

## GOODS AND SERVICES

# Masondo targets inflated state costs

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The government, which is in a dispute with trade unions over its plans to cut its wage bill, is targeting the inflated rates paid for goods and services such as office rentals and car fleet management, as an additional step to squeeze out inefficiencies, says deputy finance minister David Masondo.

The premiums paid by the government on items such as office space – driven by the department of public works & infrastructure’s lack of capacity to negotiate appropriate rates for government tenants, as well as “corrupt class interests” on the part of officials and landlords – have helped drive up public debt and erode service delivery, Masondo wrote in an article on Business Day’s opinion page.

His views come ahead of the unveiling of the latest budget, where investors will be looking for details on plans to fix finances ravaged by the Covid-19 outbreak and lockdowns.

Citing past spending reviews, Masondo said a sample of 1,000 leases showed that 60% were above market rates, with the average premium of about 45%.

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