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Public Works and Roads
North West Provincial Government
Republic of South Africa

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OFFICE OF THE MEC

Enq : Mr. Molate Moremi

The Chairperson

Ad-Hoc Committee on Section 100
Committees Section
Parliament of South Africa
P O Box 15
Cape Town
8000

Dear Chairperson

RESPONSE TO PARLIAMENTARY QUESTIONS FOR NORTH WEST DEPARTMENT OF PUBLIC WORKS AND ROADS

Your letter dated 18 March 2021 has reference. Kindly find below responses to questions.

2. With regards to projects to be implemented in 2021/22 financial year:

Item	Project Description	Municipality	Scope (km)	Allocated Budget (R'000)
PROJECTS TO BE IMPLEMENTED IN THE 2021/22 FY				
1	Upgrading from gravel to surface standard of road D520 from Makolokwe to Bethanie in the Bojanala District for approximately 10.95km	Rustenburg Local Municipality	10.95	25 000
2	Upgrading of road P66/1 (kgomo-kgomo) to P65/1, road D614 (P65/1 via Lebotlwane to Little), road Z614 (Little via Lebotloane, Mmukubyane) to P66/1, road Z619 (Lebotlwane to Tiholwe) and D639 from Moretele via Ga-Habedi to start of surface sealed road (Phase 3)	Moretele Local Municipality	8	20 000
3	Upgrading from gravel to surface standard of Road D201 from Pampierstad to Matlapaneng to N18. (Phase 1)	Greater Taung Local Municipality	24	25 000
4	Upgrading from gravel to surface standard of road D415 from Gopane passing villages of Maphephane, Mmutshweu, Gaseane to Lobatleng and D417 from Lobatleng to Motswedi, Phase II (km 18,7 to km 31.0) including	Ramotshere Moiloa Local Municipality	12.3	20 000

	construction of Bridge at km 20,077 -			
5	Upgrading from gravel to surface standard(tar) of Road Z482 from Madibogo through Madibogopan to the intersection at D1727 between Stella and Delareyville, 13km	Ratlou Local Municipality	13	25 000

Projects Completed in the various municipalities in the 2020/21 financial year:

No	District	Description of Project	Local Municipality	Project Duration (months)	Start date	Completion date	Scope (km)	Awarded Contract Amount	Variation Order (VO's)	Revised Contract Amount	Project Expenditure	Reasons for Variations
1	NGAKA MODIRI MOLEMA	Upgrading into dual carriageway, widening and rehabilitation of Road P28/4 from Mafikeng to Lichtenburg (28,5km)	Mahikeng Local Municipality	48	2016/10/01	2020/11/26	28,50	456 949 476	44 426 075	501 375 551	493 626 969	Standing time due to community disruptions, change VAT and material escalations
2		Special Maintenance sectional on road D40 from Danville Mahikeng to Bethel	Mahikeng Local Municipality	6	2020/01/21	2020/07/21	18,00	23 610 982	4 722 196	28 333 178	27 715 074	Extension of scope due infrastructure deterioration and community demands as well as COVID 19 pandemic claims
3		Patch and reseal of road D433 from Makouspan to Tshunyane	Mahikeng Local Municipality	6	2020/06/19	2020/12/19	10,00	22 385 898	-	22 385 898	21 353 537	None
4		Patch and reseal of sections of road P34/2 from Lichtenburg to Koster.	Ditsobotla Local Municipality	6	2020/05/25	2020/11/25	13,00	17 318 363	956 631	18 274 993	18 274 412	Extension of scope due infrastructure deterioration and community demands as well as COVID 19 pandemic claims
5		Rehabilitation, repair and reseal of Road P152/1 from N18 at Setlagole to P34/4 in Delareyville 58km Phase 1 (20km)	Ratlou Local Municipality	18	2019/11/04	2021/01/27	28,50	85 400 000	14 511 118	99 911 118	93 531 544	Adjustment of scope due poor road condition after significant rainfall as well as COVID 19 pandemic claims
6		Special Maintenance of Road P48/1 from Swartkopfontein to Lehurutshe	Ramatshere Local Municipality	6	2020/01/17	2020/09/03	13,00	13 999 990	2 799 998	16 799 989	15 959 989	Adjustment of scope due poor road condition after significant rainfall as well as COVID 19 pandemic claims
7		Special maintenance on critically defected sections of road P48/1 between Welbedacht and Swartkopfontein	Ramatshere Local Municipality	6	2020/06/15	2020/12/15	17,00	17 222 050		17 222 050	16 268 321	None
8		Special Maintenance of Road P34/4 from Delareyville to Migdol (14.7km)	Tswaing Local Municipality	6	2020/01/30	2020/11/13	14,70	14 425 192	1 344 522	15 769 714	13 366 352	Adjustment of scope due poor road condition after significant rainfall as well as COVID 19 pandemic claims
9		Special maintenance of Road D170 from Khunwana to Geysdorp	Tswaing Local Municipality	6	2020/01/21	2020/10/21	14,00	13 368 561	-	13 368 561	13 073 680	None
10		Patch and reseal sectional of road P117/1 from Delareyville to Ottosdal.	Tswaing Local Municipality	6	2020/06/10	2020/12/10	15,00	13 632 156	-	13 632 156	12 949 141	None
11		Sectional light rehabilitation and reseal of road D653 from Sannieshof to Goedgevonden.	Tswaing Local Municipality	6	2020/05/25	2020/11/30	16,00	14 947 720		14 947 720	14 907 411	None
DR KENNETH KAUNDA												
1	DR. RUTH SEGOMOTSI MOMPATI	Rehabilitation of Road D201 from Pampierstad to Kgomoiso(13,3km)	Greater Taung Local Municipality	12	2019/10/02	2020/11/19	13,30	57 178 746	-	57 178 746	48 120 616	None
2		Upgrading of road D221 from road P25/1 in Taung through the villages of Manokwane, Maphoitsile, to end of tar at Magogong (21km)	Greater Taung Local Municipality	24	2016/09/08	2020/12/02	21,00	104 980 168	65 948 642	170 928 810	172 393 094	Standing time due to Community disruptions, access to borrow pits, relocation of services, VAT adjustment, material escalation
3		Re-gravelling of road Z389 from Vragas to Madinonyane for approximately 20 km	Kagisano Molopo Local Municipality	6	2019/10/18	2020/10/20	20,00	15 214 920	-	15 214 919	15 214 919	None
4		Special Maintenance of Road P34/6 from Jan Kempdorp to Christiana (10km)	Lekwa Teemane Local Municipality	4	2020/01/20	2020/09/14	10,00	14 885 512	287 362	15 172 873	14 489 193	COVID 19 pandemic claims

