plan to upgrade the following gravel roads to tar roads:

1. The upgrade of main road to Laxey is a continuation of the roads prioritised in the John Taolo Gaetsewe District. These roads aim to improve the access to communities in this rural area.
2. Hotazel to Tsineng in the John Taolo Gaetsewe District, Phase 5 is the final phase of this partnership with South 32 Mining Company, with the project objective to develop a commuter route for mine employees residing in the surrounding communities.

The following roads will be refurbished and rehabilitated during the 2017/18 financial year:

1. The design of the rehabilitation of Mamatwan has been completed and the local mining companies were approached to evaluate possible partnerships, as the main users of the road.
2. The department will continue with its annual rehabilitation programme of Asbestos polluted roads.
3. The heavy rehabilitation from Postmasburg to Jenn-Haven has commenced and will be completed by March 2018.

The department allocated R 275 million towards the annual periodic maintenance. Honourable Speaker, like every South African citizen we are concerned about the increase in road accidents. We conducted an assessment on all reported provincial accident sites and prioritised safety improvements. *'Abantu bakuthi bayafa ezindleleni zelizwe lethu, ngoko sikhathazekile'*. Together with SANRAL, the

department identified a number of high risk accident zones in the Frances Baard District, particularly the killer crossings on the Cape Town and Douglas roads. Construction will resume in this financial year and the department's contribution to this project amounts to R20 million.

Honourable Speaker, the Northern Cape experienced a sudden sinkhole between Danielskuil and Kuruman and commuters travelling between these areas were inconvenienced as they had to travel via Postmasburg as an alternative route. The Department would like to apologise for the inconvenience caused and an immediate action was taken by the Department to construct a bypass around the sinkhole as an interim solution for safer traveling. Investigations on the causes of the sinkhole were conducted and a remedial plan is being implemented through the rehabilitation of the road to its original state. Construction is underway and we can confirm that the road will be fully operational by October 2017.

Honourable Speaker, Five years ago, the department embarked on a process to do conditional assessments and property valuations and has since developed a maintenance plan. The department is currently in possession of one thousand nine hundred and forty nine (1949) immovable assets on the provincial asset register, of which one thousand four hundred and forty (1440) is already Northern Cape registered properties and the rest is in the process being registered.

Honourable Speaker, the rates and taxes crisis was borne since the devolution of this function from national to provinces and with over 200 buildings in our possession and the budget was never adjusted. The province is still battling with the payment of rates and taxes due to insufficient funding and as a result has posed the existing challenges. As part of remedying these challenges, the department will dispose surplus Immovable Assets, engage Provincial Treasury to assist with a sustainable funding model and lastly, there are processes in place with National Treasury to cushion the outstanding debt.

The public sector has embarked on Operation Bring Back amnesty project as part of the recovery of state owned properties which were illegally acquired in the past by

private individuals. Through ongoing investigations, the department can report on two cases of unlawful occupation which was successfully resolved.

Honourable Speaker, as the custodian and as per our mandate in providing infrastructure for the provincial government, we have completed the following capital projects:

- Old Calvinia Hospital – Upgrading of the Emergency Medical Services (EMS);
- Kuruman Hospital – New guard house and fencing;
- Britstown – construction of guardhouse and fencing;
- Prieska Community Health Clinic (CHC), Victoria West CHC, Noupoort CHC and
- Gordonia Hospital – construction of fence and solar lights and refurbishments;
- New De Aar Hospital;
- Griekwastad CHC – upgrading of internal roads;
- Kimberley – new EMS; upgrading of internal road;
- 3 Ablution Blocks;
- 1 Media Centre;
- 1 School Hall;
- 4 Early Childhood Development (ECD) Classroom blocks;

The following infrastructure projects are still in planning and construction phases for the 2017/18 financial year:

- Springbok Hospital: New Pharmacy;
- Namaqua New Forensic Mortuary;
- Kimberley Hospital – supply and installation of lifts; upgrading of A3 ward; assessment of electrical defects;
- Tshwaragano CHC– installation of solar high mast; maintenance of water pumps;
- Tshwaragano Hospital EMS upgrading;
- Galeshewe Day Hospital – installation of medical gas;
- Carnarvon CHC – refurbishment;



- Wegdraai clinic – upgrading;
- Various facilities in John Taolo Gaetsewe, Frances Baard, Pixley ka Seme, ZF Mgcau and Namakwa Districts;
- Maintenance of heating ventilation and air conditioning equipment;
- Maintenance of fire-fighting equipment on various facilities;
- Installation of generator sets on various facilities;
- Postmasburg, Kakamas, Kuruman, Victoria-West, Pofadder and Springbok Hospitals – installation of new laundry equipment;
- Kimberley construction of new nurses' accommodation;
- Boegoeberg – construction of new clinic;
- Bankara Bodulong – construction of new clinic;
- Pampierstad – construction of new pre-fabricated clinic, guardhouse and fencing;
- 6 Ablution blocks, 1 Administration block, 3 Classroom blocks, 1 School Hall, 5 ECD Centres;
- 8 Infrastructure projects – Libraries; and
- The Nursing College.

