

BUDGET VOTE SPEECH BY THE MEC ROADS AND PUBLIC WORKS, MS. BFP MAKATONG (MPL), TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE ON 15 JUNE 2021

Honourable Speaker

Honourable Deputy Speaker

Honourable Premier

Honourable Members of the Provincial Executive Council

Honourable Members of the Provincial Legislature

Executive Mayors, Municipal Mayors and Councillors

The Director-General

Heads of Departments

Ladies and gentlemen.

INTRODUCTION

Honourable Speaker, it is my distinct honour to address this house on this noble task of tabling the budget vote for the 2021/2022 financial year. This budget is tabled while the world is reeling from the fatal and devastating effects of COVID-19 and we are also in the month of the Youth, a dedicated date on our calendar that speaks to our shared heritage. Youth Month is a singular and most symbolic period in our psyche as a nation that signifies the depth of our people's commitment in remembering the gallant fight waged by the Youth during the years of oppression and struggle against a regime that envisioned South Africa through the narrow lens of race differences.

Therefore, the nationwide protest of young people that gave birth to the 1976 June 16 uprising was a culmination of decades of struggle against an inhumane system designed on the precepts of separate development on the basis of race. We would therefore like to honour the sacrificed lives of those brave young souls who dared to challenge the brutal and murderous apartheid state machinery.

Honourable Speaker, this is also the year where we celebrate the life of Charlotte Maxeke, an activist, one of the first Black women graduates in South Africa and one of the first Black South Africans to fight for freedom from exploitative and social conditions of African women. Testimony to this, is that this department is led for the first time by two women and it is an illustration of our commitment to women empowerment.

Honourable Speaker, There is a famous phrase in the opening paragraph of Charles Dickens' novel, A Tale of Two Cities: The novel opens with, "It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair". We can with certainty all agree that never has human existence been so threatened, where human prosperity is faced with a grim reality and a radical challenge of the world being consumed by un-ending despair.

EFFECTS OF COVID-19

Honourable speaker, construction suffered the biggest employment loss due to the impact of the COVID-19. Most of the capital infrastructure projects were halted during lockdown period and some jobs were not created in the process. Stats SA recently reported a decline of 6.7% employment rate in the Northern Cape as a result of 22 000 job losses and this includes informal job losses. The department had to direct its effort in collaboration with other stakeholders to ensure that we prepare the quarantine sites and renovate health facilities to fight against COVID-19. The following were experienced:

- Time and costs overrun on almost all capital and maintenance projects;
- Cost of delivery services have become more expensive;
- Continuous interruptions on service delivery due to ad-hoc closure of operations.

Honourable Speaker, today I present this budget under the most uncertain and difficult times, not only due to Covid-19 but natural disaster caused by Cyclone Elloise that struck the country and the province with the John Taolo Gaetsewe district being severely affected. This resulted in a provincial local disaster which had a negative impact on major economic activities. Service delivery was halted and delayed due to lack of access to roads. In response to that, the department developed a disaster management plan with rehabilitation and routine maintenance in the various affected areas at an estimated value of R682 million.

Honourable Speaker, in response to the flood damages as previously referred in my introduction, therefore the department has put in place effective mechanisms to make the roads driveable and had to reprioritise the budget. We further implemented a proactive effective communications strategy which includes a WhatsApp line to monitor the high-risk areas to keep citizens informed.

REMODELLING OF DRPW

Honourable Speaker, allow me to briefly reflect on the vision towards a Modern, Growing and Successful Province. In line with the realization of the Remodelling of the Department of Roads and Public Works, the aim is to reconstruct the department into a single infrastructure department for the province. A feasibility study for the Remodelling and establishment of a state-owned construction company was conducted, and its recommendations were approved by EXCO. There are various processes underway towards the reform of this department through the macro-organizational process together with Office of the Premier and other sector departments. The review of the organizational structure is under way since infrastructure functions and technical skills will be transferred over to this department. Amongst the most critical processes, is the consultation with stakeholders including organized labour. As part of the remodelling process, the department will take over projects that are being implemented by departments themselves and other implementing agents. The expected due date for the completion of the remodelling process is at the end of 3rd quarter during this financial year. The Remodelling of the department will create synergy in capital planning and target setting. The state should

play a more active role in the economy by implementing some of our services internally which will be more cost effective.

The department performs some of the functions internally and continues to assess other services, inter alia:

- Maintenance is done by the internal road worker teams which includes blading, pothole patching, etc;
- Supervision of reseal and regravelling projects;
- Strengthen the internal capacity at our mechanical workshops to do certain repairs;
- An internal roadmarking team will be established and will be ready to perform the function from 3rd quarter this year.

