

## National Assembly

### Committee Report

The Portfolio Committee on Public Works (National Assembly) having undertaken oversight visits to provinces as above-mentioned report as follows.

The structure of this report is as follows:

1. Glossary
2. Foreword
3. Introduction
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6. Conclusion

### GLOSSARY

EPWP	Expanded Public Works Programme
CBPWP	Community Based Public Works Programme
CDW	Community Development Workers
CIP	Construction Industry Programme
MEC	Member of Executive Council
DPTRW	Department of Public Transport, Road and Works
SANRAL	South African National Road Agency Limited
CTM	City of Tshwane Management
PSC	Provincial Steering Committee
SETA	Service Education Training Authority
NDPW	National Department of Public Works
IMDC	Integrated Development Management Committee
PEC	Provincial Executive Committee
PC	Political Committee
PTC	Provincial Technical Committee
IDT	Independent Development Trust
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
HCBC	Home Community Base Care
HOD	Head of Department
PPWD	Provincial Public Works Department
PIG	Provincial Infrastructure Grant
MIG	Municipal Infrastructure Grant
KZN	Kwazulu-Natal
CETA	Construction Education and Training Authority
PMIS	Property Management Information System
IDP	Integrated Development Plans
NWPCC	North West Premier Coordinating Committee
EXCO	Executive Council
EDI	Extended Departmental Integrated Meetings
PMU	Provincial Management Unit
SALGA	South African Local Government Association
ILO	International Labour Organisation
IDP	Integrated Development Plans
LED	Local Economic Development

ISRDP	Integrated Sustainable Rural Development Programme
CIDB	Construction Industry Development Board
SDF	Sector Development Forum
CHW	Community Health Workers
ECD	Early Childhood Development
NQF	National Qualification Framework
BEE	Black Economic Empowerment
MINMEC	Ministerial and Members of Executive Council Meeting
DORA	Division of Revenue Act

## FOREWORD

When the Committee undertook its oversight visit during the 2005/2006 financial year, wishes to thank the following:

- ❖ The Department of Public Works, for its cooperation and their responsiveness to constructive criticism from the Committee and Standing Committee on Public Accounts.
- ❖ The Committee further appreciates the immediate response to the proposals and recommendations from the Committee. The Committee appreciates the appointment of the Deputy Directors-General for the EPWP and Asset Management respectively
- ❖ The Committee further notes the improved performance and the Department's Leadership Way Initiative.
- ❖ The Committee notes the improved financial and accounting systems complimented by an unqualified audit report for 2004/05 financial year.
- ❖ The Committee also thank all provincial MECs for Public Works and Transport, Members of the Provincial Legislatures and officials of the departments for their support and cooperation.
- ❖ The Committee also recognises the cordial reception from the Premiers of the Northern Cape and Limpopo provinces respectively.
- ❖ The Committee recognises the contribution made by SALGA, mayors, councillors, beneficiaries and communities during the deliberations.
- ❖ The weaknesses observed in the local municipalities are unabated, the Committee recommends that the important role played by of the **CDW must be clearly defined to avert unnecessary tensions at that tier of government**
- ❖ The Committee acknowledge with appreciation the support given by the IDT to the Department and communities in the implementation of the EPWP
- ❖ A special acknowledgement goes to the Chairperson of the NCOP Select Committee of Public Works for the cooperation in the coordination of the work of the two committees.

### Notwithstanding the above,

- The Committee during its oversight visit observed with concern that in most provinces the intergovernmental and interdepartmental relations are still a challenge and recommends that Parliament and its committees must intensify the oversight role and promote the understanding, need and the importance of these relations as contained in chapter 3 of the Constitution.
- The visibility of all public representatives at national, provincial and local level is paramount in making the necessary interventions and assist to disseminate information, monitoring and evaluation government programmes (i.e. EPWP and, **asset and asset management**).
- It is evident that in some provinces the non-availability of public representatives adversely affects service delivery.
- The coordination of the departmental programmes (i.e. EPWP) remains a concern, the Committee recommends that designated officials by the NDPW to regional and local

levels must be capacitated and resourced in order to improve the coordination and the implementation of the Programme.

