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# Government's fiscal austerity plan creates challenges going forward

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THE government's austerity fiscal plan to slash budgets across departments has seen Public Works and Infrastructure (DPWI), particularly the Property Management Trading Entity (PMTE), being hard put to maintain the more than 80 000 properties portfolio worth more than R638 billion in accumulated surplus.

The PMTE is responsible for the development of government precincts, construction work, estate management, maintaining the asset register and management of state facilities.

The PMTE faces a R1.5bn deficit and has racked up more than R1.8bn from R851 million in bank overdrafts

due to fellow client departments and municipalities not paying on time, citing budget cuts.

In the 2022/2023 financial year the PMTE has only been paid R2.9bn of the projected R5.1bn by municipalities, with the major reason for lack of payment cited being the budget cuts.

DPWI chief financial officer Mandla Sithole said: "The revenue has not ever been 50% of what we have projected. We have a maintenance backlog of R33bn. We have to spend money to deliver services that are not paid for on time. Which is why we say we have to work harder at sweating our assets."

This was at the presentation of the DPWI annual report for the 2022/2023

financial year to Parliament's select committee on transport, public service and administration.

Sithole said state properties leased out for accommodation had a more than 70% take-up rate of the portfolio, but that the revenue did not amount to a quarter of what was expected with more than R1.7bn outstanding, principally by Correctional Services, which was in the red for R158m.

The PMTE has immovable assets of R149bn and current asset liabilities of R3.5bn.

In the reporting period, the DPWI received an R8.1bn allocation, down from R8.4bn in the previous year, and spent R7.9bn with a variance of R242m.

A high vacancy rate, which the

department is urgently attempting to fill in more than 243 senior posts, resulted in an R83m underspending in the compensation of employees.

Recovery of arrears from municipalities is at 66%, far lower than the 91% recovery the entity realises from private sector leases and other claims which netted R5.1bn from a projected R5.4bn, a 94% recovery.

"If they (client departments) paid a quarter of what we are owed, we would not have to run a bank overdraft," Sithole said.

The department had come under attack from parliamentarians on the maintenance of the parliamentary villages as well as the ongoing reconstruction of the parliamentary building, which has been turned over

to a private company instead of the department.

DPWI director-general Lwazi Mahlangu said in support: "Those (departments) that complain should give us the money to be able to do wonders. Most of our clients are not paying because of the budget cuts."

Another financial blunder was the DPWI's more than R800m purchase of the Telkom Twin Towers building, which Mahlangu defended, was intended for the SAPS to collapse 15 properties and occupy one centre. Mahlangu said the DPWI's construction project management had been hampered by factors including interruptions by the construction mafia and late approval of funding. | BUSINESS REPORT