



MINISTRY
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Speech by Minister of Public Works and Infrastructure, Patricia de Lille
Ministerial briefing on Infrastructure Development to National Council
of Provinces

7 September 2021

National Council of Provinces Chairperson, Honourable Amos Masondo
Deputy Minister of Public Works and Infrastructure, Noxolo Kiviet
Honourable MECs

Honourable Members of the NCOP

Good Morning, Goeie More, Sanibonani, Dumelang, as-salaamu ailakum, shalom,

Thank you for the invitation to address the house and provide updates on progress with the Infrastructure Investment Plan.

Honourable chair, as we know, on 27 May 2020, Cabinet approved the Infrastructure Investment Plan which is made up of 62 projects from all three spheres of government, state-owned entities and the private sector.

As the Minister of Public Works and Infrastructure, my oversight duties relate to these 62 gazetted projects however there are many other infrastructure projects in all provinces being implemented by various government spheres or state-owned entities.

Honourable Chairperson, the consolidation of the infrastructure mandate under one ministry was intended to promote coherence, better coordination and improved efficiency in government.

In terms of the Infrastructure Development Act, my department facilitates and coordinates public infrastructure development which is of economic significance or social importance and focusing on developing an environment within government that prioritises infrastructure planning, approval and implementation.

Our infrastructure projects are being prepared and packaged for investors by Infrastructure South Africa (ISA) whose establishment was approved by Cabinet in May 2020. ISA is also assisted by the private sector in this regard to ensure projects are bankable.

ISA is also carrying out project preparation to de-risk projects upfront and eliminate key risks at the earliest possible time. We have also requested more assistance from National Treasury to assist us with project preparation funding.

The 62 projects were gazetted as Strategic Integrated Projects (SIPs) in line with the Infrastructure Development Act of 2014 which means that they are being prioritised for implementation and can follow an expedited path to delivery with set and shorter time frames for regulatory processes.

ISA has been established as a programme within the DPWI, which effectively implements the Infrastructure Development Act provisions and is the central point of reference for strategic infrastructure planning, infrastructure development and alignment.

ISA is also the single entry point for all infrastructure projects in the country responsible for monitoring implementation of the gazetted projects.

Honourable chair, South Africa's infrastructure drive to revitalise the economy and create employment is gaining momentum.

A number of projects introduced as part of our Economic Reconstruction and Recovery Plan (ERRP) have kicked off and are in construction providing much needed jobs for our people.

The Infrastructure Investment Plan is the cornerstone of the ERRP announced by President Cyril Ramaphosa in October last year.

Infrastructure projects are vital to our economic recovery due to its multiplier effect on restoring economic growth, creating new jobs and protecting livelihoods.

We are building critical network infrastructure such as ports, roads, bridges and rail that are key to our economy's competitiveness.

The projects within the Infrastructure Investment Plan covers the human settlements, energy, transport, water and sanitation, digital infrastructure and agriculture and agro-processing sectors.

The 6th Administration has created a seamless integrated structure to coordinate all Strategic Integrated Projects.

One SIP coordinating structure, called the SIP Steering Committee brings all relevant role players in government, including COGTA, Municipal Infrastructure Support Agent (MISA) and the Development Bank of South Africa (DBSA).

Also included in the SIP coordinating structure is the Coega Development Corporation, Department of Forestry, Fisheries and Environmental Affairs, the Department of Human Settlements.

As part of my oversight duties, I have visited many of these projects over the past year to engage with teams on site and see and hear the progress first hand.

I have seen the heavy machinery, the excited teams on site with their hard hats and reflector vests and the work is getting done.

More importantly, these visits were aimed at identifying any blockages we need to address and resolve in order to get implementation back on track.

In accelerating the implementation of the Infrastructure Investment Plan, we are determined to address stumbling blocks so that we can create much needed jobs for our people and assist in reviving the construction sector.

I will now provide updates on some of the gazetted SIPs.

PROJECT 1: SIP 25: RURAL BRIDGES

Earlier this year, I visited the Welisizwe Rural Bridges project which is progressing well in Kwa-Zulu Natal where this lifesaving social infrastructure is bringing great benefit by providing safe passage and access to amenities to communities in rural parts of the province.

In March we handed over three completed bridges in Ekhamanzi and this work is progressing well with six more bridges completed in Kwa-Zulu Natal since March.

Six bridges have also been completed in Mangwenya, Amanzimtoti and the Mthoqotho areas.

Five more bridges in KZN are nearing completion and I will be visiting the province in the coming weeks again to view the progress and completed bridges.

