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Oscar slams his own administration

Premier mulls moving public works' R19bn property portfolio to ECDC

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Premier Oscar Mabuyane certainly caught his audience's full attention on Friday.

In his opening address to the 50 or so delegates at a round table for the province's top property developers, he proposed the E Cape Development Corporation (ECDC) take over the provincial department of public works R19bn property holding.

The ECDC's current holding totals R1.2bn.

The meeting was to facilitate robust discussions between the public and private sector on how state-owned property and land assets can stimulate economic growth.

Mabuyane was openly critical of the department for not ensuring that BCM's mayor, Princess Faku, was at the meeting and accused them of "sleeping on the job", while several captains of property development had taken the time to attend.

There was, he said, a lack of agility at both the department and BCM. In contrast, Cape Town took 24 hours to acknowledge a request for property development and immediately got the ball rolling.

Eastern Cape officials need to realise they "can't do as they wish" when responding to applications, he added. They need to broaden their horizons and "think outside the box."

There had to be urgency. He urged officials to set up integrated response strategies. This should start with a public private partnership and the

sooner the better.

He recalled a Mercedes-Benz SA MD saying some years ago that "MBSA was growing in a city that was not growing".

Getting planning and development permission "should only take a month, and even that is too long". The government needed investors "more than they need us", he added.

"The Eastern Cape owns 14% of the country's land, yet contributes 7% to the gross domestic product."

Every 2% increase in the GDP reduces unemployment by 1%, and the province is hamstrung by one of the highest unemployment rates in the country.

He urged banks to grant first-time property developers finance for projects developing state-owned land.

One challenge is uncertainty over ownership. That the properties were government-owned

was certain, but which department held the papers is unclear.

Thandolwethu Mandla, head of the province's public works department, said it is more expensive to develop property in the Eastern Cape than any other province.

The unanswered question is how to reduce the kilometres of red tape, he added.

Craig Thompson, ECDC executive head of properties and infrastructure, said while the challenges were many, collaboration was solving a number of them.

The bulk of the corporation's properties are in Mthatha, Butterworth, BCM and Komani. Of its 1,741 rental units, 600 are unlet, and many of these have been invaded.

In 2020, ECDC's new board and CEO inherited a very poor property portfolio, with a de-

clining trend in revenue.

The main cause was illegal occupation, poor maintenance and increasing arrears. Collections were around 50%.

The board and management drew up a three-pronged strategy: rationalise the portfolio to grow profits, reform the remainder to improve efficiency, and seek opportunities to invest for growth.

A first step was ditching non-core assets, mainly standalone properties smaller than 2,000m². Next was investing in the remaining assets, especially in Mthatha, Butterworth, Fort Jackson and Dimbaza, and attracting investors.

The target date for completion is March 2025.

"But there are some obstacles," Thompson warned.

"This is not like turning a small speedboat around, it is more like a super tanker — it

takes time.

"There have been some elements resisting the change but we are dealing with that and we have seen positive results."

However, there are measurable improvements too.

Revenue has increased steadily and collection rates have moved from 50% in 2020 to the current 62%.

Vandalism is slowly coming under control, and there is visible headway in both clearing illegal occupants and disposing of unproductive assets.

"By March 2024 we would have disposed of R262m of unproductive assets," said Thompson.

ECDC has a refurbishment budget of R468m. Most of the planned work in the identified property clusters will be funded by fiscal allocation, proceeds from the disposals and private sector initiatives, he added.