No	District	Description of Project	Local Municipality	Project Duration (months)	Start date	Completion date	Scope (km)	Awarded Contract Amount	Variation Order (VO's)	Revised Contract Amount	Project Expenditure	Reasons for Variations
1	BOJANALA	Patch and Reseal critical sections of Road D609 from Maubane to Potwane to Prieska	Moretele Local Municipality	6	2020/05/27	2020/12/27	17,00	19 730 686	-	19 730 686	18 744 149	None
2		Re-gravelling of road Z627 & D625 from Tlouane to Welgelegen (Z620) to Zwartboom D612 and Road Z620 to road D627, Z641 and Z642	Moretele Local Municipality	6	2020/07/03	2021/02/03	10,00	11 595 382	-	11 595 382	10 115 142	None
3		Re-gravelling of Road D627 to Kgomo Kgomo, Z641, Z642, from Road P65/1 Ngobi to Road Z620 and Z620 Vogelstruispan	Moretele Local Municipality	6	2020/06/09	2020/12/09	22,00	12 068 793	-	12 068 793	11 521 424	None
4		Sectional light rehabilitation and reseal of road P63/1 from Letlhabile to Jonathan	Madibeng Local Municipality	6	2020/06/12	2020/12/12	2,00	11 952 608	-	11 952 608	11 356 952	None
5		Special Maintenance of critical sections of road P47/3 form road P34/2 to Swartruggens	Kgetleng River Local Municipality	6	2020/01/21	2020/07/21	10,00	12 377 230	1 121 499	13 498 729	13 498 490	Adjustment of scope due poor road condition after significant rainfall as well as COVID 19 pandemic claims
6		Regravelling of Road D5111 to Magong in Moses Kotane D5111 - 6,6km)(Z547 in Mogoditshana - 4,2km)(Z535 in Marapalallo - 2,2km)(Z536 in Ngweding - 3,0km)	Moses Kotane Local Municipality	6	2020/06/11	2020/12/11	16,00	9 719 516	-	9 719 516	9 234 589	None

3. On Budget and Project Costing

The following projects are not budgeted for in the 2021/22 Financial Year due to inadequate Equitable Share Funding

Item	Project Description	Municipality	Scope (km)	Project Estimate Cost (R'000)	Allocated Budget (R'000)
1	Upgrading from gravel to surface standard of Road D3545 from Setlopo (Utlwanang) through Mantsa to the intersection of Road P183/1 in Mareetsane	Mahikeng Local Municipality	42	294 000	-
2	Upgrading from gravel to surface standard of Road D433 from N18 to Madibana-a-ga-Kubu through Tsunyane (16km) to Mantja and to Makouspan	Mahikeng Local Municipality	23,5	152 750	-
3	Upgrading from gravel to surface standard of Road D414 from Tshidilamolomo (End of tar) to Mabule including Road Z466	Ratlou Local Municipality	36	221 000	-

4. Economic Inclusion and Mainstreaming employment of disabled people

The nature of construction works does not attract many people who are leaving with disability. Secondly, there is a perception that, disabled people are skeptical of losing their social grant when participating and becoming active on local employments. However the department continue to over emphasize to the contractors the importance to ensure participation of this group into the construction industry and projects as there is no risk of losing grant what so ever.

