

2023/24 INFRASTRUCTURE BUDGET - VOTE 10

Speaker
Deputy Speaker
Premier and Cabinet colleagues
Honourable Members of this House
Guests in the gallery
Members of the media

Good morning

WHAT IS A BUDGET

"A budget is more than just a series of numbers on a page, it is an embodiment of our values." U.S President Barack Obama

Speaker, we are Building the New Hope!

Today with the privilege bestowed upon me. I table before you the inaugural budget vote for the soon to be- in less than 96 hours, the Department of Infrastructure. This is a Department with a vision to enable infrastructure-led growth and investment for the Western Cape.

To help us achieve this, we've established **5** focus areas:

1. Prioritizing Infrastructure for maximum impact:

Through the implementation of the **2050 Western Cape Infrastructure Framework** that lands the Vision for what the Western Cape will look like from an infrastructure perspective in 2050.

Build upon existing infrastructure to lobby for alternative sources of finance in order to expedite and attract **large infrastructure projects** to markets. As well as leverage the relationship with Infrastructure South Africa to foster a collaborative partnership aimed at unlocking significant infrastructure projects in the Western Cape.

2. Municipal infrastructure (supporting):

Understanding the **status quo and functionality** of the state of infrastructure at a local level in detail, is a **top priority** for the Department. As an inadequate Municipal infrastructure is a sever threat to the existence provincial infrastructure and private sector development.

3. Fostering Private sector Partnerships:

Through the establishment of a stakeholder model and matrix that will allow for the investigation and comparison of best practice in supply chain and procurement models as well as financial management practices.

4. Innovation and features planning:

Consistently **research innovative** ways that advance the exploration and **application of feature designs**, to ensure alignment with the global and generational trends. Thus, creating an in-house capabilities and skills emancipation approach.

5. Climate Change

The Department has an obligation to mitigate the negative effects of climate change. Through infrastructure design, delivery, management and operations. By incorporating resilient strategies that will enable the unlocking of green economy and related funds for further infrastructure developments.

Infrastructure Operating Model

This has three focal output areas namely, the infrastructure management model to allow for research and planning for future designs incorporating alternative approaches. In order to facilitate the coordination of infrastructure investment.

With a keen interest in the fostering of private and public sector partnerships the formulation of a strategic stakeholder mapping and matrix will further strengthen the Western Cape Governments infrastructure investment portfolio.

Laying a solid foundation to build upon:

Over the past 10 months, I witnessed with admiration the tireless efforts of the executive teams and officials from both the Departments of Transport & Public Works and Human Settlements. Much like the rose that grew from concrete, time and the terrain was against us. We had to successfully structure the formation of new departments whilst delivering on our mandate to the residents of the Western Cape. To the delight of our citizens and all we serve.

From the onset, it was made abundantly clear that in the formation of these new departments. The organisation's esteemed asset needed to be taken care of. That being our staff, the reassurance of their importance to the future and existence of the organisation, was a priority.

Similar to attending a sporting arena, one individual cannot attempt a Mexican wave without the rest of the crowd joining in. Everybody needed to pull together and make this change possible.

Adrian Gore founder of Discovery Limited once said: "Attitudes drive fundamentals, not the other way around."

Much like any change to an organisation or family the pronouncement of the new departments by the Premier was met with anxiety and caused unsettlement among staff. However, after days and weeks of consultation, our synergy and purpose to serve brought us together. Certainly if 'confidence is the cheapest form of stimulus you can get' this was proven to be true. For we no longer focused on what was perceived to be a problem but find a solution on how to establish a corporate governance platform.

We did, as it is said in Spanish "Manos Arribas" Hands Up! And we got that Mexican wave going. To date, we have seen the completion of **Refresh phase 1**.

All of this led us to this point, before I proceed any further, I would like to give a round of applause to the officials, executive team, on the stellar work done to get us here.

PROGRAMME 1 – Administration

We have allocated **R319 078 Million** much of which will be steered for administrative purposes, such as Phase 2 of the Refresh. In the continuation of the Ethos of Department, our approach will be that of People first. We will see the consolidation, capacitation, and wrapping up of Management Arrangements for the nearly 5 000 personnel. The presentation of the Western Cape Infrastructure Framework (WCIF) 2050 to the sector and testing it against the existing status quo. The existence and functioning of the Department of Infrastructure will be underpinned by the Infrastructure Framework. Being a government that is very much scientific data focused. We will expedite the reconceptualization of the policy and research directorates, so to ensure we will remain as futuristic as possible in our business planning.

