

BUDGET SPEECH

2012/2013



MEC DAWID ROOI



the dr&pw

Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

Budget Speech of the MEC of Roads and Public Works Honourable Dawid Rooi

Honourable Speaker and Deputy Speaker of the Northern Cape Provincial Legislature

The Honourable Premier of this great Province Mme Hazel Jenkins in absentia; we love you and wish you a speedy recovery, and we pray to the almighty to grant you strength together with your family and the people of the Province.

Acting Premier Hounarable Mme Grizelda Cjiekella

Members of the Executive Council

Members of the Provincial Legislature

Our esteemed District and Municipal Mayors

Our Traditional Leaders and Dikgosi

The people of the Northern Cape

Distinguished guests

Members of the media

Ladies and Gentlemen

Fellow South Africans

Ndiyanibulisa nonke

Molweni, dumelang, goeie more, good morning.

We gathered here today, as you would know, in the year when the African National Congress (ANC) celebrates 100 years of the existence of a selfless struggle by the people of this country against an oppressive and evil system of apartheid that was meant to destroy a sector of our people and reduce them to the status of sub-humans and mere tools of work and slave for those who falsely assumed the status of being superior than others based on the colour of the skin.

It is this false believe of superiority by one over another that prompt the beginning of the struggle against an evil oppressive system that saw many heroes and heroines of our liberation struggle

paying with their blood and lives for the emancipation and liberation of the all South Africans and indeed Africans in general.

We gathered here today liberated, because of those who chanted the way before us continuously displayed against all odds, the untiring zeal to liberate the human race from oppressive tendencies perpetuated by one against the other. I want to remind this house that the generations before us, paid with their blood and life for the freedom that you and I enjoy today.

The freedom that these selfless martyrs' of our liberation struggle attained, but some never tasted, will be meaningless if the majority of our people are still exposed to social illness such as poverty and unemployment.

In his inaugural address to the nation, the former South African President Nelson Rolihlahla Mandela said and I quote, "Never, never and never again shall it be that this beautiful land will again experience the oppression of one by the other".

This was an assuring voice not only to the people of this country, but also to the people of the universe that South Africa will never be the same again. It is therefore befitting Mr. Speaker to remind this house and those who have the privilege to lead our people not to forget that we are charged with the responsibility to eliminate any tendency from within all sectors of our society that will reverse the gains of our democracy and the efforts to create a society free from poverty and unemployment.

In the same vain, we are to ensure that South Africans and specifically people from the Northern Cape Province are graduated from being unskilled job seekers to skilled job creators and entrepreneurs, and have the ability for self-economic sustenance.

Indeed honourable Speaker, we are politically free from a repressive system of apartheid. As we build on the legacy of the fathers of our liberation movement, we need to be cognisance of the plight of the people of the country and this province.

We need to ensure that they are free from poverty, or else, the struggle for liberation would have been in vain. We need to ensure that the people of this province are emancipated from economical oppression.

This province is a province with great mineral resources and riches that, if these mineral resource, do not benefit the people of this province, we would have failed in our endeavours' to create a better life for all.

Ladies and gentlemen our task as leaders and representatives of the constituencies we represent here today is to ensure that, we lift our people from the quagmire of poverty, hunger and unemployment and create a platform to enable them to be the masters of their own destinies. The

ANC led government has put in place policies aimed at discarding unfair discrimination in all socio-economic aspects of life and the promotion of access to opportunity and resources with the aim to restore the dignity our people.

It is disturbing to observe Mr. Speaker that there are still organisations who partners with government, but have not changed their organisational policies and practices to complement the policies of government and also the endeavours of the ANC in creating a better life for all; For example, the Department of Roads and Public Works (DRPW) relies mainly on the private sector organisations to build government infrastructure such as, roads and buildings to ensure proper service delivery. However, my observation is that these companies that we employ, continue to exploit our people in that, our people do the groundwork; such as road construction, but in contrast they do not benefit the full economic output of their work merely because they are employed by somebody, who just performs a facilitation role.

My observation in this regard is that according to the Construction Industry Development Board (cidb)-grading, before one can be graded at level 6 for example, you need to have a stable bank account or a balance sheet that proves you have assets equivalent to millions of rands. It is within this context that I pose the question: Would a recently qualified black civil engineering student from Garies, Bapalelo or Nonzwakazi possess these millions to comply with the requirement to get a better cidb-grading?

Therefore this calls for a rigorous shift in how business is conducted to ensure that these barriers to new cidb-entries are eliminated. In such a manner we will ensure that young aspirants and entrepreneurs are given the leverage to compete in all industries.

It is therefore befitting ladies and gentlemen to outline the plans and programmes of the Department of Roads and Public Works as a measure to achieve the dream of a better life for all of our people, as indicative also, of the vision for this country as outlined in the Freedom Charter, the Bill of Rights contained in the Constitution of this beloved country.

The Department Roads and Public Works have taken active steps to ensure we deliver on the mandates of the ANC especially in terms of job creation, education, skilling and capacitating the youth, making available the infrastructure for education and health services to continue in communities and rural development in terms of bringing services to the poor and marginalised. We implemented a number of strategies and policies to maximise our available resources, human capital and budget.