- To improve the intergovernmental and interdepartmental relations, which is lacking, the Committee recommends that the regional and provincial coordinators of the EPWP must constitute a forum to coordinate and monitor the implementation of the Programme.

## INTRODUCTION.

The Committee as required by the Constitution of the Republic of South Africa (1996), must ensure that the Department of Public Works carries out its mandate and responsibilities viz: -

- ❖ Policy implementation at all spheres of government.
- ❖ Progress on delivery and meeting of targets as enunciated in the state of the nation address by the State President, the budget speech by Minister of Finance and, the Minister of Public Works' strategic plan and budget vote speech.
- ❖ Intergovernmental and interdepartmental relations
- ❖ Asset and asset management
- ❖ Integrated Sustainable Rural Development Programmes

The Portfolio Committee on Public Works conducted oversight visits to the National Department of Public Works (NDPW) and the Provincial Departments of Public Works, municipalities and local communities and report as follows:

**The report is structured to present a general trend and a consolidated perspective of all provinces rather than province-by-province. In some instances a specific mention of a province is highlighted to emphasise attention and action to be taken.**

## OVERVIEW

The main focus of the oversight is on the performance of the department on key areas of its responsibilities as set out hereunder:

- The provision and management of land and accommodation to national departments and public institutions
- To give strategic leadership to the construction and property industries
- To co-ordinate and monitor the implementation of the EPWP
- Adherence and conformity to the requirements of the Public Finance Management Act of 1999 (PFMA)

The period under review is from 31 January 2005 and the 2<sup>nd</sup> September 2005.

*The oversight report on the National Department of Public Works undertaken between 31 January 2005 and 2 August 2005 is contained in the Committee report of the Department's Annual report (please refer to Committee's report on the Annual report of the Department).*

## 1. OVERSIGHT TO PROVINCES

The Committee visited the following Provinces:

### 1.1 Eastern Cape 31 January – 3 February 2005

Areas and organisations visited

- a) Meeting with the MEC for Public Works: Mr. S Kwelita
- b) Amatola District Municipality: Mayor S Somyo
- c) Chris Hani District Municipality: Mayor Sigabi

- d) Alfred Nzo District Municipality: Executive Mayor Ms Z Capa-Langa
- e) Meeting with Chairperson of SALGA in the Province Mr. S Somyo
- f) R Tambo District Municipality
- g) Beneficiaries of EPWP

### **1.2 Free State –7-10 February 2005**

#### Areas and organisations visited

- a) Meeting the MEC Mr. S Mohai. (Was part of the entourage):
- b) The Minister of Public Works launched the EPWP on 29 September 2004
- c) Thabo Mofutsanyana District municipality: Executive Mayor Mofumahadi Mathokoana Mopedi
- d) Maluti a Phofung District Municipality
- e) KM Mankwane Road
- f) Hydroponics project
- g) Tswarang Waste Management Project
- h) Beneficiaries of EPWP

### **1.3 Gauteng 31 January – 3 February 2005**

#### Areas and organisations visited:

- a) MEC for Public Transport, Roads and Works: Mr. I Jacobs
- b) Officials of the Provincial Department of Public Works
- c) Mayor of Johannesburg Metropolitan Council: Mr. A Masondo
- d) Matengteng road and storm water canal project in Stinkwater, Tshwane
- e) Zintombeni Taxi project in Bronkhorspruit
- f) Poortjie Hospice in Region 11 of city
- g) ALMAC women project in Ekurhuleni
- h) Bophelong Skill Resource Centre in Lekoa district
- i) Beneficiaries of EPWP

### **1.4 Kwazulu-Natal – 7-10 February 2005**

#### Areas and organisations visited

- a) Meeting with Deputy Mayor of Mkhanyakude District Municipality: Mr. S Sibanda
- b) King George Hospital site
- c) Zibambele Road maintenance programme in Ndwedwe
- d) Visit to Jozini – SANDF Base
- e) Meeting with Ulundi Mayor Ms Z Magwaza
- f) Visit to Hlabisa Hospital
- g) Visit to Ulundi MP's residential area
- h) Meeting with Amajuba in New Castle Mayor Mlangeni
- i) Visit to the Tugela water project.
- j) Beneficiaries of EPWP