However, while looking inwards we cannot ignore the dire crisis our country is currently faced with. That being the Energy crisis, for this fiscal year we will designate **R61.9 Million** towards **Energy initiatives**.

These will include but not be limited to the following:

Specific Energy priority projects

- Project preparation support for independent power producer (IPP) procurement in Stellenbosch. **R9.8 Million**
- Project preparation support for exploring gas power. **R 1 Million**
- Grid and transmission infrastructure upgrade planning. **R3 Million**

The above and what is to follow is evidence that our commitment to Renewable Energy and Alternatives is tantamount.

Since 2017, solar PV has been installed on provincially owned buildings and at sites to supplement electrical supply. Two new installations have been completed in February and March 2023 – one covering the parking area at the Green Building on the Karl Bremer Site and the other a ground-mounted installation for the Department of Agriculture at Elsenburg. This is to prepare us for the private and public partnership and local government enablement initiatives.

During the 2023/24 financial year we will cover:

- battery energy storage systems rolled out for all suitable sites where PV is currently installed (general buildings).
- LED lighting roll-out where not currently in use
- Investigations, reports, and recommendations to be done for existing buildings and precincts regarding electricity reduction; viability of new PV and/or battery installations

PROGRAMME 2 – Public Works infrastructure

As the Department of Infrastructure, we will serve as an enabler, collaborator and implementing agent, and will provide a supportive role in all aspects of Infrastructure for the Western Cape. A role that can be likened to that of a coach to a gold medal Olympian.

Projects currently in construction are:

- **R127m**- Dal Josaphat Primary School
- **R111m**- Macassar Primary School no. 2
- **R100m**- Saldanha Primary School
- **R99m** - Concordia Primary School

And recently completed projects are:

- **R80m** - Chatsworth Primary School
- **R77m** - Perivale Primary School
- **R75m** - Harmony Primary School
- **R70m** - Willows Primary School
- **R68m** - Moorreesburg High School
- **R59m** - Woodlands Primary School

This programme is necessitated by the need to provide a balanced provincial government-building infrastructure that promotes integration, sustainability, equity, environmental sensitivity, economic growth, and social empowerment.

During the setting up foundation for new departments, the Branch Public Works completed a multitude of landmark projects. A testament to the caliber of professionals in our ranks. To name but a few these included the health infrastructure branch:

- **R37M - Avian Park Clinic**
- **R30m - Villiersdorp Clinic**
- **R23M - Gouda Clinic**
- **R9M - Sandy Point Satellite Clinic**

As the implementing agent, to date, we are currently busy with **285 projects**, that are in various stages. The breakdown thereof is as follows:

62 x Projects in Planning (*Stage 1 - 3*)

63 x Projects in Tender (*Stage 4*)

51 x Projects in Construction (*Stage 5*)

109 x Projects in Completion (*Stages 6 - 7*)

If the existence of adequate infrastructure is fundamental to a thriving economy, then the health infrastructure is the heartbeat thereof;

4 key projects in the health infrastructure branch are currently in the construction phase for delivery in the **short term**:

- **R92M - New Somerset Hospital Acute Psychiatric Unit** with 30 beds. to be completed by April 2025.
- **R87M - Khayelitsha Hospital Acute Psychiatric Unit** – with 30 beds. to be completed January 2025.
- **R34M - Knysna Forensic Pathology**- with to be completed August 2023.
- **R24M - Ladismith Clinic** – with 24 rooms. to be completed May 2023

We are living in an age where; mental health issues are perceived to be more prevalent than any other. My esteemed colleague Member Dr. Mbombo can attest and provide an array of the latest data findings on these. Thus, we need to invest in facilities that will ultimately help bring our citizens out of non-desirable mental state. **Build the new hope in the human mind.**

For the fiscal year ahead, we have allocated the Public Works **R2.2 Billion**.