Honourable Speaker, the Department had spent 98%% of its total budget allocation of R798 million in comparison with 82% during the previous financial year. The overspending of R35 million is as a result of the Conference Centre and the Maloof project.

Today I am standing before you to come and account for the past financial year 2011/12 and also getting a fresh mandate for the next financial year 2012/13.

The department and I pledge to continue building on our achievements of the past four years. We will intensify our efforts to improve and speed up our pace of delivery and we will continue to design and implement all our projects with the sole purpose of growing the economy and reducing poverty and unemployment in province. We will continue to broaden access to constitutional rights through our public works, transport and Expanded Public Works Programmes (EPWP). We remain steadfast in addressing the challenges of creating jobs, reducing poverty, building infrastructure and expanding our economy.

Through effective resource management I can, without equivocation, share the following achievements with this esteemed house:

- The hosting responsibility of the Uruguay team that resulted in a number of legacy projects
- The successful implementation of Rooting out the Dust
- The successful completion of the following projects;
 - UAP
 - Jooste Eiland
 - Karakoel research station
 - Convention Centre
 - Libraries in Nababeep

It is my pleasure to announce here today the new plant and yellow fleet that the Department acquired which consisted of different types of trucks, tractors, road marking machine and graders. The estimated value of the plant purchased is R 103 million. Of this plant were 20 graders of which 16 were already delivered and we are waiting 4 more.

ROAD INFRASTRUCTURE

The infrastructure sector is characterised by serious challenges which limit its full contribution to the economy. These challenges range from the dominance of monopoly suppliers, lack of competition and weak regulation. In addition, the maintenance of over the years there has been inadequate investment in economic infrastructure and backlogs continue to grow. Consequently,

economic growth has been constrained by a lack of infrastructure in some instances, and in other instances by the infrastructure going into disrepair due to inadequate investment in maintenance.

This problem stems from a lack of long term planning in a manner that takes into account projected economic demand growth.

The Road Infrastructure Programme is responsible for the proclaimed rural road network within the Northern Cape Province. The Provincial Road Network comprises of 3 360 km (12%) of paved roads and 22 812 km (88%) of unpaved roads. The Department has a fundamental task of ensuring that road users travel safely and that the provincial roads are improved. This key task has now been compounded by the additional 37 000km of Minor Roads that were estimated. Due to inadequate funding for maintenance over several years, the current condition of the network is generally poor. In comparison with other provinces, this province has 21% of the total road network of the country, but only receives 3.5% of the entire roads budget of the country.

Currently only 1% of the unpaved road network has a gravel thickness of 150mm - which is the standard currently used - compared to 32% in 2003. The proportion of the unpaved road network in a poor to very poor condition is 28%. A total of 54% of the unpaved roads is in urgent need of re-graveling which translates to 12 371 kilometres. To eradicate this back log would cost Roads and Public Works an estimated R5.8 billion.

The overall Paved Road network for the province has deteriorated from 85% in 1991 to 62% in 2008. Most of the paved road network has exceeded their design lifespan (Norm 20yrs), thus it cannot carry the economic development of the Province. For example the road between Postmasburg to Kathu was built between 1969 and 1971; i.e. 39 years ago. It was not designed to carry the heavily loaded trucks due to the booming mining industry that it is exposed to nowadays.

Furthermore, the maintenance of gravel roads is no longer performed by the District Municipalities, but Roads and Public Works have adopted this function and aligned as part of their responsibilities to oversee the optimal utilisation of funds. As a Member of the Executive Council, I rolled out the initiative for the roads function of the District Municipalities to revert back to the department on the 1st July 2011 and all the staff performing this function was transferred to the provincial department.

As our economy expands, our population grows and our transport demands increase, the Department is constantly placed under pressure to provide and to upgrade road infrastructure. I am pleased to report that in this year, the Department will be completing the construction of the following roads:

Churchhill–Bendel Road project

On 13 January 2010 the department commenced with the upgrading of the 44 km road between Churchhill – Bendel at an estimated cost of R 89 million. We successfully created job opportunities for 16 females and 40 males, of which 24 are youth.

Carnavon-Vosburg Road project

The construction started on the 29th November 2010 and is anticipated to be completed by January 2013 at a cost of R183 million. The project is progressing well.

With the department facing continuous financial pressure and with the constant rising cost of road building material, we had to investigate alternative sources of funding. We have already entered in a number of agreements with various stakeholders to rehabilitate and maintain some of the roads.

Rehabilitation of Trunk Road 5, Section 5, between Kuruman and Hotazel

This partnership between private sector and government will entail the widening and the resealing of the road which amounts to R45 million. The various mines and the consultants contribute R37 million in total, and Roads and Public Works contribute R 8 million to complete the project. This project is made possible through support from our development partners namely, Assmang – R30 million, BHP Billiton – R17 million, United Manganese of Kalahari Pty Ltd - R12 million. In total R69 million was sponsored by these mining companies. **On the 7th February 2012** our Honourable Premier Hazel Jenkins launched this project.

Hotazel – Tsineng Road

The upgrading of the road to Tsineng. BHP Billiton and the department agreed to contribute on a 50/50 basis. Phase 1 of the projects has started and the design of phase 2 is 80% complete.