### **1.5 Mpumalanga 6-8 June 2005**

#### Areas and organisations visited

- a) Thembelihle home community based care projects in the Nkomazi area
- b) Mbuzini and Thambokhulu land care projects
- c) Utshwakop-Lubisi Road construction learnership project
- d) Vukani sisebente Community project
- e) Beneficiaries of EPWP

### **1.6 Northern Cape 6-8 June 2005**

#### Areas and organisations visited

- a) Meeting with the Premier: Ms D Peters
- b) Meeting the MEC for Public Works: Mr. F Wyngaard
- c) Road paving project – Upington
- d) Road curbing project – Keimoes
- e) Road construction project - Kakamas
- f) Gravel road construction at the Kgalagadi transfrontier
- g) Beneficiaries of EPWP

#### 1.7 North West 9-10 June 2005

##### Areas and organisations visited.

- a) Meeting with MEC for Public Works: Mr. H Yawa
- b) Members of Provincial Legislature
- c) Meeting with officials from the Department
- d) Meeting with Councillors
- e) Modimola road Maintenance project phases 1<sup>st</sup> and 2<sup>nd</sup>
- f) Mmabatho Paving project
- g) Imbizo (Beneficiaries of EPWP)

#### 1.8 Limpopo 1-3 August 2005

##### Areas and organisations visited

- a) Meeting with the Premier of Limpopo: Mr. S Moloto
- b) Meeting with MEC for public Works: Mr. T Mafumadi
- c) Meeting with Greater Sekhukhune District Municipality
- d) Visit to Mohlaletsi home based care centre
- e) Visit to the Gundo Lasho projects\
- f) Visit to the Tzaneen Municipality
- g) Visit to vegetable garden project
- h) Visit to CHOICE care givers project
- i) Imbizo (Beneficiaries of EPWP)

#### 1.9 Western Cape 1-2 August 2005

##### Areas and organisations visited

- a) Members of Provincial Legislature were part of the entourage
- b) Meeting the DDG EPWP: Mr. T Gxilishe
- c) Meeting HOD: Mr. A Yasir
- d) Visit to Khayelitsha train station
- e) Visit to Marrydale primary school
- f) Visit to Nonkqubela road construction
- g) Visit to Moreson road construction
- h) Visit to Droehoewel road construction
- i) Imbizo at Robertson city council (Beneficiaries of EPWP)

## 2 Findings

### 2.1 DEPARTMENTAL PROGRAMMES

#### 2.1.1 Asset Management and Maintenance (Movable and immovable)

- ❖ There is a critical backlog on the maintenance of state properties in the provincial departments.

- ❖ The audit of state properties (movable and immovable) in Provincial Departments do not have a consistent, and accurate auditing system mechanisms in place, the Committee recommends must come with uniform system to address this anomaly.
- ❖ In most provinces the government properties are vacant not properly maintained have illegal occupants and are vandalised (i.e. in Kwazulu-natal Jozini army base and government properties in Ulundi).
- ❖ The Departments that have weakness of the NDPW allowing client departments to vacate properties without informing the lessor
- ❖ In the Northern Cape Province the Provincial Department does not have a disposal strategy or plan.
- ❖ Land claims.....
- ❖ There are still disputes on land claims in the Limpopo province and this hampers the compilation of the asset register
- ❖ The North West and Western Cape province asset management system initiatives should be taken as case study to develop an accurate and reliable asset management system by the provincial and national departments