Mega Projects to follow over the mid to long term:

- **Klipfontein Regional Hospital** – in Mannenberg budgeted value **R2.2 Billion** to be completed by 2033
- **Tygerberg Hospital Redevelopment**- valued at **R1.9 Billion** project completion dated at 2029.

- **Belhar Regional Hospital – R3.6 Billion** (tender evaluation underway) for completion by 2032
- **Valkenberg Hospital Forensic Precinct** - this will be built on a forecasted budget of **R330 Million** and to be completed by 2030

In keeping with this Government's priorities, one is of creating environments that are conducive to the **well-being** of our Citizens. As Bob Marley said: **“the greatness of a man is not how much wealth he acquires, but in his integrity and his ability to affect those around him positively.”**

We have dedicated **R122 Million** for the refurbishment of the Horizon Child and Youth Care Centre. This will include the building of new vocational skills and educational classrooms and the re-design and upgrade of living units.

We have allocated **R77 Million**, towards upgrades that will soon begin at Bonnytoun Secure Care Centre for boys in conflict with the law. In May 2024 we are set to complete the refurbishment of the homeless shelter in Zonnebloem which will include 116-bed spaces. For this project, we designated a budget of **R19.8 Million**. A indication that this is a government that cares **For You**. Infrastructure development for persons with disabilities will also be conducted.

Other key General infrastructure projects for 2023/24 will include:

- Diaz Museum, Mossel Bay, general repairs including fire systems – due for completion August 2023 budgeted at **R28 Million**
- EMS head office accommodation on Alexander Hospital site, construction to begin before the end of the financial year, with an allocated budget of **R34 Million**.
- Human Settlements branch in the future pipeline there's close to **R4 Billion** projects in various stages.

PROGRAMME 3 – Transport infrastructure

This programme will form part of the Economic infrastructure functional element, of the Department of Infrastructure.

Recent Tourism SA stats have indicated the high traffic volumes on our roads during this past festive season including year on year increase. Thus, reinvestment in this asset is key for the Western Cape economy.

R 4. 5 Billion has been set aside, for the delivery and maintenance of transport infrastructure, that is sustainable, integrated, and environmentally sensitive. As well as, supports and facilitates social empowerment and economic growth and promotes accessibility and the safe, affordable movement of people, goods, and services.

R 815 Million towards surfaced road upgrades, new construction, safety projects, and surfacing of gravel roads (17,8%), these roads play a critical role in the movement of labour and goods for the agriculture sector. Therefore, the preservation of life through projects that prioritise safety and ensuring that economic activity proceeds without hindrance due to infrastructure are pivotal

R 2.2 Billion, to re-gravel, reseal, rehabilitation, reconstruction, bridge maintenance. We remain cognizant of the contributing role gravel roads have in the economy, particularly agriculture. The maintenance of these ensures for the safe commute of farm workers and goods. An enabler in the preservation of life and the economy.

R 1 Billion to routine maintenance activities (in-house, District Municipality & contracts allowing for skills development and empowerment).

R 43 Million, to municipalities as subsidies (0,9%). To assist local authorities with infrastructure projects. There is a key contribution of the Department to the Provinces Growth 4 Jobs strategy, which is covered through work in the Infrastructure and Connected Economy Priority Focus Area. We will assume an approach to enhance job creation with a focus on quality jobs.

There are several key projects currently underway and continuing. These include:

- N7 to Freeway Standards - Van Schoorsdrift – **R40 Million (160 M over MTEF)**
- Periodic Maintenance of TR22/1 and TR22/2 – Ceres to Touws River – **R30 Million**
- Malmesbury Bypass – **R200 Million (R530M over MTEF)**
- Upgrade of TR28/2 – Stanford to Gansbaai, a site I recently visited a few weeks ago and it is well on track. **R130 Million (R780 M over MTEF)**
- Rehabilitation of TR1/1 - Waboomskraal – Holgaten **R35 Million (R160 M over MTEF)**
- Periodic Maintenance of TR33/5 - Klaarstroom to Beaufort West **R75Million (R213M already spent = R340 M overall)**

Over the next few days (by the end of March), we will see the completion of a strategic project the **R60 Million** IDZ access road. Undertaken through the DM as in-house resources, due to the importance of keeping in the system for road building and to unlock economic opportunities.