R 385 Posmasburg – Beeshoek Road

The project of edge break repair will cost R5 million and Assmang Manganese Mine will fund the entire project.

Postmasburg – N14

The need exists to have a contractor on site to repair the potholes and the edge breaks before the road is rehabilitated. The project will require estimated amount of R25 million. The cost will be covered Assmang Manganese Mine for this year.

The following maintenance projects consisting of base and surface repairs, reseal and regravelling were completed.

- Steinkopf TR8201
- Postmasburg
- Colesburg - Norvalspont
- Prieska - Spitskop
- Mothibistad - Maphinik
- N14 - Dithakong
- Namabeep and Okiep
- Calvinia and Williston
- Witsand DR 3300
- Resealing TR87/1

PUBLIC WORKS

Honourable speaker, a lack of clearly defined roles and responsibilities of departments in relation to infrastructure delivery exists; which in turn results in a failure to employ the skills that are needed. Capacity in the line departments to undertake a number of key activities in any given financial year – i.e. planning for future years, conducting feasibility studies, project design, initiating procurement for the next year, while managing or implementing current infrastructure projects, is lacking. Forward planning and the achievement of the alignment model is impaired by ad hoc changes in priorities and infrastructure budgets and plans are also not aligned.

The department has sought ways of improving working relationships between itself and the client departments. This approach includes participation of representatives from client departments in the infrastructure procurement and payments processes. Meetings between the departments and clients departments have been introduced to discuss progress relating to implementation of infrastructure projects and payments to service providers. We are confident that these activities will greatly assist in alleviating many challenges related to infrastructure delivery in the province.

Honourable Speaker, as initiated earlier one of the key tasks of the Department of Roads and Public Works is to manage the state's immovable assets. We have appointed additional staff to resolve our capacity problem in our effort to finalise the identification and verification as well as the vesting process. The total number of state owned immovable assets has increased from 2 039 to 2 102. We have received a favourable report from the Auditor General the previous financial year on our immobile asset register. It is not to say that everything is on order, but there is a huge improvement in accounting for our assets. We are still busy with the vesting process on some of the properties that appear in our register.

Honourable speaker let me also remind members of this house that the Government Immovable Asset Management Act (GIAMA) came into effect from the 1st April 2010. This act requires us as custodians to have a maintenance management system that will ensure a complete conditional assessment of all state properties. We are currently busy with the conditional assessments on all the properties of the Department of Health.

A major threat facing this province is the issue of rates and taxes where municipalities want to finance the institution from the income that is generated from rates and taxes. According to our calculation since the department took over the payment of rates and taxes from the National Public Works the municipalities have increased their rates from R 24 million to R 59 million for the 2011/12 financial year. The allocation for the province increased from R 24 million to R 41 million for all municipalities in the province.

Honourable speaker as custodians of immovable properties the department constructed the following projects on behalf of its client departments.

DEPARTMENT OF EDUCATION

A total number of 50 infrastructure projects were identified for the 2011/2012 financial year. Of these, 2 are in design phase, 27 in construction and 21 completed.

- Early Childhood Development (ECD) Classrooms consists of the construction of 13 classroom units at a cost of R 14.4 million. Of these projects, 3 are under construction and between 96% and 98% complete and 10 are complete.
- The construction of 8 Ablution Blocks at an estimated cost of R 5.2 million. Of these projects, 5 are under construction and are between 85% to 95% complete and 3 are complete.

- The construction of 4 units Administration Blocks at an estimated cost of R 6.2 million. Of these projects, 3 are under construction and are between 70% to 97% complete and 1 is complete.
- The construction of 6 Classroom Blocks at an estimated cost of R 8 million. Of these projects, 1 is under construction and 80% complete and 4 are completed.
- The construction of a Computer Classroom Block at a cost of R1.2 million. The project 90% complete.
- The construction of 2 Science Laboratories at a cost of R 3.2 million. All of these projects are under construction and between 70% and 80% complete.
- The construction of 7 Media Centres (Libraries) at a cost of R 7.4 million. Of these projects, 6 are under construction and between 10% and 99% complete and 1 is complete.
- The construction of 5 Conversion of Offices at a cost of R7.5 million. Of these projects, 2 are in design phase 2 are under construction and between 10% and 95% complete and 1 is complete.
- The construction of 5 new schools of which two is in John Taolo Gaetsewe District, two in Pixley Ka Seme District and one in Francis Baard District. 1 is complete and 4 of these projects are under construction and between 35% and 90% complete.

DEPARTMENT OF HEALTH

A total number of 24 infrastructure projects were identified for the 2011/2012 financial year. Of these, 2 are in tender phase, 16 in construction and 6 completed.

- The Upgrading of the pharmacy unit at the Galeshewe Day Hospital. is 90% complete.at an estimated cost of R 6.2 million.
- The Upgrading of Tshwaragano Hospital of a new Out Patient Department Section, Gatehouse and Siteworks at is 25% complete at an estimated cost of R 11.9 million.
- The Upgrading two wards block at West End Hospital is complete at cost of R 2.2 million.
- The construction of 4 new clinics in Novalspond, Boitshoko, Gamopedi, and Deurham clinics. The estimated budget is R 20 million. Of these, 3 are under construction and between 20% to 65% complete and 1 is complete.
- The installation of Solar Geysers at Victoria West Hospital is complete at an estimated cost of R 2 million.