A few of these bridges were also completed in rural communities in the Eastern Cape over the past two years.

This project is highly successful with the modular bridges being completed in a matter of weeks thanks to the partnership between DPWI, the Department of Defence and the provinces in installing these bridges.

The Welisizwe Rural bridges projects has provided work opportunities through the EPWP but also we recruited 496 Engineering graduates as part of the Presidential Employment Stimulus programme to work on the Welisizwe bridges project across the country.

What makes me very proud of this, is that of the 496 graduates, 52% of them are females.

PROJECT 2: SIP 21: SMALL HARBOURS DEVELOPMENT

Earlier this year, I also visited the Saldanha Bay harbour upgrade project being implemented by the DPWI.

Work on this repair and refurbishment project is currently being implemented at 13 proclaimed fishing harbours in the Western Cape including Kalk Bay, Gordons Bay, Gansbaai and Arniston.

The programme includes removal of sunken vessels, dredging of the harbour basins, repairs to slipways, shore crane replacements, security Infrastructure upgrades, civil Infrastructure upgrades and electrical infrastructure upgrades.

To date the programme in its entirety has created a total of 711 jobs and empowered local SMMEs to the value of over R73 million with the bulk of the SMMEs being a Level 1/2 BBBEE Level at all the harbours mentioned above.

Around R96 million has been allocated for the much-needed infrastructure upgrade work at the Saldanha Bay and Pepper Bay harbours and to date R36.6million has been spent since the start on the aforementioned projects and completion is completed in March 2022.

The Saldanha Bay harbour main contractors appointed SMMEs from the local community from May 2021 to date.

The value of work contracted to SMMEs under all 3 projects is approximately R23 million and this project has provided a number of jobs to surrounding communities.

The development of harbours will allow rural coastal communities access to the sea as well as an opportunity to grow the oceans economy in turn creating jobs and growing these coastal towns that were deprived of proper marine infrastructure for many years.

PROJECT 3: SIP 21: TRANSPORT PROJECTS

The R20 billion investment in the N3 National Road upgrade is currently being implemented by the Department of Transport and the South African National Roads Agency (SANRAL) in Kwa-Zulu Natal.

The project of widening a section of the N3 for the construction of the Camperdown Interchange in Kwa-Zulu Natal commenced earlier this year.

Around R82.5 million has already been spent on this project which has also created 237 jobs so far.

Another N3 project currently under construction is the road upgrade between Dardanelles and Lynnfield Park in Kwa-Zulu Natal.

The investment into this project so far stands at R126 million while 248 people from surrounding areas have been employed on this project.

This hugely important project is progressing well as it is on budget and on time.

This arterial is also known as the Durban-Free State-Gauteng Logistics and Industrial Corridor and the road upgrade project will strengthen the logistics and transport corridor between South Africa's main industrial hubs, improve access to Durban's export and import facilities and raise efficiency along the corridor.

It also advances our transformation imperatives. To date 31 subcontractors have been contracted on these two important road upgrade projects.

This brings the objectives of the Infrastructure Investment Plan to life through major projects that help to revive the struggling construction sector.

PROJECT 4: SIP 21 TRANSPORT

The overall investment potential of Transport Projects in SIP 21 is estimated at around R47 billion with approximately 42 500 job opportunities to be created.

Already 4 projects have been completed with the two N3 projects and the N1 Musina Ring Road: Limpopo in the construction phase.

PROJECT 5: SIP 24: HUMAN SETTLEMENTS PROJECTS

Three weeks ago, I visited the Lufhereng mega housing project being implemented by the Gauteng Human Settlements Department and the City of Johannesburg and its contractors.

So far 1 319 housing units have been completed and 2 093 houses are currently under construction.

This R22 billion project is being implemented in 10 phases to develop over 30 000 households and is expected to be completed in 2029.

This housing project which includes government subsidized housing, GAP housing and social housing will go a long way to address the housing needs of people living in informal settlements in Soweto and has a far-reaching impact on job creation in the community. The project has already created 7 244 jobs.

PROJECT 6: SIP 24: Human Settlements, the Social Housing Programme forms a large majority of the SIP 24 portfolio.

The refurbishment of Joe's place in Tshwane is now completed with only one more tenant to take occupancy of the 42 units while the construction of Fochville (258 units) and Sondela (177 units) is 65% to 70% completed.

The Infrastructure Fund is working closely with Infrastructure South Africa and the Social Housing Regulatory Authority (SHRA) to unlock additional funding from the Private sector towards this programme.