The new Mental Health Facility is 92% in completion phase and five hundred and fifteen (515) work opportunities were created on site. The department agreed with the contractor to change the approach of construction to enable sectional / zoned completion of the whole project. Some of the zoned areas are far ahead and are almost complete. The Department is still anticipating taking first delivery by the end of the year thereafter commissioning processes will commence.

Honourable Speaker, the Northern Cape Substance Abuse Treatment facility will accommodate forty (40) in-patients which amounts to R61m and is 55% complete and project created 35 work opportunities thus far. It consists of the following components; Guard-house, administration and reception, medical services, detoxification, social services and education, ablution block, laundry, kitchen, housekeeping, adult female ward, adult male ward, adolescent female ward, adolescent male ward, gymnasium and training and parking.

Honourable Speaker, in terms of the implementation of infrastructure projects, the National Department of Public Works signed a Memorandum of Understanding (MOU) with Independent Development Trust (IDT) as the implementing agent. The provincial department had serious difficulties in the implementation of the said agreement due to non-co-operation especially with regard to reporting and accounting to the custodian. Today, I want to assure the government of the Northern Cape that all the challenges between IDT and the department have been resolved and we have customized the MOU to suit the conditions of the Northern Cape.

Honourable Speaker, with regard to Northern Cape Fleet Management Trading Entity, the department is still experiencing challenges around the abuse of state vehicles and late payments by client departments. Measures have been put in place to deal with the negligence and misuse of state vehicles through the implementation of the fleet management system which led to a decrease in the misuse and abuse of fleet. There are continuous engagements with all CFO's regarding their outstanding debt and we planning to institute punitive measures to defaulting departments. Despite these challenges, on a positive note, we can confirm that the department has successfully implemented the following service delivery spin-offs:

- The Entity migrated from the private sector lease (Avis rental) to government lease model which is in comparison much more cost-effective for the province;
- The Entity started with 750 vehicles and has acquired over 800 vehicles to date;
- All old and ageing vehicles are being replaced as per their life-span; and
- Service delivery has improved because clients departments are utilising relatively new and reliable vehicles.

Lastly, the department will replace fleet for the 2017/2018 financial year at an approximate value of R 65 million.

Honourable Speaker, The Expanded Public Works Programme continues to be one of governments' key programmes to deal with the source of poverty and unemployment, and to make sure that the previously disadvantaged individuals (PDI) enter into the productive sector of the economy, gaining skills while they work and increasing their capacity to earn income. The Expanded Public Works Programme is running in its third phase and has targeted to create one hundred and fifteen thousand five hundred and eighteen (115 518) work opportunities for a period of 5 years, which commenced during the 2014/2015 financial year.

For the 2016/17 financial year, the province reported a total of sixteen thousand and thirty six (16036) work opportunities inclusive of the municipal and provincial spheres of which the Department of Roads and Public Works created a total of three thousand eight hundred and thirty one (3831). The annual target for the Northern Cape for 2017/18 is twenty eight thousand three hundred and seventy seven (28377) and the target for the department is nine thousand six hundred (9600) including women, youth and people living with disabilities.

As part of the contractor development program, the department enrolled one hundred and fifty three (153) contractors for the first phase of which thirty six (36) contractors are part of a 3 year training program. The department aims to allocate Grade 2 to 4 CIDB registered contractors to the reseal projects, as well as exploring opportunities of developing contractors in the Integrated Routine Maintenance Contracts.

Four internal technical roads employees and four Northern Cape based emerging consultants are further targeted for capacitation as road safety audit assessors and roads visual assessors respectively.

During November 2016 the Rapid Incubator Center was launched in De Aar for twenty five (25) youth and woman contractors which were enrolled in the program. The aim of this program is to enhance the skills of Grade 1 CIDB contractors and it will be rolled out during 2017/18 financial year to Frances Baard and Namakwa Districts.

The department is successfully implementing the Phakamile Mabija Artisanship Program and 25 learners have successfully qualified. For the 2017/18 financial year, the department will implement the Artisan in Construction Program and 60 youth participants will be trained as plumbers, carpenters and electricians to the value of R 6, 3 million.

Honourable Speaker, this department clearly illustrates its commitment to skills development in the construction sector where various skills development training programs were initiated during the 2016/2017 financial year under the National Youth Service (NYS):

- A total of two hundred and seventy (270) participants from various municipalities in the province were trained to the value of R4.5 million;
- The department trained twenty five (25) bricklayers and (25) painters in Building and Civil Construction to the value of R1.8 million; and
- The department trained seventeen (17) participants of the Mothibistad Brickmaking Project.

Honourable speaker, in the light of enhancing learnership programs in the province, I am making the following commitments to establish two skills development centers, one is in Bergsig and one in Prieska will be revived and accredited.