### 2.1.3 Recommendations on Asset Management and Maintenance

- ❖ Houses without titles deeds and occupied by illegal tenants must be investigated and be reported to Parliament within the current financial.
- ❖ The PPWD must conduct an audit of all tenants in state houses. Lease contracts must be signed and that rates and service must be borne by the lessee. Consideration must be given to payment of market related rentals.
- ❖ Tenants registers must be compiled and completed and be presented to Parliament the current financial year.
- ❖ The audit and usage of houses and military bases (in use and not in use) in the former TVBC states in particular, must be completed and a report be tabled to Parliament before the end of the current financial year.
- ❖ All illegal tenants must be issued with eviction orders must be issued and services to those properties to be terminated.
- ❖ The PPWD must ensure that it applies the Division of Revenue Act.
- ❖ Lease and service agreements must be honoured and defaulting department be penalised.
- ❖ It is advisable that the department with other key departments should jointly and collectively cooperate in addressing the asset register.
- ❖ The Committee commends the PPWD for using the system, however such a system must be aligned to the National Asset Register.
- ❖ The NDPW should consult with the Department of Land Affairs to find a solution to the legislative constraints.
- ❖ A mechanism must be developed to course individuals who are occupying properties belonging to the state, knowing and unknowingly to declare their occupation in order to qualify for indemnity and failure to do so be punishable by law.

### 2.2 Expanded Public Works Programme (EPWP)

#### Launch of the EPWP in Provinces:

- There was no budgetary allocation for the implementation of the EPWP in all provinces for the financial year 2004/2005.
- District and Local Municipalities are applying the EPWP Guidelines inconsistently
- Departments are still working as independent entities.
- Not all Clusters have developed implementation plans
- The Incubator programme is inconsistent from province to province and the coordination and monitoring the programme by the department is crucial in achieving the intended results.

- The Banks demand a 10% collateral from emerging contractors in order to finance their projects
- Late payment of contractors by the PPWD was a general complaint from all provinces
- Women in construction under the EPWP are being harassed and discriminated against at the construction site
- Complaints were received on fronting and other irregularities on the tendering process, which also implicates government officials.
- **Some provinces have managed to transform the CBPWP into the EPWP.**
- The implementation of the EPWP varies from one region to other and prominent of all regions is the city of Joburg.
- The Provincial Regional Offices are responsible for coordination and communication of the PWP.
- Three of the four sectors have completed their strategic plans which were ready for implementing their mandates i.e. Infrastructure, Social and Environmental and cultural sectors. All the sectors.
- It is evident that Learnership and skills transfer is a positive aspect achieved so far by the province.
- The contributing factor is that the Johannesburg Metropolitan Council (City of Joburg) as an example can compliment its annual budget allocation with its own self generated income.
- The consultants had constructed the Stinkwater road project incorrectly and against the advise of the council.
- The Youth of Christ in collaboration with the Social Cluster established HIV/AIDS Hospice at Poortjie.
- The Infrastructure Cluster in collaboration with local municipality of ALMAC have adopted and supporting the multi-purpose centre i.e. training of carpenters, welding, baking, etc
- The Local Municipality of Thabong with Infrastructure Cluster and the Social Cluster are working in collaboration supporting the multi-purpose centre in Thabong.
- Multi-purpose centre are under utilised and some municipalities are unable to maintain such centres
- **The under utilisation, utilisation and vandalism, and the disposal of the former TBVC states prestigious houses must investigated (strictly without prejudice) and report thereof be table to Parliament.**
- The IDT is assisting with the coordination of the EPWP
- **Coordination of the EPWP clusters varies from province to province. The only two functional sectors are Infrastructure and Social Sectors.**
- **In Kwazulu-Natal EPWP is located in the Department of Transport**
- The municipalities are not trained on the EPWP Guidelines
- It is with appreciation that the empowerment of women is taking place i.e. one woman with no formal education in Mpumalanga who with a support of her child managed to get contract and employed more people on her construction company.
- The Provincial Steering Committee (PSC) has been set up to coordinate the implementation of EPWP and that the EXCO takes the total responsibility of the implementation of the programme
- Occupational health standards are not maintained and adhered to. The Committee calls upon the department to adhere to the statutory requirements on construction sites.
- **The flagship project in North West, the integrated Modimola flagship which was launched on .....includes the departments of Agriculture, Water Affairs and Public Works projects, has not been properly implemented. This project must be**

**investigated and report be submitted to Parliament before the end of the first quarter of the next financial year.**

- Whilst the Committee appreciates the Gundo-Lashu programme in Limpopo has been extended to other parts of the province construction of roads, the department did not budget in the EPWP for curbing and maintenance of roads which results to which results in erosion.
- The Infrastructure cluster is leading all other cluster in terms of implementing the EPWP and followed by the Social Cluster
- Other two clusters needs to be strengthened in order to excelerate implementation.
- The Saamstaan projects have been focussing only on maintenance skills transfer.
- The renovation of schools programme is undertaken on the EPWP
- Coordination of the programme between sectors and cluster departments needs to improve.
- The Department is concentrating on infrastructure projects.