GOVERNANCE

Honourable Speaker, the department is committed towards internal controls and compliance with laws and regulations. The department and the Fleet Management Entity received an unqualified audit for 2019/20 financial year. The DRPW achieved 92% on 30-day payments to suppliers and will continue to make a concerted effort to support SMME's.

EMPOWERMENT IMPERATIVES

Honourable Speaker, because we remain vigilant in our quest to transform the economy, we have made good strides regarding increased economic participation and empowerment imperatives. The department will continue to respond to the empowerment of designated groups through the implementation of sub-contracting conditions of a minimum of 30% but not limited for procurement of goods & services above R30 million in line with the PPPFA 2017. In line with this reform, the department is delighted to have reported in the 2020/21 annual report an over achievement of 131% on percentage spent on women and youth owned enterprises through the 30% set-aside on procurement of goods & services. The department is managing a total of 62 commercial leases of and has managed to move from 6% black ownership to

32% we must emphasise that this achievement is far from the ideal transformed industry.

PUBLIC WORKS INFRASTRUCTURE

Honourable Speaker, in response to the COVID-19 pandemic, 15 COVID-19 emergency projects were completed in various districts of Health facilities. The department completed 10 capital infrastructure projects during 2020/21 financial year.

As part of the remodelling, the department will take over 118 capital projects which are currently being implemented by other implementing agents and we will ensure there is effective project management and oversight is rendered during the implementation of these projects over the MTEF period. We are currently implementing 15 capital projects on behalf of the department of Education, 8 for Health, 3 for Sport Arts and Culture and 2 for Social Development. There are also several maintenance projects being undertaken on behalf of various departments across the districts.

RELEASING OF LAND

The Department is the custodian of 1 322 land parcels registered in the name of provincial government and 622 in the facilities register. As part of the transformation process, it is important that the disposal of assets continues for government to achieve its socio-economic responsibilities. The department has identified 40 land parcels for this purpose which is aimed at addressing the following:

- Land reform
- Broad Based Black Economic Empowerment
- Provision of housing and related infrastructure
- Urban Renewal and
- Rural Development

Honourable Speaker, condition assessments are executed every five years in line with GIAMA. The last period this was conducted was 2013/14 financial year and we are due to conduct these assessments in order to determine the maintenance needs of

provincial immovable assets. This is one of the most important inputs required in the provincial infrastructure plan that was resolved on during the recently held Provincial Infrastructure Summit. The department has already started preparations for this exercise and we are finalising the asset count and estimated cost.

ROADS INFRASTRUCTURE

Honourable Speaker, during the 2020/21 financial year, the department spent 100% of the infrastructure budget which amongst others include the completion of 7 reseal projects. The department reports the following 2020/21 completed road infrastructure projects:

Reseal Projects

- Koopmansfontein
- N12-Windsorton
- Riverton - Ganspan-Spitskop Dam
- Kimberley – Ploysburg
- Williston - Fraserburg
- Petrusville - Hanover
- Kakamas - Augrabies

Upgrading Projects

- Magobing -Sedibeng
- Dithakong in progress

Rehabilitation Projects

- Mamatwane in progress
- Douglas - Kimberley

Honourable Speaker, there are also concerted efforts in strengthening partnerships with mining houses and other stakeholders across the province. I need to mention that this has even led to an over- achievement of 57 023.98 km on gravel roads bladed in the previous year.

The department will spend R4.3 billion over the MTEF period for road infrastructure development for which R1.5 billion for this financial year. One of the limitations on the provincial road maintenance grant is that upgrading of gravel roads to surfaced roads is prohibited, however the department have requested the relaxation on the conditions to utilise 45% for upgrading. This request was granted by National Departments of Transport and Treasury. This enabled the department to experiment with stabilised regravelling on low traffic roads with the aim of sealing them to turn them into surfaced roads. The current challenges the department is facing are stoppage of projects due to community service delivery protests which causes a delay in the completion of projects.

These roads includes:

- 10km Sutherland to Western Cape border;
- 20km Cardington to Maphiniki junction

Upgrading projects:

- 7km Remainder of Dithakong gravel road;
- 12km Laxey to Rustfontein road which is partnership with Sishen Iron Ore Company (SIOC) and construction is under way.

Other road projects:

- The rehabilitation of a section between Kathu and Hotazel;
- Implement re-gravelling projects across the province;
- Safety Projects that will address Road signs, Pothole eradication and the continued R31 and Windsorton to Barkley-West road widening;
- Bridge maintenance projects;
- Routine road maintenance;
- Contractor development programme.