PROJECT 7: SIP 24: PRIVATE SECTOR HOUSING PROJECTS

The Infrastructure Investment Plan also includes various private sector projects such as the Mooikloof and Green Creek housing developments in Tshwane.

These integrated housing projects are well under way with many of the residential units already completed.

The Mooikloof Mega Residential City is a catalytic development project which promotes integration, corridor and transit node densification.

Unique to this project is the assistance by government for the GAP market who can access housing opportunities through the Financial Linked Individual Subsidy Programme (FLISP) subsidy.

This applies to the affordable or GAP market segment of individuals who earn between R3501 to R22 000 per months.

The first phase of the project consists of approximately 14 500 sectional title units which will increase to 50 000 units and the development will also lead to the creation of some 41 000 jobs at a time when they are sorely needed.

PROJECT 9: SIP 19 WATER & SANITATION: CLANWILLIAM DAM

Another key infrastructure project is the raising of the Clanwilliam dam wall by 13 meters. I visited this project last week and engaged the Department of Water and Sanitation (DWS) officials as this project is being implemented by DWS.

The Clanwilliam Dam project is part of the Olifants Doorn River Water Resources Project in the Western Cape with the project value around R4billion.

Work on the dam has not yet started but other support infrastructure works have been completed such as the construction of roads.

The project entails raising the dam wall by 13 metres while the feasibility study also found that the dam needs to be strengthened. The raising of the wall will increase the dam's capacity from 125 million cubic meters to 345million cubic meters.

The additional water yield will provide existing water users a more assured supply, provide additional water for new irrigation purposes by emerging farmers and provide for future growth of domestic and industrial water supply.

There are currently 68 local labour appointments on the project. The total programme can possibly create over 10 500 job opportunities directly related to the capital projects.

PROJECT 10: SIP 19: WATER AND SANITATION

The Trans-Caledon Tunnel Authority (TCTA) obtained the concurrence of the Minister of Finance for the Guarantee agreements and consent from the Minister of Water and Sanitation to conclude the loan agreements and issuance of government guarantees which allows TCTA to raise R15.45 billion in the capital markets from investors.

This allows for the continue construction of the Lesotho Highlands Water Project in the Vaal River System. About 63 contracts had been awarded and were in force, and 11 were being procured.

With regard to the Mokolo-Crocodile River (West) Water Augmentation Project Phase 2 (MCWAP-2), the Infrastructure Fund recently partnered with TCTA and the Department of Water and Sanitation in submitting a Budget Facility for Infrastructure (BFI) application for the 2021 Adjustments Budget.

The objective is to arrange a R5 billion Standby Facility (R1.5 billion) from the Infrastructure Fund resources and R3.5 billion catalysed from Development Finance Institutions for the MCWAP-2A project as credit enhancement for the project as well provide confidence to the market that the project will be fully funded.

PROJECT 11: SIP 36 SALVOKOP PRECINCT DEVELOPMENT

Another key project is the Salvokop Precinct Development in Tshwane. This is being implemented by the Department of Public Works and Infrastructure.

This integrated development includes construction of offices for four government departments, namely; the Department of Correctional Services, the Department of Higher Education and Training, the Department of Social Development and agencies – SASSA and the National Development Agency (NDA) as well as the Department of Home Affairs.

The appointment of a contractor to install bulk and internal services at Salvokop is currently being finalised that will facilitate development Phase 1 constituting 350 000m² of development of four Government Head Offices.

Four Public-Private Partnerships have been registered for this project and are currently in feasibility and budget approval stages with National Treasury.

PROJECT 12: SIP 28: PV AND WATER SAVINGS ON GOVERNMENT BUILDINGS PROGRAMME

A Request for Information (RFI) is on track to be issued on 20 September 2021

A Transaction Advisor has been appointed for Phase 2 and Service Level Agreements (SLA) been concluded.

The RFI process will open in just less than two weeks for the Photovoltaic (PV) and Water Savings on Government Buildings Programme.

The DPWI property portfolio as the largest property portfolio in the country is responsible for the consumption of a significant amount of electricity and water and generation of a significant amount of waste.

Recent studies places annual electricity and water consumption at an estimated 4021 Gigawatt hours 39 million kilolitres respectively, with over 822 kilotons of waste generated. This equates to an average annual expenditure on electricity and water of R2.4 billion and R1.8 billion respectively.