### **2.3 Commendations/ Appreciations on EPWP**

- ❖ The Committee commends some of the district and local municipalities which managed to make an efforts of implementing the programme within the limited budget
- ❖ **The Committee commends the office of the MEC and the Department of Public Works in the Eastern Cape for having addressed the discrimination against women and undermining their capacity and the work done by women at the construction site**
- ❖ The Committee appreciates the provinces for adopting and transforming the CBPWP into the EPWP
- ❖ The Committee acknowledge with appreciation the support given by the IDT to the department and the communities in the implementation of EPWP and related programmes
- ❖ It further applauds the creation of jobs and the number of learnerships conducted.
- ❖ The involvement of the departments of health and education and their financial contribution to the program is commended.
- ❖ The Committee commends the Department for recognising the contribution that women are making in the construction industry and encourages the family support system as a best practice.
- ❖ The Committee commends the province for capturing of all contractors and subcontractors as part of the monitoring system in avoiding tenders to be awarded to the same names that will appear in different contracts as a best practice mechanism
- ❖ The Committee commends the Premier of the province to have located the coordination of the programme in the Premier's office

### **2.4 Recommendations on EPWP**

- The PPWD in the Eastern Cape must ensure that the CIDB implements the Incubator Programme and further taking into consideration for reviewal of the programme
- The NDPW must continue to make interventions to resolve the collaterals demanded by the financial institutions from emerging contractors.
- Committee recommends that the co-ordination and co-operation between NDPW and other client departments be improved to avoid litigation against the department and unnecessary hardships for the emerging contractors. Payment must be made within prescribed period not exceeding 21 days.
- Women's rights must be protected, defended and discrimination against women must be routed out in the workplace (i.e. women in construction at Chris Hani District municipality).



- The department must continuously and vigorously educate and protect the rights of women at the work place. Early warning and monitoring mechanism must be put in place by all departments to eradicate discrimination against women in its infancy.
- The department must compile and keep a data of all perpetrators. Perpetrators must be blacklisted and denied any tenders from the dept.
- The PPDW must have a disposal strategy of obsolete heavy machinery and first preference must be given to the emerging contractors.
- The departments at all levels must investigate fronting and illicit tender processes and control measures must be tightened up and a report must be submitted to Parliament as to how they have acted against this before the end of 2005/06 financial year
- The department must appoint dedicated inspectors to monitor and report any punitive action to be taken against fraudulent claims for shoddy work and bad workmanship.
- The projects are at the transitional stage of CBPWP to EPWP and that the learnership programmes is just being initiated. The Committee therefore recommends that the cluster departments must be strengthened.
- Whilst the Committee commends the work done regarding learnership and skills transfer, it expects the PPWD to consolidate a data of all beneficiaries from the EPWP.
- The Committee encourages departments at local levels to utilise the multi-purpose centres.
- The decentralisation and under utilisation of the Multi Purpose Centre by the departments must happen. These centres could be beneficial to communities where these centres are built.
- The municipalities must take full responsibility for managing and maintenance of the multi-purpose centres
- The PPWD must put control measures to curb the illegal occupation and looting the properties and NDPW in collaboration with the Dept of Land Affairs must expedite vetting and assist the PPWD in completing the compilation of the asset register.
- The NDPW should provide leadership with regard to the resolution of the border dispute on properties that belonged to the former TBVC states.
- The Committee recommends that the PPWD in Free State maintain its buildings and look for alternative uses.
- The Department must have a strategic plan within the EPWP so that buildings can be maintained and identified for alternative use and disposal
- The Department must investigate this matter and assist municipality in the understanding and implementing of the EPWP.
- The Department must strengthen the regional offices and personnel.
- Apart from the family support system, the Adult Basic Education must intervene in empowering the communities.
- The Committee recommends that the PPWD educate contractor workers on the importance of using masks and the Department of Labour should ensure that protective clothing is supplied to potentially hazardous projects
- The Committee recommends that the PPWD must train Councillors on the EPWP and have all the communities informed and involved on the projects
- Regional offices needs to be strengthened at provincial and national level as a result of the distance between the regions
- The Committee is concerned about the age of youth working at the projects; the Department of Education must investigate the schools in Kgalagadi and encourage youth to go back to school.
- The Committee recommends that immediate intervention must be carried out and that the NDPW must report to Parliament before the end the current financial year since the project is wasteful and unacceptable