The department will implement the following projects:

- A total of forty one (41) learners will enroll in a Civil and Building Construction Program (Level 3) at the Prieska Skills Center.
- A total of sixty (60) learners will enroll in an Artisan in Construction Programme in trades of plumbing, carpentry and electrician. The target areas for development are Z.F Mgcawu and John Taolo Gaetsewe District.
- A total of two hundred (200) learners will enroll in a Building Construction Program (level 3). A general agreement was formed with Services SETA on funding the construction and refurbishment of a Skills Development Centre in Prieska and various learning interventions to the value of R 26 million of which the training provider will be the Northern Cape Rural TVET College.

As part of the bursary program, the department is committed in contributing to the knowledge economy through awarding bursaries to disadvantaged youth in the engineering and related fields. A total of eleven (11) interns of which include women and youth are enrolled in the departments' internship programme for a period of 12 to 24 months to obtain both workplace experience and practical knowledge.

Honourable Speaker, please allow me to present the budget of the department for the 2017/18 financial year. The 2017/18 budget has increased with R123 million or 7, 9% as compared to the adjusted appropriation budget of R1, 561 billion in 2016/17 to R1, 684 billion for the 2017/18 financial year.

The Provincial Roads Maintenance Grant (PRMG) amounts to R1, 084 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. The EPWP Integrated Grant for Provinces is R 3,834 million. The purpose of the grant is to incentivise the creation of work opportunities within the province. Honourable Speaker, since the introduction of the Infrastructure Grant, the percentage equitable share versus the total budget annually decreases. The conditional grant was 48% of the total budget during 2008/09 and increased to 64.5% for the year 2017/18.

### Programme Allocation

Administration	(8% of the total budget)	R143 million
Public Works	(9% of the total budget)	R144 million
Road Infrastructure	(78% of the total budget)	R1, 310 billion
Community Based Programme	(5% of the total budget)	R86 million
<b>Total Budget Allocation</b>		<b>R1, 684 billion</b>

Honourable Speaker, in conclusion I must allude to the fact that for an effective democratic developmental state to efficiently run public services, the private sector are necessary instruments for widening the reach of radical economic transformation. In response to the call for radical economic transformation, this

department is committed in speeding up efforts through the implementation of the Preferential Procurement Regulations 2017. Therefore as a change agent, the department is in partnership with various stakeholders in order to transform the inequalities in society and to repair the effects of the imbalances caused by our historic past.

The department established stakeholder collaboration with the following stakeholders: Kimberley Mine, Blackrock Mine, Sishen Mine, Afrisam (ULCO), De Beers Technical Training Campus, National Youth Development Agency, Northern Cape Rural TVET College, Local Government Sector Education and Training Authority, Service SETA and the Small Enterprise Development Agency (SEDA). In addition, do I acknowledge these partners for their contribution in the development of our province; and we would like to invite more of them to forge relations with us in order to contribute meaningfully in a coordinated and structured manner to develop infrastructure and human capital in the province.

We will continue to work together with all stakeholders to develop projects and initiatives to create job opportunities, assist and train SMME's, promote women and youth development and to facilitate the processes of training and development to qualify people in the areas of scarce skills.

The Karoo Hoogland Municipality applauded the department in its quest to root out the dust and pave the roads of Fraserburg and Sutherland. The Agri-Gamoep Roads Forum in Namaqua District also complimented the department for the repair of the motor gate on Gamoep road close to Nababeep ensuring the security of the animals inside the Goegap Nature reserve. We value the feedback from our external stakeholders as we continue to work together to address the concerns raised.

The department envisages pulling together all forces, human resources and other resources to ensure that long term vision enshrined in the National Development Plan (NDP) is achieved. The rollout of infrastructure and public amenities with the aim to improve people's lives and enabling economic growth remains our purpose.

The use of conventional and unconventional methods to innovate job creation projects in a quest to eradicate poverty, unemployment and to contribute to socio-economic upliftment is a never ending challenge.

Honorable Speaker, we are astutely aware of the extent of dire need for employment and economic participation that this department is able to provide to relief our people from poverty and economic dilemma. The ANC led government resolved to take our struggle for a more just society to a new level and in this manner, transforming the society goes beyond transforming the state or the economy. The budget plans of the department illustrates a clear trajectory to allow the state to move to a higher trajectory.

Honourable Speaker allow me to acknowledge the following people:

The departmental and ministry staff members of the Department of Roads and Public Works for their commitment and dedication;

The senior management of the department under the leadership of HOD Mr. Kholekile Nogwili;

All members of the Provincial Legislature, Executive led by the Honourable Premier, Mme Sylvia Lucas;

My wife and my children; and

Most importantly, the people of the Northern Cape Province.

I hereby table the 2017/18 budget of the Department of Roads and Public Works for the consideration of this house.

I thank you

Ke a leboga

Ndiyabulela.



## NOTES

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