New Mental Health Facility (Multi-year Project)

The site was handed over to the new contractor on 21 December 2011 and is expected to reach completion in March 2014. The new project comprises of the completion of the main building, a new guard house and the internal roads. The estimated cost amounts to R 401 million to complete the project.

New Upington Hospital (Multi-year Project)

The site was handed over in November 2008 and the main building is scheduled for completion in May 2012 followed by the other phase later. The Main Building is 92% complete and the other project like the Staff Accommodation, a Tuberculosis (TB) Unit, the internal and external Roads, is still in construction and the Emergency Medical Services (EMS) Unit is in tender phase.

New De Aar Hospital

The site was handed over in October 2010 and the main building is scheduled for completion in May 2014. The project is divided into 6 phases with the progress to date and multi-year project costs as follows: The main building is 5% complete with a project budget of an estimated R 425 million and the staff accommodation is still in construction.

DEPARTMENT OF SPORT ARTS AND CULTURE

A total number of 4 infrastructure projects were identified for the 2011/2012 financial year. Of these, 3 are under construction and 1 is completed.

- Construction of the District and Community Libraries in Nababeep is complete at a cost of R10.7 million.
- The Provincial Archives Repository is 30% complete at a cost of R19.8 million.
- The Repairs and Upgrading of the Kimberley Theatre is 75 % complete at a cost of R22 million.
- The A R Abass Stadium: Upgrading, Boundary Walling and Rugby / Soccer pitches is complete at a cost of R14,2 million

Mittah Seperepere Convention Centre

The project consists of the construction of a 2 500 seater convention centre. The budget for the programme amounts to R 98 million. All major work on the Mittah Seperepere Convention Centre has been completed. The water pressure system which was outstanding has been tested and approved in January 2012. This centre was officially opened by our honourable Premier Hazel Jenkins on the 15th February 2012.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Honourable Speaker, as we all know, we are now in Phase 2 of EPWP and the Premier has committed in a protocol signed with the Minister of Public Works, that the Province will create 135 296 work opportunities for the 5 year period of phase 2 (106 194 for Provincial Departments and 25 102 for Municipalities).

Phase 2 started in the 2009/10 financial year, and during this specific year the Province exceeded its target of 13, 031 work opportunities by creating 13, 840 work opportunities. The municipalities created only 2,000 work opportunities against their target of 3,678 work opportunities. Non-State Sector created 995 work opportunities against their target over 600 work opportunities.

In Year 2 of Phase 2 (2010/11 financial year) Provincial Departments failed to reach their target by creating 9,803 work opportunities against a target of 14,696. Similarly, municipalities also failed to reach their target by creating 3,821 work opportunities against a target of 4,192. Non-State Sector continued to over perform however, by creating 1,863 against a target of 1,600.

At the end of the third quarter of Year 3 (2011/12 financial year), I.e. April - December 2011, Provincial Departments achieved 14,030 work opportunities representing 73% of the year target. Municipalities achieved 3,275 work opportunities towards a Year target of 5,394 work opportunities representing 61% of the Annual target.

Overall the Province has created 27,962 work opportunities. This includes contribution from National Departments in the Province, Provincial Departments, Municipalities and Non-State Sector. These work opportunities were created from 353 projects implemented throughout the Province. From the 27,962 w/o; 44% were youths; 56% were women and 0,1% were people with disabilities.

In the previous financial year only 8 Municipalities qualified for incentives and in the current financial 13 Municipalities are eligible for incentive payments upon sufficient reporting. To date the number of reporting Municipalities has grown tremendously from 13 to 26 and Provincial Departments from 4 to 9. This indicates that Municipalities and Government Departments are now taking EPWP serious and are committed to reducing poverty through this vehicle.

The target is to have all Provincial Departments and all 32 Municipalities report on the EPWP MIS Reporting System. In order to ensure that the chronic challenge of under reporting and lack of capacity cited by most public bodies, the DRPW has engaged the services of a service provider who will enhance the Departmental Team to provide technical support at Municipalities.

In the first month of their appointment the team went straight to Municipalities to engage the technical officials in order to collate all data. We expect this exercise to boost the figures that the Province has reported since it has been proven that projects are in existence, however reporting has seemed to be the biggest challenge. Categorising projects in terms of EPWP conditions has also been the reason why most Municipalities failed to report on projects that qualified for

reporting. This much needed support will go a long way in streamlining business processes and standardising performance from all public bodies.

The accessing of additional incentives has however not been encouraging as Municipalities' performance declines due to poor reporting. In the effort to resuscitate the political will and drive, the Province became the 1st Province to hold in first EPWP Summit following the National Summit that was held in Durban in 2010. The Provincial Summit was a successful event and this has resulted in a slight change in the number of reporting Public Bodies and the successful establishment of District Forums.

Challenges cited includes, but not limited to the following:

- Erratic and inconsistent reporting by municipalities and provincial departments.
- Capacity in municipalities and other departments to ensure that their projects have the maximum labour intensity to maximise work opportunities.
- Capacity in municipalities and other departments to ensure that maximum labour intensive projects are designed and reported on.
- Lack of cooperation and commitment from municipalities and other departments resulting in acute and continued underreporting.