- The Committee recommends that the NDPW in collaboration with SALGA to assist the PPWD in dissemination of information and training of Councillors
- The Committee recommends that NDPW assist the province with coordination and implementation of the EPWP.
- The PPWD must address the problem they are having with CETA and course the CETA to account.
- The Contractor whose contract was terminated due to poor performance came back purporting to be a subcontractor, the Committee recommend that these matter must be investigated and a report be tabled to Parliament.
- The Committee propose that the National Treasury must increase the budget for maintenance of infrastructure projects in line with the Division of Revenue Act.
- The CETA must be involved in the training of the emerging contractors
- The Department should consult with the Department of Provincial and Local Government to ensure that councillors consult communities when drawing their IDPs
- The province should incorporate all EPWP aspects to the Saamstaan programme
- The NDPW should intervene and assist the province to put up coordination and implementation structures of the EPWP
- The visit to the Western Cape province was not completed since the Committee visited few areas.

## **2.5 NEPAD PROGRAMMES**

- ❖ The Committee recommends that the National Department of Public Works should develop a clear policy that defines its role in NEPAD.

## **2.6 Participation of the Previously Disadvantaged communities on EPWP**

- ❖ The Incubator programme should be used as means of closing the gap the between the first and second economy whereby emerging contractor could be absorbed by the second economy as they exit the programme.
- ❖ The NDPW, Private sector and Institutions of higher learning must establish a joint venture whereby Built Environment Profession graduates are place on internships.
- ❖ Participation of women in the construction is minimal in all the provinces except that few case studies made in Mpumalanga and Eastern Cape provinces
- ❖ The involvement of youth and people with disabilities is minimal and attention must be given to this section by the department.

## **2.7 SALGA**

- The district is committed to EPWP but there are no funds for implementation.
- Lack of training of Councillors, officials and emerging contractors on EPWP orientated programmes remains a challenge.
- The EPWP guidelines and information booklets are viewed as not assisting and not user friendly.
- The support of SALGA in EPWP initiatives is minimal in the various provinces visited

### **District and Local Municipalities**

- ❖ Most Councillors were not fully briefed and trained on the principles and guidelines of the EPWP as some were failing to transform the CBPWP into EPWP and resisting to implement i.e. in Majuba District Municipality.

#### **Imbizo**

### **2.7.1 Recommendation on SALGA**

- ❖ SALGA, established in terms of section 163 of the South African Constitution and Local Government Act of 1998 is recommended to strengthen intergovernmental and interdepartmental relations, to support, capacitate and monitor the implementation of EPWP and other related delivery agencies at all levels.

### 3 Conclusions

- It is very clear that some members of Parliament do not understand what EPWP is about. Cognisance should also be taken of the fact the current information booklet on the EPWP is running short in explaining and elucidating what the EPWP is, its implementation as well as what it translates to as an end product.
- The role of the four sectors within which the EPWP operates must be clearly defined. Presently the work being done by the clusters is not co-ordinated where it is being done, thus an immediate intervention is needed.
- A clear intervention strategy of the EPWP in bridging the two economies must be clearly defined in information booklets and handouts on the EPWP
- The thin line between the Labour relations Act and the EPWP guidelines must be clearly defined. The Committee is of the view that a review is necessary in line with the Labour Relations Act especially that the trial run of the EPWP is nearing its completion.
- Coordination is still a challenge with regard to the intergovernmental and interdepartmental relations.
- Provinces and municipalities have not mentioned the maintenance of the EPWP in with the DORA guidelines. Section 13-14 of DORA could assist provinces and municipalities with maintenance of infrastructure
- Clusters in the provinces are not being coordinated and this needs urgent attention
- Some provinces do not have a movable asset register.