With every brick that we lay, it is to ensure that the hope of our citizens gets built up as we rebuild the economy, in so doing we build the new hope for our citizens.

PROGRAMME 4: Human Settlements branch

We have allocated **R2.6 Billion** and we will deliver over **9 395** housing opportunities.

Accelerate security of tenure; we will empower **6600 title deeds**.

Leverage infrastructure to bring about fundamental spatial transformation.

As part of our response to the energy crises and to mitigate for indigent households and in accordance with our beneficiary prioritization criteria. We have developed a pilot project.

This pilot project is not retrospective and will focus on projects that are in implementation, for the 2023/24 fiscal only.

We will install **976 solar geysers** valued at **R24 Million** through the following projects:

- Breede Valley - Transhex - 200 houses
- Drakenstein - Vlakkeland (military veterans) x 30 houses
- Swellendam – Railton x 350 houses
- Kannaland – Calitzdorp x 120 houses
- George – Syferfontein (military veterans) x 60 houses
- George – Metro Grounds x 216 houses

Providing light during darkness is but the least we can do as the hardest-hit citizens battle the scourge of load shedding in our country.

Finding Innovative ways to build hope

Cape Agulhas deferred ownership

Following the successful launch in June last year. Due to the impact of the macro environment and global economic climate, have seen a decline in the sales in this project. However, as part of the mitigations we will amplify the project through creative marketing and sales strategies. It is against this backdrop, that we will now extend the deferred ownership component from 24 months to a maximum of **36 months**.

Despite there having been three interest rate increases since the launch. Against an initial target of 30 housing opportunities this pilot project is well on track. A total of **14 'Rent to Own** contracts have been concluded and a further **9 straight sales agreements** have been concluded. There are currently **19 houses under construction**.

Several municipalities have expressed an interest in implementing a deferred ownership project within their region. A few workshops and engagement sessions have been held with senior officials as well as Council and Mayoral Committees.

We would like to thank the beneficiaries who took up the landmark opportunity such as **Mrs Karen Van Rooy**. As well as **Mr Meyer** a Cape Agulhas Municipal employee who had been on the housing database waiting list for nearly 22 years and was the first beneficiary to be registered at this project.

Despite the conditional grant from National being reduced year on year. As a department we took it upon ourselves and found alternative solution to ensure this province's citizens are not deprived. Thus, through our own Asset Finance Reserve (AFR), we found innovative ways to generate income and appropriate funds towards readdressing the issue of title deeds.

The Department adjusted own revenue budget of **R10.407 million** for the 2022/23 financial year. You will be glad to note that as at February 2023, the Department has **collected R237,747 million**, which resulted in an **over-collection** of **R227,340 million**

Key projects in 2023/24 for the branch include:

- Intensive and innovative focus on informal settlements
- Through the Informal Settlements Upgrading Partnership Grant (UISPG), will further accelerate the upgrading of informal settlements. With set target of 50 projects, 33 of which are at various implantation stages, one of the country's leading provinces in terms of delivery.

On Monday 3rd April our systems will go live for the annual **Individual Subsidy** application. If last year's applications are anything to go by then we are in for another busy month.

Regarding the **Help Buy Me A Home** programme, the department exceeded the target. Against the target of 2000 units (or individuals/applicants) for the 2022/23 financial year and helped deliver 2074 units. Outstripping the nearest rivals **5x more**.

In our midst today we are joined by one of our Help Me Buy A Home beneficiary who shared a wonderful story with me when I handed him the keys to his home in November. **South African Police Service, Officer Lwazi Tolbadi**, due to being concerned for his safety wanted to purchase a home in a safe area and one that he can afford. Proof that our projects are aligned with our provincial priorities of creating a **Safe** human settlement.

- Enhancement of existing systems to improve effectiveness and efficacy
- Funding Affordable Housing projects and facilitating bulk infrastructure development and other human settlements initiatives within the Western Cape.

Due to the strained economic landscape and near recession, we are noting an increase in the demand for affordable rental accommodation in well located areas. Through the social housing unit, we rapidly making inroads in addressing this need.

Thus, the following social housing project is being implemented within 2023/24:

- Goodwood Station **has 331 units** planned for completion within the 2023/2024 financial year and the balance of the development being **724 units** planned to be completed in 2024/2025.