As a lead coordinating Department in EPWP, the Department of Roads and Public Works committed to providing technical support to municipalities so that they can implement EPWP amenable and labour intensive projects that lend themselves to maximisation of work opportunities. In this regard, that all municipalities are currently receiving technical support that will enable them to effectively implement employment creating EPWP projects.

Rooting out the Dust

The Programme entails targeting towns in all the municipalities in the Northern Cape. To be able to do so, the department has up scaled their efforts and implemented new EPWP infrastructure projects. Phase 3 of the program is expected to continue in the next financial year. The Department might have to look at augmenting technical support to public bodies through the appointment of a Labour Intensive Company that will assist Municipalities with the designs of their projects to maximise labour intensity such as the:

- Eradication of Alien Vegetation and Roadside Maintenance: Joe Morolong - R1 million.
- New Poverty Alleviation Projects – R 32 million

Bloodhound Project

The department has been tasked with the responsibility of track preparation, removal of stones and pebbles and erecting of a fence partially surrounding the pan. The area in which the EPWP team is currently working still has quite heavy stone coverage and the rate of progress is about 500m x 500m per day. It is envisaged that Phase 2 of the project has commenced on the 1st February 2012 up until the 30 April 2012 depending on the weather conditions. In conjunction with Economic Development and Tourism, the Northern Cape Tourism Authority, Siyanda District Municipality and Mier Municipality we have made a significant impact on job creation. The revised cost estimate for the project amounts to an estimated R 5.2 million and 350 job opportunities are created.

SMALL, MEDIUM AND MICRO ENTREPRISE (SMME) DEVELOPMENT

We also undertook to integrate our three empowerment interventions. The department has identified that more of its efforts should be vested in the development and skilling women, youth and all other target groups. In line with the maintenance strategy for social infrastructure the establishment of co-ops and emerging companies utilising the EPWP principles as well as the National Youth Service (NYS) is currently being investigated. This will ensure the transformation and inclusion of EPWP candidates in the maintenance of social infrastructure.

Emerging Contractor development

One of the challenges the Northern Cape Province continues to face is the limited number of contractors that are registered with the cidb board, especially on higher grade levels such as level 7 to level 9.

We need to transform the construction industry through empowerment as another critical intervention will be the 50 emerging contractors that will be upgraded to higher levels of the cidb registration.

Internship Program

This Internship program focuses on structured accredited training of unemployed young people in ensuring that they acquire the relevant skills and qualifications. We have enrolled 9 students in the fields of Information Technology (IT), as interns to complete their practical training, qualify and be declared competent.

The Phakamile Mabija Learnership Programme

Honourable members, mindful of the urgent need to replenish the ever diminishing numbers of artisanal skills in our Province I am proud to present to you progress on the interprovincial tri-alliance artisanship program as spearheaded by Roads and Public Works, FoodBev SETA and Coega. We anticipate Phase 1 to be complete in March 2012 when all the learners will be expected to undertake trade tests. A number of these learners have failed their N2 examination thus resulting that they cannot write the trade test.

Bursaries for Youth

The core function of Roads and Public Works requires a high number of built environment professionals across the different fields. Besides speaking to the economic demand of existing scarce skills in the province; the department brings forth change in the socio-economic status.

As part of its contribution to the transformation of the transport sector, the Department has awarded 14 bursaries to deserving youth of the province in this academic year. These bursaries were awarded on the following fields of study:

- Civil Engineering
- Mechanical Engineering
- Quantity Surveying and
- Architecture.

The value of bursaries awarded totalled R 58 000 per learner. This initiative is in line with the department's Workplace Skills Plan which seeks to ensure that we produce the scarce skills required by this critical sector of our economy.

White Fleet

Honourable speaker, we all was shocked by the news of the liquidation of Nyumbane Fleet Service which the Department of Roads and Public Works paid religiously. Consequently we were forced to rent from the private sector, i.e. Avis and Europe Cars. We never viewed this as a permanent solution due to the huge financial implications; but an interim measure to prevent a total collapse of service delivery by provincial departments.

The Executive Council took a decision that we should revert back to government owned fleet based on the principles of a Trading Entity. The new trading entity also known as the Northern Cape Fleet Management Trading Entity, can be labelled as an effective government transport system that is managed properly and competently. By reducing the cost of the fleet, more funding would be available to pursue the strategic objectives of departments, thereby enabling them to

concentrate on their core business. The bulk of its finances is invested in operations, which includes the maintenance of vehicles; transport support services; and the purchasing of new vehicles.

A cost effective fleet will have other spin-offs, which includes, *inter alia*, the following:

- Departments would therefore no longer have to budget for capital expenditure, because the trading entity would replace vehicles at the end of their useful economic life.
- Vehicles are procured at a reduced rate by buying directly from the manufacturers through the national contract.
- With the established trading account we can now increase the fleet size, thus increasing the mobility of various departments towards achieving the respective service delivery targets.
- As a department we are extremely elated at the fact that the trading entity has hit the ground running. I am sure the honourable members have already seen this.