5. Employment targets and the planned targets by the Department for the 2021/22 Financial Year

The labour target set by the Department of Public Works and Roads is an annual target. The target set for current financial year 2021/22 is 11 000 work opportunities to be achieved through the implementation of all maintenance and CAPEX programmes.

6. Elaborate and provide clarity on the sub-contracting arrangement for the project P152/1 in Setlagole.

In line with treasury regulations, the Project had a contract value of R84,5 million which is above the R30 million threshold and therefore 30% of the value of works had to be sub-contracted to local contractors and SMMEs. The actual value of work as contained in schedule of quantities and otherwise is R52,9 million. The 30% (R15,9 million) for sub-contracting is derived from the value of schedule of quantities that exclude time related obligations contingences, Contract Price Adjustment and VAT. It can be therefore concluded that, the contractor exceeded the set target as they achieved or rather spent an amount of R17.9 million (112%) on sub-contractors and SMME's.

7. Reduction of Provincial Road Network as it was transferred to SANRAL (National)

The Department is not intending to transfer any further roads to SANRAL which may reduce the length of provincial road network. The transferred strategic road network was for economic benefits as the Province was unable to maintain its roads

infrastructure to an acceptable level. The Province relies primarily on the provincial road maintenance grant for the maintenance of existing infrastructure.

8. Whether the department has been able to address the issues of scope that was reduced overtime and deviated from its role as a custodian of the asset management and whether, the maintenance budget for roads have been consumed by unfunded mandates?

The Department has not been able to address the issue of scope that was reduced overtime. The Department is only implementing projects for a few Departments and the Province and has not been able to reclaim its mandate fully. The Department still has capacity problems which are being addressed.

The Department is in the process of implementing the Infrastructure Development Act with a view to reclaim its mandate and remain as an implementing agent of choice for the Provincial Government. In line with the provisions of the Act and the provisions of the Government Immovable Asset Management Act, the Department is expected to implement all infrastructure project on behalf all Client Department and to be the custodian of all immovable assets.

The Department has in this regard taken control of all immovable assets and established an asset register of all immovable assets in the province. The Department is further implementing the IDMS protocols with a view to coordinate the planning and implementation of all infrastructure projects. The implementation of IDMS protocols and the taking over of all infrastructure projects will be phased and is expected to be finalised by the end of 2023/2024 financial years.

The road maintenance budget is strictly for planned projects.

9. Whether the department addressed the issues around the shortage of technical expertise within the built environment unit?

The Department has not fully addressed the issue of shortage of technical expertise in the built environment.

The Department is in the process of implementing a candidacy development programme with a view to develop additional technical capacity for the built environment. In line with the programme, the Department has appointed graduates with engineering skills who are being trained and given experiential learning to attain professional registration. To date four students have reached professional registration with (2) two Quantity Surveyors, (1) one Architect and (1) one property valuer.

The Department is further implementing an artisan development programme that is also aimed at developing supervisory and technical skills in building, plumbing, painting, carpentry and electrical works. The Department has to date graduated

over 230 young people under the National Youth Service and approximately 180 of them have been registered as qualified artisans.

10. What is the progress in establishing client management unit within the department as per Ad Hoc committee recommendation after the oversight visit?

The Department has established a unit in the Office of the Head of Department to coordinate relations with client Departments. The structure currently has two officials who are appointed on contract.

The Department will appoint permanent personnel as soon as the revised organizational structure is approved by the Executing Authority and the Department of Public Service and Administration.

11. What is the progress to acquire a focused planning monitoring and implementation model for infrastructure projects as well as proper controls and accountability in all previously planned projects as well as proper controls and accountability in all previously planned projects and also establish systems to manage facilities and maintenance as their mandate?

The Department utilizes manual systems of implementation and monitoring of infrastructure projects. The Department has developed IDMS protocols that are aimed at guiding officials on the steps for project implementation and monitoring.

All client Departments are expected to submit all their planning documents (U-AMPs) at the beginning of the year and are issued with Infrastructure Project Management Implement Plans (IPMPs) which are translated into Project lists (B5) for implementation in the Medium Term Expenditure Framework (MTEF) period.