Including the soon to be completed within the 2022/2023 financial year:

- Maitland Mews, **204 units**
- Regent Villas Ext 1, **60 units**

Through the branch, we will continue to promote sustainable integrated human settlement development in the Western Cape.

Mitigating against a hopeless situation.

It would be disingenuous of me not to highlight an element that seems determined to deprive our citizens of their human rights. The scourge of land invasion and extortion- hurts the rapid delivery of much needed housing opportunities. In the 2022/23 fiscal, the department spent an exuberant amount of **R 148 Million**. This equates to a loss of nearly **1 000 BNG housing opportunities**. Perhaps members from the official opposition could somehow explain to their colleagues at National Minister Bheki Cele, the significance of such a loss to the thousands of citizens. It is quite evident SAPS is under-resourced to handle this scourge.

Build Hope through inclusivity:

PROGRAMME 5: Community Based Programmes/ EPWP

This programme, is at the forefront of all our initiatives, by far the most immeasurable.

Nobody likes to be marginalized we all feel and do better when placed in an inclusive environment.

Thus, the purpose of this programme, is to manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and coordination of the Expanded Public Works Programme (EPWP).

Between financial year 2023/24 – 2025/26 the general infrastructure and public works directorate we are targeting creating **650 jobs per year**.

While through Transport infrastructure we will create **4500 jobs per year** over the same period.

We have allocated **R68. 6 Million** to this programme some of the key priorities will be:

- The implementation of Empowerment Impact Assessments on infrastructure projects over **R10 million**.
- Implementation of training programmes for **Emerging Contractors** through the **Contractor Development Programme (CDP)**. We plan to host **6x Expos** focusing on Contractor Information Sessions. These will be in the **non-Metro Municipalities**. These will include, Overstrand local Municipality, Swartland local Municipality, Knysna local Municipality, Saldanha Bay local Municipality, Theewaterskloof local Municipality, and Swellendam Local Municipality. The scheduled period is July 2023 – February 2024.
- Implementation of Youth related training programmes, including the National Youth Service (NYS).
- Provincial Coordination and Compliance Monitoring will continue implementing Phase 4 of the Expanded Public Works Programme (EPWP) which is aimed at ensuring the achievement of the EPWP Work Opportunity target.

The Renewable Energy arena and sector at large is a relatively new space for many SMMEs. Therefore, part of our Supply chain initiatives is to focus on ensuring that there's an enabling environment. Through:

- Unpacking the procurement needs in the Energy space
- Understanding the enablement space and the DOI response.
- Putting in place the resourcing plan
- Include engagement with the Industry and the focus on partnerships.
- Identification of quick wins

Hope Delivered:

In the 2022/23 financial year the Human Settlements branch, against a target of 1 000 job opportunities to be facilitated, the delivery currently is at **903**. Again, worth to be noted is that the figures represent the period as of 31 December 2022. Indications in this regard are that the target will be achieved given that preliminary information for the last quarter demonstrates a figure which when added to the total will be above the target set.

Through General infrastructure we have created **24 466 jobs**.

The department delivered its first student accommodation through the partnership with UWC and has **200 bed-sites**. We will official the facility in April 2023.

In its quest to **empower Small, Medium, and Micro Enterprises**, the branch set itself a mission **to spend 50%** of its grant allocation to empower contractors from all targeted groups with **10% and 4% dedicated to women and youth respectively**. To date, despite the fact the financial year has not yet been completed, preliminary figures before reconciliation reflect that the percentages set will be exceeded.

To date, **221 young people** have been trained in various construction-related programmes against a target of 200. The programmes amongst others include bricklaying, plumbing as well as health and safety training.

Conclusion:

Speaker there you have it, the budget has been tabled for all to see, and note that we are busy building New Hope for our citizens and not shutting down an already embattled economy.

As I stated in the beginning, the new department will have 5 focus areas that will pave the way into the future. This will be given thrust by the Infrastructure operating model, which we are currently concluding.

Our professional teams are on site. Protective gear check! Safety boots check!

I would like to thank the leadership, executive and Ministry team for their hardwork and tenacity during this period.

Ons is besig met bouwerk wat die nuwe hoop bou en daai nuwe hoop bou begin vandag!!