We have already more than 90% of our total fleet component of 850 vehicles. By the end of May we are confident that we would be having the full complement of fleet. This is already having huge spin-offs for the various departments as their fleet budget has been significantly reduced.

To mitigate the possible abuse and to improve the control environment within the movable assets especially the yellow fleet, the Department is introducing the vehicle tracking system. This system will be linked to the GIS-system and our projects to check productivity levels of the machinery on all our sites.

OUTLOOK 2012/13 FINANCIAL YEAR

Honourable Speaker the department will have to look at improving its governance structure and projects management for the year 2012/13 financial year. We will further have to look at our empowerment programmes in relating to target groups, improvement in infrastructure development and most important the massification of job creation as captured in the Manifesto of the leading Party.

GOVERNANCE

We will contribute to building the capacity and organisation of the state and governance through increasing the effective and efficient functioning of our Department. The quality of leadership and governance. to provide effective leadership and making progress with strengthening governance. The systems that are under greatest pressure are procurement, staff appointments and the planning. This aspect is critical to how the department performs effective leadership and good governance to contribute enormously to ensuring the department makes positive progress in delivering infrastructure services. To improve the capacity in the department in order to fulfil their mandate.

However, I do wish to report briefly on the progress we have made to re-structure the Department. I am pleased to inform the House that after extensive deliberations and consultations with various stakeholders, we have reached a point of near finality. Broadly, the structure has been agreed upon by all the stakeholders. The outcome of this exercise is likely to produce two important results.

Firstly, we had to establish a structure for the district offices which was non-existent and secondly we took under the microscope: How do Roads and Public Works strengthen our monitoring and oversight functions as a department? I am also pleased to report that the entire Senior Management submitted their Declarations of Interest and these have been forwarded to the relevant authorities for scrutiny.

Honourable speaker, the department has taken a stand against corruption which is hampering service delivery. We have decided to blacklist all contractors that we found to be dishonest by fronting, colluding with staff and other contractors and those that do shoddy work. I must announce that we have found that some contractors appoint illegal immigrants which they pay a cheaper rate. Examples of hereof was just under my nose at Floors Head Office and in De Aar at the Alpha Primary School Construction Site. Despite the team of professional consultants on these projects there still has been an oversight of this illegal phenomenon.

We are also in the process to establish a financial Misconduct Committee that will *inter alia* look at the following;

- It refers to any falsification of records, deliberate misrepresentation in financial reporting to the department's management or external bodies, any material losses through criminal conduct and the commitment of unauthorised, irregular, fruitless and wasteful expenditure.

The department is still not effecting payment to suppliers within 30 days from receipt of an invoice. This undesirable practice has now reached disturbing levels and besides being in contravention of the Public Finance Management Act (PFMA) and Treasury Regulations, this practice is severely affecting the cash flow positions and sustainability of businesses, especially the SMME's.

My department will put systems in place that will enable the tracking of each invoice received from the various service providers. The system referred to above may either be manual or electronic in nature and such a system will also be able to track progress with the processing of each invoice. At any given time, such a system will be able to provide information related to the date on which an invoice was received, the date on which it was paid and the time period between the date of receipt and the date of payment, if the invoice was indeed paid.

We have strengthened the finance unit, including Supply Chain Management (SCM) to make sure that there is an improvement in our internal control measures.

One of the useful measurements of the effectiveness of the Internal Audit is the extent to which the external auditors/Auditor General places reliance on the work/findings of the Internal Audit. In the year under review the shared Internal Audit has not been effective henceforth the department to convert the financial inspectorate into an Internal Audit Unit to improve the audit outcomes.

INFRASTRUCTURE DEVELOPMENT

Central to the New Growth Path is a massive investment in infrastructure as a critical driver of jobs across the economy. Further stemming from the State of the Nation Address and the Provincial Budget Speech it means that we can no longer tackle poor and limited infrastructure in the province in the same manner. We will have to think out of the box. In doing that we to develop a Provincial Infrastructure Master Plan. The plan will bring coordination to all infrastructure planning and delivery within the province. It will also guide the provincial government on identification of infrastructure demands and investment requirements. This new mandate requires the department to extend its interaction beyond its traditional client departments. The facilitation extends to all role

players in the infrastructure development. A task team comprising of all government departments, municipalities and some government funding agencies will be established to deal with the work at hand.

In his State of the Nation Address, the President announced the country is going to launch a huge campaign of building infrastructure nationwide which sets out to boost the level of economy and create job opportunities.

Honourable speaker, ladies and gentleman, Roads and Public Works will invest a total of R 1,761 billion on road infrastructure development for the 2012/13 MTEF period. The focus of the department has shifted from roads construction to the maintenance of roads in order to preserve our assets.

Our recent addition of a newly bought road plant to the value of R 71 million, which includes 20 new graders, will capacitate the department in order to improve the standard of road surfaces and reduce the existing provincial back-log which is attributed to our historic past.

The province experienced extensive flood damage. During the recent floods, many roads and bridges were damaged. The estimated cost for flood damage to our road infrastructure is R367 million. An amount of R61 million was allocated for the 2011/12 financial year. For the 2012/13 financial year R124 million was allocated. Most of all the projects are aimed for job creation in communities around where the damages had occurred.

A total amount of R563 million is allocated for the 2012/13 financial year for road infrastructure development. This excludes compensation of road workers.

