**Report of the Select Committee on Transport, Public Service and Administration, Public Works And Infrastructure On Budget Vote 13: Public Works And Infrastructure, and on The Strategic Plan and 2023-24 Annual Performance Plan of the Department of Public Works Infrastructure, Dated 24 May 2023**

The Select Committee on Transport, Public Service and Administration, Public Works Infrastructure, having considered the revised Strategic Plan, Annual Performance Plan and Budget (Vote 13): Public Works and Infrastructure of the Department of Public Works and Infrastructure, reports as follows:

1. **INTRODUCTION**

The Select Committee on Transport, Public Service and Administration, Public Works Infrastructure (the Committee) considered the 2032/24 budget of the Department of Public Works and Infrastructure (“the Department”) on 19 May 2023. In preparation for this report, the Committee was briefed on the revised Strategic Plan, 2023/24 Annual Performance Plan (APP) and 2023/24 Budget Allocations of the Department and the Property Management Trading Entity (PMTE).

1. **Revised Strategic Plan and 2023/24 Annual performaNce plan**
	1. The Department maintains a strategic focus on the promotion of the employment of women in construction through the Construction Industry Development Board (CIDB). This will be operationalised through transformation in the ownership profile in the construction industry by supporting companies to progress from grade 5 to 9 CIDB rating through access to construction projects. Further efforts will include the implementation of the Preferential Procurement Policy and Property Empowerment Policy.
	2. The Department will support the National Strategic Plan for Gender Based Violence and Femicide through the provision of buildings for use as shelters and temporary housing accommodation for survivors of gender based violence. Fourth – five (45) unutilised / vacant state owned properties have been targeted for this purpose over the next three years.
	3. The Department has devolved ownership of schools to the Department of Education and ownership of foreign properties to the Department of International Relations and Co-Operations and are no longer responsible for strategic outcomes related to such properties.
	4. The Department has earmarked 31 953 Ha of land for release from its portfolio for development of infrastructure programmes and socio-economic objectives over the next three years. This will include social infrastructure such as police stations and schools.
	5. The Department will undertake the physical verification of 65 790 immovable assets over the next three years and ten (10) National and Provincial Immovable Asset Registers will be assessed for compliance. The PMTE previously reported that the AG’s disclaimer of opinion in respect of the 2021/22 financial year was a result of the fact that the Immovable Asset Register was submitted late and the AG could not undertake the reconciliation necessary for the audit. The Department subsequently engaged with the South Africa Police Services (SAPS) to ensure that going forward, information on completed projects are provided to the Department timeously so that the Department can in turn update the Immovable Asset Register timeously. The Department also engaged with the Department of Agriculture and Rural Development Deeds Office to ensure that the Deeds Office records can be reconciled with the Asset Register timeously.
2. **2023/24 Budget Allocation and Medium Term Expenditure Framework**
	1. The Department’s total budget increased from R 8.8 billion in the 2023/24 financial year to R9.2 billion in the 2024/25 financial year and to R9.6 billion in the 2025/26 financial year. Over the same period the Property Management Trading Entity (PMTE) budget will start with a baseline of R23.8 billion, increasing to R25.3 billion in the 2024/25 financial year and decreasing to R19.7 billion in the 2025/26 financial year. The decrease in the outer year is as a result of the fact that the PMTE will devolve the payment of municipal services to client departments and will no longer recover such amounts from client departments.
	2. In terms of economic classification, the departmental budget includes transfers and subsidies amounting to 85.3 % (R7.49 billion) of the budget. This constitutes a 6.4% nominal increase, and 1.5 % increase in real terms. The growth in the allocation is below the projected average inflation rate of 4.9 per cent for 2023/24.
	3. The Department generates revenue through the PMTE, by letting properties and official quarters, and the sale of land and buildings. It is projected that the Department will collect revenue to the total value of R1.46 million for 2023/24. This is a decrease of R6.17 million from the R7.63 million reported in adjusted period of 2022/23.
	4. Infrastructure South Africa (ISA) is a single point of entry for National Priority Infrastructure Projects. National Treasury has allocated R600 million to the Department and ISA for project preparation over the medium term.
	5. The Welisizwe Rural Bridges Programme will be implemented in partnership with the Departments of Transport and Defense respectively. Bridges will be installed to enable rural communities in the Eastern Cape, KwaZulu - Natal, Mpumalanga, Limpopo, Free State, and North – West provinces to safely access government services and economic opportunities. R3.8 billion is allocated for the programme over the medium term and
	96 bridges are expected to be completed during the 2023/24 financial year.
3. **OBSERVATIONS AND KEY FINDINGS**
	1. Given the constrained budget, the Department is making a policy shift towards attracting capacity and skills from the private sector to work in partnership with Government to improve the condition of specific facilities. The Refurbishment Operate and Transfer Programme (ROTP) is planned to be rolled out in two phases with the first phase being a project on at least three strategic facilities that require immediate intervention and the second phase being the long term roll out of the ROTP to the remainder of the High Priority facilities. The Department is preparing to test market responsiveness for the programme to be implemented in five buildings in the City of Tshwane.
	2. The Department plays a significant role in the planning and development of SMART cities and such developments take into consideration the SMART city principles of ease of movement, safety, multi – use, green buildings and work - life balance. This role includes serving on the steering committee that identifies solutions to challenges such as those faced in the Mooikloof Mega City Project in Pretoria where the investment commitment has been made but in the east of the capital city of Tshwane there is a lack of bulk services.
	3. The precinct plan for Salvokop Government Precinct has been completed and the project is currently in phase 1 of implementation of roll – out including servicing of the land and installation of access roads. The Department is in the process of contracting with client Departments to be housed in the precinct.
	4. The Department reported that for the 2022/23 financial year it was not necessary to withhold any Expanded Public Works Programme (EPWP) transfers as grant requirements were met by all provincial departments.
	5. The refurbishment project at the Parliamentary village is currently prioritising the removal of asbestos as this is a health and safety risk.
	6. The Department exemplifies best practice through the use of its digital system that allows the Department to maintain a near 100% payment of invoices within the 30 days prescribed by National Treasury.
4. **recommendations**

The Committee recommends that the Minister should ensure that the Department:

* 1. Continue with its efforts to address risks post by the “Construction Mafia” which is currently being addressed through the “project high-jack” risks identified by the Department. This will complement measures such as the Critical Infrastructure Protection Act, 8 of 2019, which contain important provisions related to the safeguarding of critical infrastructure.
	2. Prioritise the process of Business Process Automation. The Department supports client departments which are wide-spread and Business Process Automation eliminate or minimise human intervention to improve operational efficiency.
	3. Explore the use of catalytic funding to unlock the development of SMART cities such as Mooikloof Mega City Project in Pretoria, the Nkosi City adjacent to Kruger National Park, Durban Aerotropolis and the Lanseria Smart City in the Gauteng West Rand. Through the National Treasury innovation of allowing National and Provincial Departments to spend MTEF outer year allocations, such catalytic funding is available.
	4. Should take concerted steps towards improving low payment rates, including declaring Intergovernmental Disputes where necessary. The Department previously emphasised that the delay on the part of Organs of State in paying outstanding debts and service charges to the PMTE affects the financial viability of the Entity.

The Committee recommends that the Council approve the budget of the Department of Public Works and Infrastructure. [The DA reserved its position on the report and abstained and the EFF voted against the adoption of the report.]

Report to be considered.