The PV and Water savings programme's projected savings over a 30 year period are as follows:

Savings and revenue worth over R401bn by 2050, which can be reallocated to other government priorities;

- **Over R253 billion direct contribution to the GDP;**
- **An estimated 146 000 jobs created;**
- **A reduction in energy use intensity of between 22% and 45%;**
- **A water use intensity reduction of between 30% and 55%;**
- **A reduction in waste and diversion of 50% of current waste from landfill sites, saving 12 million tons;**
- **A reduction in carbon and other greenhouse gas emission by over 54.5 megatons**

PROJECT 13: SIP 20 ENERGY

The Minister of Department of Mineral Resource and Energy, the honourable Gwede Mantashe, announced the preferred bidders for the Emergency/Risk Mitigation Power Purchase Procurement Programme (2000MegaWatts).

The objective of this project is to fill the current short-term supply gap, alleviate the current electricity supply constraints and reduce the extensive utilisation of diesel-based peaking electrical generators.

Total Private Sector investment to the value of between R45 and R50billion will be crowded-in to this programme with Financial Close anticipated by end of September 2021. A number of the licenses and approvals have already been received.

PROJECT 14: SIP 20 ENERGY

The Embedded Generation Investment Programme (EGIP) entails a R2.6-billion-rand investment with an estimated R6 billion of additional private sector investment to be crowded-in.

The programme involves the development, installation and operation of a total aggregate of up to 469 MegaWatt of solar PV and wind embedded generation Projects in South Africa through the provision of Subordinated Loans and Broad Based Black Economic Empowerment (B-BBEE) funding.

The call for proposal for the EGIP programme opened on the 4th of August 2021 and will close on the 30th of September 2021.

Chairperson, due to time, we have only highlighted progress on some of the projects.

Other infrastructure projects which are part of our National Infrastructure Investment Plan includes:

- **15 transport projects valued at R47-billion,**
- **11 water and sanitation projects valued at R106-billion and**
- **18 human settlements developments valued at R138-billion that will produce more than 190 000 housing units.**
- **Two agricultural and agro-processing projects valued at R7-billion,**
- **Three energy projects at R58-billion,**
- **a digital infrastructure initiative valued at R4-billion**

INFRASTRUCTURE FUND

Chairperson, over the past year, we have also seen the operationalization of the Infrastructure Fund.

Government innovatively established the Infrastructure Fund as seed funding with R100billion over 10 years from government as a Blended Finance instrument, to crowd in additional private sector finance to grow South Africa's Infrastructure programme.

We have established various governance structures including the Investment Infrastructure Committee which approves the pipeline of projects that lend themselves to blended finance.

To date, the Infrastructure Investment Committee has met three times and approved projects that cut across various sectors including human settlements; digital infrastructure, water and sanitation as well as student housing to be financially structured by the Infrastructure Fund to leverage private sector financing.

The Infrastructure Fund manages a pipeline of more than R80 billion rand – providing the seed funding for these projects and crowding in investors through blended finance innovative approaches.

To date the Infrastructure Investment Committee has approved the following projects be funded through the Infrastructure Fund instruments:

- **The Student Housing Infrastructure Programme with a total project estimated investment value of R6.7 billion, we have allocated around R3.4billion from the Infrastructure Fund**
- **SA Connect Phase 2, worth R53 billion with the contribution of the Infrastructure Fund to be around R20billion**
- **Phase 2A of the Mokolo Crocodile River (West) Augmentation Project in Limpopo to the value of approximately R12 billion where we have approved a R3billion contribution as start-up funding from the Infrastructure Fund.**
- **The other project approved for a contribution by the Infrastructure Fund is the One Stop Border Posts with Zimbabwe, Mozambique, Lesotho, eSwatini and Botswana where an estimate R1.5 billion will be allocated from the Infrastructure fund.**

PROJECT PREPARATION

Chairperson, the key with getting projects off the starting blocks has been project preparation to ensure that projects are bankable and that they are de-risked up front.

National Treasury allocated R440million but we still require more funding for project preparation and on the 3rd and 4th of November 2020 we hosted a project preparation Round Table with investors, local and international development finance institutions and multi-lateral development banks to raise more funding for project preparation.

Working with the private sector on how to get implementation right and minimise risks has brought great benefits to the SIPs.

On 23 June 2020, we took all the SIPs to the market that included international and local finance institutions and we were able R340billion for some of the project to reduce the reliance on the fiscus.

CORRUPTION

Chairperson, we are addressing concerns of corruption in infrastructure development through our anti-corruption strategy which we are implementing with the Special Investigating Unit and civil society organisations like Corruption Watch to execute the strategy.