- During this financial year we will continue to upgrade a number of roads from the previous financial year at an estimated cost of R145 million.
 - Asbestos roads
 - Vosburg – Carnarvon road
 - Hotazel - Tsineng - Phase 2
 - Hotazel - Tsineng - Phase 1
 - Hopetown – Douglas

- The following roads have been identified for rehabilitation, renovations and refurbishments at an total estimated cost of R33 million
 - Hartsriver - Danielskuil - Postmasburg
 - Hotazel – Kuruman
- The Road Maintenance projects undertaken during 2012/13 financial year at an estimated cost of R 250 million.
 - Routine Road Maintenance & Contractor Development
 - House hold Contractor maintenance
 - Reseal
 - Fog spray
 - Roads furniture (Road signs, guardrails
 - Bridge Maintenance
 - Eradication of potholes
 - Routine & preventative maintenance
 - Infrastructure systems

DEPARTMENT OF EDUCATION

A total of 34 infrastructure projects were identified by the department of Education for the 2012/2013 financial year.

- The construction of 12 Early Childhood Development (ECD) Classrooms with an allocation of R 18.1 million.
- The construction of 4 Ablution Blocks with an allocation of R 3.6 million.
- The construction of 3 Administration Blocks with an allocation of R 5.4 million.
- The construction of 2 Classroom Blocks with an allocation of R 3.2 million.
- The construction of 2 Computer classrooms with an allocation of R 1.5 million.
- The conversion of Offices with an allocation of R 20 million.
- The construction of 3 Media Centres (Libraries) with an allocation of R 3.6 million
- The construction of 4 Science Laboratories with an allocation of R 6.4 million
- The construction of 3 new schools with an allocation of R 30.5 million.

DEPARTMENT OF SPORT ARTS AND CULTURE

A total of 2 infrastructure projects were identified by the department of Sport Arts and Culture for the 2012/2013 financial year.

- The construction of two District and Community Libraries near Kuruman and Sternham in Groblershoop at an estimated cost of R 28 million.

Job Creation

Money spent on the repairs, maintenance and construction of roads have multiplier economic effects. The Department aims to create at least five 500 job opportunities through its road repair and maintenance programme. In addition, this programme must help to capacitate and empower Small, Medium and Micro Enterprises. The entrepreneurial thrust of these programmes would in itself create employment opportunities and contribute to expand the business base in our province. I must emphasise, though, that as much as the Department wishes to do business with and to empower credible, small-scale road contractors, it will no longer tolerate shoddy work from any of them. We, and the public at large, demand fair value for money. It is not acceptable that a pothole repaired today is a pothole again two days later.

EPWP

There is difficulty in attracting more women and people with disabilities on Infrastructure projects through EPWP. The Province is required to create 25 705 work opportunities for 2012/2013 financial year of which

- | | |
|-------------------------|--------|
| • Infrastructure sector | 12 464 |
| • Social Sector | 6 193 |
| • Environmental Sector | 7 048 |

The percentage of designated groups to be achieved on EPWP Projects is for women 55%, youth 40% and people with disabilities 2%

Household Contractor Programme

Honourable Speaker one of our flagship poverty alleviation interventions is the Household Contractor Programme. While we are proud of the numbers currently engaged in this Programme, we were also mindful of the fact that we need to diversify and sustain the Household Contractor Programme. It is that vain that the Department is poised to recruit 20% Household Contractors into the NYS Programme. This will no doubt ensure that young people, mostly in rural areas, and from the poorest of the poor households are given a hand up to break the cycle of poverty in their households. The target area where this project will be implemented is in Bathlaros in the John Toalo Gaetsewe district.

Operation Kgotso Pula Nala

As indicated by MEC John Block in his Budget Speech was that this department together with Department of Co-operative Governance, Human Settlements and Traditional Affairs (COGSTA) were been mandated to prepare a business case that outlines what needs to be done to revitalise our townships. I can report today that we have started already and the first plans will be submitted before the end of June 2012.

Women and Youth Development programmes

The Roads and Public Works Department and cidb has entered into a Memorandum of Understanding (MOU) with the South African Women in Construction (SAWIC).

The department had a number of Entrepreneurship and Financial Management workshops targeting women and youth contractors and aspiring entrepreneurs in Kuruman, Williston and Upington.

We will be embarking on a Skills Development program whereby we are envisaging having at least 40% women and 30% youth on our Contractor Development program database. These will be provided with an accredited training program in Contract Management in all the districts at cost of ± R200 000.

They will also undergo Technical Training to repair potholes. The training will be linked to EPWP projects using the existing training mentors to support these women contractors.

As part of our efforts to empower youth in the province we will enter into and memorandum of understanding with the National Youth Development Agency (NYDA) to assist the youth in the following;

- Effective partnership in implementing NYS projects
- Youth Entrepreneurship in the construction environment
- Forming cooperatives

We will also have our own Learnership programmes where the youth will be skilled in the following disciplines with clear exit strategies at the end of the program;

- Carpentry
- Plumbing

- Brick laying
- Roofing and
- Electrical work.

Rooting out the Dust

As part of the contribution towards rural development the Department introduced the programme Rooting out the Dust. This programme is aimed at upgrading access and internal roads at municipalities and also to create as many job opportunities as possible.