The Department does not have an electronic system due to budgetary constraints. The project for the roll-out of the electronic systems was abandoned due to budget cuts.

12. What is the progress in putting together a clearly structured facility management and maintenance plan coupled with the appointment of competence service providers?

The Department is in discussion with the Development Bank of Southern Africa to assist with the Development of a Total Facility Management Strategy and the implementation of a roster of reputable service providers to assist with the maintenance of government facilities.

The total facility management strategy will go a long way in assisting the Department to address the current challenges bedeviling the province.

13. What is the progress in identifying the sources of accumulated irregular expenditure amounting to more than R3.5 billion? Can the Committee be furnished with the list of these sources and steps taken to address these so that there is reduction in the irregular expenditure?

IRREGULAR EXPENDITURE EXECUTIVE SUMMARY		
Description	Progress	Amount
Registered as irregular in the prior years due to lost supporting documentation	The department engaged with Provincial Treasury on the transactions and currently dealing with them in line with the guidelines	2,311,677,548.86
In the process of investigated externally		119,807,400.96
Investigated external and investigation concluded	Consequence management in progress	758,301,791.36
Month to month extentions	Currently under investigation internally	377,967,303.70
In the process to finalise for condonement	Investigation finalized and in the process for submission to Provincial Treasury for consideration	143,552,973.65
Under Investigation internally		697,667,749.83
TOTAL		4,408,974,768.36

Steps taken to prevent a recurrence of irregular expenditure

- Effective contract management systems are implemented which includes scanning of all procurement supporting documentation on the server after appointment and hard copy filed in a safe room with access controlled.
- Compliance unit is implemented to perform pre and post audits of all payment vouchers to prevent and detect irregular expenditure.
- Effective compliance checklists developed to verify compliance in all contracts and quotation appointments and implemented.
- All the irregular expenditure are confirmed through investigation before included as irregular expenditure.
- All the irregular expenditure are recommended by the UIF Committee and approved by the accounting officer before included as irregular expenditure

14. What is the progress in reviewing the Supply Chain Management (SCM) organizational structure to ensure that it provides for adequate segregation of duties and redesign if required?

The Department has reviewed the organizational structure for SCM in line with the National Treasury Framework on Supply Chain Management. The structure forms part of the revised structure that is still to be approved by the Executing Authority and the Department of Public Service and Administration.

The Department is currently operating on an interim/transitional structure that was approved in April 2019. In terms of the structure, the Department has ensured that there is a separation of functions in terms of demand management, supply management and contract management to avoid acts of fraud, corruption and maladministration.

The Department has recently appointed a new Director for Supply Chain Management with effect from February 2021.

15. What is the progress with regards to Ayama Consulting contract, which was paid R103 million in advanced without following PFMA provisions as per Ad Hoc Committee recommendation?

The contract between Ayamah Engineering Consultants expired in May 2018.

The Department has instituted a forensic investigation on the matter which was carried out by National Treasury. Further to the investigation, the Department has also conducted an assessment on the work done by Ayamah Engineering Consultants with a view to determine value received on the R103 million prepayment.

In terms of the investigation and the assessment, the Department did not receive full value as some of the work that was supposed to be done could not be verified. The Department is in the process of creating a debt with a view to recover the amounts where work done could not be verified.

The Presidency has since issued a proclamation (Proclamation 210 of 2021) to get the matter investigated further. The investigation has started and is expected to be finalised by end of January 2022.

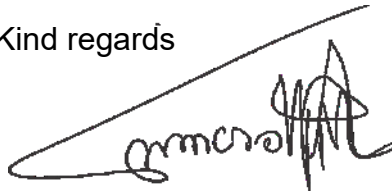
16. What is the progress in ensuring that internal governance and internal control structure to address irregular expenditure, wasteful and fruitless expenditure as required by section 38 of the PFMA?

The Department has established an Internal Control Directorate within the finance Chief Directorate that is responsible for governance and the management of

internal controls. The Department coordinates all the registers for Unauthorized, Irregular, Fruitless and Wasteful Expenditure through this unit.

The Directorate is responsible for Risk Management, Internal Control and also the coordination of internal and external audit processes. It is also responsible for the development, coordination and monitoring of the Post Audit Action Plans for both internal and external audits by the Office of the Auditor-General.

Kind regards

A handwritten signature in black ink, appearing to read 'M Moremi', is written over a horizontal line. The signature is stylized and cursive.

MR. M MOREMI
ADMINISTRATOR: DEPARTMENT OF PUBLIC WORKS AND ROADS

DATE: 27 May 2021