Other Interventions:

- Honourable Speaker, as part of assisting the province the department will continue with infrastructure support to local municipalities experiencing infrastructure challenges especially Sol Plaatje Municipality with its pothole eradication programme.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Honourable Speaker, given the unemployment status reported recently, the department would like to swiftly respond and especially to the discouraged unemployed youth and introduce various interventions.

Work opportunities

The province achieved 17 524 (85%) against the target of 20 537 for both departments and municipalities. The achievement for the sectors are as follows:

- Infrastructure 5 095
- Environment 2 268
- Social 5 500
- Municipalities 4661

The department achieved 5 356 (84%) against its set target of 6 360 for 2020/2021 financial year and reasons for non-achievement was due to late implementation of projects under COVID-19. A total of 64% of work opportunities were achieved for youth and 48% for women. The department's target is 6 030 and we will maintain the same standards towards women and youth empowerment. For the 2021/2022 financial year the province has been set a target of 20 910 work opportunities across all four sectors and municipalities, while the DRPW is expected to contribute 6 742 work opportunities.

Honourable Speaker, in response to the under achievement, the department will implement projects under the economic recovery stimulus and we have identified a special job creation project targeting 600 participants. The 600 jobs to be created will contribute towards the overall target of 6742. The following activities were identified under road routine maintenance:

- Pothole patching;
- Grass cutting;
- Construction of paving of side-walks and low volume roads;

Other projects includes:

- Root-Out the dust;
- Training and skills development;

- Poverty alleviation projects;
- Road construction projects

Innovation & Empowerment Programmes

Honourable Speaker the department has identified 13 undergraduate civil engineering students who will be provided with work integrated learning experience. This is in line with the department's capacity building initiative which will assist them with their professional development. The programme will be launched on the 17th of June and it will be implemented over a 12-month period. Furthermore, the department together with Construction Education and Training Authority (CETA) has identified a 3-month skills development programme which will focus on road maintenance targeting a 1000 unemployed youth.

The department is in the process of implementing Learnerships, Artisan programmes and Short Skills where 413 learners are currently enrolled for the 2020/21 financial year.

The department will under the year under review continue with some of the initiatives which are roll-over projects from previous years, and some will be newly implemented.

These include the following:

Engineering Apprenticeships:

- The Phakamile Mabija Artisans programme;
- Provincial Programme for Diesel Mechanics;
- Rigger;
- Refrigeration;
- Welding Apprenticeship;
- Auto Mechanical;
- Artisans Construction for Carpenters;
- Artisan Construction for Electricians.

Learnerships:

- Electrical Renewable Energy NQF Level 3;
- Construction Contracting NQF Level 2;
- Road Maintenance NQF Level 3;

Honourable Speaker, the Northern Cape Fleet Management Trading Entity is responsible for the provision of fleet services and vehicles for both the white fleet that is used by all provincial departments, as well as the yellow fleet that is used predominantly in roads construction industry. The department purchased additional new yellow fleet which replaced fleet that reached its economic lifespan to the value of R19,1-million and this made up of 6 excavators and 6 TLB's and will assist in maintaining the road network of the province including attending to the recent flood damages.

I have taken a policy decision that all vehicles that exceed 200 000 kilometres will be withdrawn. It poses a risk to the Entity since the repairs become too costly and a danger to the users in terms of reliability. During this year, the department is planning to replace 80 vehicles.

BUDGET

Honourable Members, The budget allocation for the 2021/22 financial year amounts to R1.956 billion. The Provincial Roads Maintenance Grant amounting to R1.267 billion and the EPWP Integrated grant to R3.338 million.

Honourable members since the introduction of the Infrastructure Grant the percentage equitable share vs total budget have annually decreased. The conditional grant was 48% of the total budget during 2008/09 and increased to 65% for the year 2021/22.

Compensation of employees amount to R300 986 million which represent 15% of the total budget allocation. The compensation budget of the department has decreased by R62 million.

<u>Programme</u>	<u>Allocation</u>
Administration (9% of the total budget)	R174 million
Public Works (9% of the total budget)	R167 million
Road Infrastructure (76% of the total budget)	R1,502 billion
Community Based Programme (6% of the total budget)	<u>R111 million</u>
Total Budget Allocation	<u>R1, 956 billion</u>

Honourable Speaker and members of this house, I want to thank the Premier, Dr Zamani Saul for his leadership and support, my colleagues in the Portfolio Committee and the Executive Council. I thank the Acting Head of the Department, Ministerial staff and the Management team for the continued dedication and professional support. I also wish to extend my appreciation to communities and road users for their patience during the floods including all stakeholders of the department.

Honourable Speaker, I therefore table this Budget Vote for consideration.

I thank you