The Department, through this concept, allocated a budget of R42 million for the implementation of projects in impoverished areas. The projects created an additional 1 750 work opportunities across the 5 districts municipalities and consist of:

- Drainage cleaning and vegetation control along road reserves
- Upgrading of access roads
- Manufacturing of kerb stones
- School refurbishment programme
- Debushing and vegetation control

The following is some of the projects that is anticipated:

1. Upgrading of Silkaatskop Street in Smartievalley with SA 80mm Z-interlocking 35mPa paving blocks (provision will be made for concrete kerbs) at a cost of R5 million. We have allocated R 1.9 million for the 2012/13 financial year and 95 job opportunities is anticipated.
2. Upgrading of stormwater facilities in Uington by construction of new gabion structures pedestrian crossings and access to plots at a cost of R 3.5 million. We have allocated R1.3 million for the 2012/13 financial year and 100 job opportunities is anticipated.
3. Upgrading of access and internal streets in Kuilsville and Tlhakalatlou in Groblershoop at a cost of R 2.2 million. We have allocated R 2.2 million for the 2012/13 financial year and 62 job opportunities is anticipated.
4. Renovation of Old School in Ritchie at a cost of R2 million. We have allocated R 2 million for the 2012/13 financial year and 30 job opportunities are anticipated.
5. Completion of partially completed youth centre in Warrenton at a cost of R5 million. We have allocated R 2.5 million for the 2012/13 financial year and 50 job opportunities is anticipated.

6. John Taolo Gaetsewe (JTG) District: EPWP: Vegetation control in the road reserves Manyeding Road; Madula Road; Pepsie Road; Bertby Road; & Deurham Road at a cost of R 4.3 million. We have allocated R 3.6 million for the 2012/13 financial year and 230 job opportunities is anticipated.

Poverty Alleviation Projects

1. Completion of Eradication of Alien Species in 8 villages in the JTG area at a cost of R2 million. We have allocated R 2 million for the 2012/13 financial year and 304 job opportunities is anticipated.
2. Fencing of Food for Waste Project Site in Ikhutseng at a cost of R 500 000. We have allocated R 500 000 for the 2012/13 financial year and 30 job opportunities is anticipated.

Honourable members, allow me now to take this opportunity to table an amount of R953 million for the 2012/13 as follows:

<u>Programme</u>	<u>Allocation</u>
Administration (10% of the total budget)	R 98 million
Public Works (11% of the total budget)	R 104 million
Road Infrastructure (71% of the total budget)	R 679 million
Community Based Programme (8% of the total budget)	<u>R 72 million</u>
Total Budget Allocation	R953 million

CONCLUSION

Honourable speaker allow me to conclude during the past 2010/2011 financial year Roads and Public Works was able to deliver on building land infrastructure despite our financial challenges and taking up unfunded mandates such as the Maloof Money Cup. The department continues to be the engine which drives service deliver across all departments, even with the liquidation of Nyumbane Roads and Public Works gave birth to a cost effective fleet management entity to benefit all provincial departments in the entire Northern Cape Province.

The department aspires to continue to do so in the 2012/2013 financial year; as it sets out to do so when we engage with our client departments and bring services to poor and underdeveloped rural communities. The department aligns itself with President Jacob Zuma's State of the Nation address as we focus on expanding and maintaining the roads infrastructure in the province. The

infrastructure budget has increased; but the capacity to implement still seems to pose a few challenges, thus my department is looking forward to the assistance of National Treasury – as indicated by the budget Speech of MEC John Block – whose financial assistance I believe will enable the appointment of a much larger engineering capacity.

We envisage delivering on the mandate of job creation; thus pushing back the frontiers of poverty. Thus I emphasize to all municipalities and provincial departments the importance of reporting on all EPWP-jobs created with much more cooperation and commitment. I thank all municipalities for their commitment made during the EPWP summit held last year, thus raising the bar on the creation of work opportunities and bring forth change in the socio-economic status of individuals in the province.

The department is proud to be involved in projects of an international status such as the Bloodhound Project, which will act as an economic injection in the province. The Northern Cape Department of Roads and Public Works is moving faster towards economic freedom.

In the absence of the mother of our province, the recovering Premier Hazel Jenkins, and under the leadership of Acting Premier Mme Grizelda Cjikella, I wish to thank these women in leadership and my colleagues in the Executive Council, for continuous support, advice and strategic direction.

Members of the Legislature I thank you for your assistance which enabled us to deliver on the mission of our department i.e: to construct roads and build land infrastructure.

A special vote of thanks to all our stakeholders such as the mines in the Northern Cape and across the boundaries of the Northern Cape Province; Coega and FoodBev who has committed themselves into an agreements with us. Our partnership has been a token symbolising that working together we can achieve more. May your companies prosper as you achieve all the goals you have envisaged.

I thank the team in Ministry and the VIP team for their continuous support and cooperation.

Finally I hereby thank my family for their patience as I appreciate their level of understanding for moments spend away from home taking the leading party forward and bringing service delivery to the poor and marginalised.

Re a leboga
Ndiyabulela

Thank you
Enkosi
Baie Dankie