The Infrastructure Build Anti-Corruption Forum was launched in May this year and the work of forum is progressing well with its mandate not only being to investigate when corruption has already occurred but to put systems in place to prevent and detect corruption before it happens.

During the first three months of its existence the Anti-Corruption Forum has focussed its work on developing structures and mechanisms to support the operations of the forum.

WORKING WITH PROVINCES

Chairperson, in just over one year since the Infrastructure Investment Plan was approved by Cabinet, we have seen decent progress and we are surely seeing the country turn into a construction site.

Beyond the 62 projects in the Infrastructure Investment Plan, we have also started working on the future infrastructure needs for the country.

This includes the working closely with the provincial governments and municipalities to develop a robust and comprehensive project pipeline to contribute to job creation and economic growth.

Through Infrastructure South Africa, we have on-going structured programmes of engagements with the technical teams in all provinces and municipalities focusing on priority infrastructure projects that the provinces themselves have identified as critical for their own growth and development.

This pipeline stemming from the engagements with the provinces will form the bedrock of the next wave of infrastructure projects that will be unveiled in the future.

In terms of governance, different provinces have established and/or utilising existing coordination mechanisms to coordinate infrastructure investment work-programme with ISA.

For example, in the Eastern Cape, we coordinate the implementation of the Infrastructure Investment Plan with the Eastern Cape Socio Economic Consultative Council (ECSECC) is a public entity of the Officer of the Premier (OTP).

In Kwa-Zulu Natal, we coordinate our work through the Infrastructure Programme Management Unit, under the auspices of the provincial department of public works which is also tasked with coordinating the implementation of the province's Integrated Infrastructure Master Plan.

In Limpopo the infrastructure investment work-programme and the oversight on the implementation of priority infrastructure projects is led by the HOD for economic development, environment and tourism.

In the Free State we work through the Office of the Premier's Free State Provincial Infrastructure Task Team, whilst in Gauteng the coordinating structure is called the Gauteng City-Region Infrastructure Technical Committee.

The ISA team is also working closely the Municipal Infrastructure Support Agency (MISA) on all the gazetted projects.

Part of getting infrastructure right is about getting the governance structures and framework in place to ensure efficient decision making.

It is also about ensuring that the resources of government are directed to the areas of greatest need and impact and that we deliver the right infrastructure in the right place.

The provinces are resolute and committed to implementing high-quality public infrastructure supports growth, improves well-being and generates jobs and they will report on their work later today.

NATIONAL INFRASTRUCTURE PLAN (NIP) 2050

The development of long-term plan for infrastructure for the country is underway.

The National Infrastructure Plan 2050 is intended to generate a visible pipeline of projects, address regulatory and policy impediments, enable greater levels of engagement with the private sector and strengthen the mobilisation of long-term finance of catalytic infrastructure projects.

The first phase of the NIP 2050 focuses on mission critical economic network infrastructure, namely energy and specifically electricity, digital communications, freight transport and water.

The NIP 2050:

Offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes.

Aims to promote dynamism in infrastructure delivery by addressing institutional blockages and weaknesses that hinder success over the longer term.

Guides the way to building stronger institutions – policy departments, economic regulatory institutions, SOEs, municipalities and provincial government departments that can deliver the NDP aspirations.

Identifies the most critical actions needed for sustained improvement in public infrastructure delivery, which will have impact in the short term but with the longer-term imperatives in view.

In Mid-August, I announced that the NIP2050 has been gazetted for public consultation and we envisage that the final report will be submitted to Cabinet for approval at the end of the year.

Written submission should reach the DPWI on or before 17 September 2021. Submissions can be hand delivered to DPWI's head office in Pretoria or submitted via email to NIP2050Inputs@dpw.gov.za

We are currently working to extend the public comment period to 30 September to allow stakeholders more time to submit their inputs.

Work is underway to develop the second phase NIP 2050 which will focus on distributed infrastructure and related municipal services, and is expected to be finalised in the next financial year.

We are also aligning the NIP to the National Spatial Development Framework.

Chairperson, in just four weeks we will also be taking our second round of infrastructure projects to the market for funding with the Sustainable Infrastructure Development Symposium taking place between 6 and 7 October.

As more projects come on stream and we gather pace on our infrastructure development, we are sure to see the benefits in our economy and on jobs.

Through the development of infrastructure, the foundation has been set to thrust us forward to a brighter future.

Infrastructure development by government is an important signal to the market that we are creating a conducive environment for investment and job creation by the private sector.

By leading the way with infrastructure investment we are creating the crowding in effect by the private sector and together we will revive our economy and build it back up, better.

I thank you, God Bless.

Ends