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Portfolio Reset

Macpherson aims to restructure State property portfolio into 'investible' entity

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Public Works and Infrastructure Minister **Dean Macpherson** has used his Budget Vote speech to unpack a vision for migrating government departments that collectively spend R6-billion yearly on private leases back to State properties.

The plan involves restructuring the under-performing Property Management Trading Entity (PMTE) into a revenue-generating and investable entity, and to "ensure the asset base of the State is managed with professionalism, discipline and a return-on-investment mindset".

Through the PMTE, the department manages over 88 000 buildings and five-million hectares of land, making it the country's largest property portfolio.

"For decades, this portfolio has under-performed and been under-utilised, and we are going to change that," the Minister said.

Amendments would be made to the Immovable Asset Management Act to facilitate what he described as modern and flexible asset use, as well as to pilot innovation.

"This will mean, the State will finally start to generate revenue from its assets, either through co-development models or through investment into a property fund of A-grade property assets.

"There is strong demand and interest both domestically and internationally in this plan," the Minister averred.

The department had started identifying government leases that could be migrated back to government buildings from private properties.

While acknowledging that it would be a difficult process, he argued that departments should not be paying R6-billion a year on leases when there were empty government buildings.

"For too long, the State has sat on thousands of unused buildings and parcels of land that are not put to either economic or social use.

"This, while government departments are in some cases paying R120/m in private leases, while our own buildings cost just R26/m."

In parallel, investigations into failed property projects would continue, including the R600-million purchase of Telkom



DEAN MACPHERSON

The State has sat on thousands of unused buildings and parcels of land for too long

Towers between 2015 and 2016 to house the South African Police Service's national head office.

"The draft investigation reveals a significant loss in terms of the value of the property owing to a series of damages to its infrastructure, and whether the project is still viable.

"The report should be finalised by the end of July, and where individuals have been implicated, we will not hesitate to act."

Macpherson also elaborated on his oft-stated vision for turning South Africa into a construction site by formalising Infrastructure South Africa (ISA) into the single-entry point for infrastructure projects.

An Infrastructure Development Amendment Act Bill would be introduced to Parliament in support of the proposition by providing ISA with the legal authority to lead project planning and execution.

In the meantime, seven large priority projects had been identified for implementation in 2025/26, including the Boegoebaai Port and Rail Development, the Durban-Johannesburg Container Corridor, the City of Ekurhuleni Wastewater Conveyance and Treatment Systems Regionalisation, the Coega SEZ 100 MW Solar Farm, the South Africa Water Reuse Programme, and the Gauteng Urban Upgrade Programme in the Johannesburg central business district. 