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FULL SPEECH

MINISTER MACPHERSON DELIVERS DEPARTMENT OF PUBLIC WORKS & INFRASTRUCTURE BUDGET SPEECH

(Note to Editors: The following budget speech was delivered by the Minister of Public Works & Infrastructure, Dean Macpherson, in the National Assembly on Wednesday, 9 July 2025)

- The Minister of Public Works & Infrastructure, Dean Macpherson, delivered the Department of Public Works & Infrastructure budget speech on Wednesday afternoon.
- In his address, he mentioned a number of key interventions in the department to fight corruption, accelerate infrastructure delivery, and implement digitisation in the department.
- The Minister said that in the past year, hard reforms were tackled and that his department will continue cleaning house while delivering.

“Today, I table Budget Vote 13 for the Department of Public Works and Infrastructure.

We are determined to ensure that public assets are used in the service of economic growth, job creation, and dignity.

And, this budget is about ending the cycle of neglect, mismanagement, and slow progress in the department.

Departmental Budget Overview

The Department of Public Works and Infrastructure has been allocated R7.6 billion for the 2024/25 financial year.

This grows to R7.9 billion in the 2026/27 financial year and R8.3 billion in the 2026/27 financial year, with a total expenditure over the medium term of 23.8 billion.

Of the current year’s budget, R6.3 billion or 83% goes towards transfers and subsidies, including funding for our public entities and conditional grants to provinces and municipalities, particularly for the Expanded Public Works Programme.

The remaining R1.3 billion or 17% supports the Department's operations.

In a constrained fiscal environment, every cent must be directed toward building a capable, accountable state that can deliver infrastructure, manage assets efficiently, and create real opportunities for South Africans.

This year's budget is focused on five key priorities:

1. Fighting corruption and strengthening governance;
2. Accelerating infrastructure delivery;
3. Restructuring our asset management systems;
4. Reforming the Expanded Public Works Programme; and
5. Driving digitisation across the department.

Our task is to ensure every rand drives delivery, protects public value, and strengthens governance.

Priority Focus Area 1: Fighting Corruption and Strengthening Governance

Over the past year, we've taken action to confront corruption and maladministration within the Department.

We launched lifestyle audits on over 400 high-risk officials, and we are finalising investigations into ghost employees who were irregularly paid by the Department.

Where wrongdoing is confirmed, action will be taken swiftly.

We appointed a permanent Deputy Director-General for Governance, Risk and Compliance.

This office will lead the Department's internal reform agenda, ensuring governance lapses are identified early, procurement is monitored rigorously, and fraud is reported and acted on.

Through the Construction Industry Development Board, 40 underperforming contractors now face delisting, with 15 already deregistered in June.

In the past, since 2002, only one was delisted.

In this regard, I will be introducing a revised Council for the Built Environment Bill to strengthen governance, clarify regulatory powers, and ensure greater accountability across the built environment sector.

We've also made clear that our public entities must be centres of excellence.

The Independent Development Trust, long plagued by instability, now has a new board appointed, which will take up its full mandate in the coming days.

This marks the beginning of a new chapter for the IDT.

We've also taken steps to address the threat of construction site disruptions.

The so-called “construction mafia” has held back critical infrastructure projects, delayed delivery, and intimidated contractors.

We are tackling this threat head-on.

In just the first six months, we’ve had confirmation of an 80% reduction in work stoppages due to our actions.

We’ve fast-tracked the Integrated Social Facilitation Framework - now gazetted and heading to Cabinet - which embeds social facilitation in all project planning.

We believe early community engagement will reduce criminal interference and improve project outcomes.

Priority Focus Area 2: Infrastructure Delivery

We know that South Africa can’t grow unless we scale up our infrastructure across the country.

The Department, through Infrastructure South Africa, has launched the second edition of the Construction Book, listing 250 pipeline projects worth R268 billion.

This is a 100% increase on the year before, a truly remarkable achievement in just a year.

These projects are fully scoped, prepared, and ready to attract investment.

Since its May launch, the book has already drawn overwhelming investor interest - a strong signal of market confidence.

The launch of the Project Preparation Facility, which was another first for us, received over 90 submissions for the R180 million in available funding, further showing the serious demand and interest.

We’re engaging international partners like Meridiam to scale infrastructure investment.

We must now respond with delivery, with the Top 7 priority projects announced during SIDSSA 2025.

Formalising ISA as the single-entry point for infrastructure has been long overdue.

I will soon meet with Finance and Presidency Ministers to finalise the process.

Concurrently, we are working to finalise the Infrastructure Development Amendment Bill, which will aid us in this objective.

This Bill gives legal power to Infrastructure South Africa, enabling ISA to lead project planning and execution, hold entities accountable, and ensure every project is delivered on time, within budget, and to the right standard.

I look forward to introducing this key piece of legislation as soon as possible, which will change the entire approach South Africa has previously taken to infrastructure.

In another first, we've launched the "Adopt-a-Municipality" programme to assist struggling municipalities with infrastructure delivery.

And, we are forming a partnership with AgriSA and AgriBiz, together with Infrastructure SA, which seeks to guarantee food security for South Africa.

In the year ahead, Infrastructure South Africa will play a greater role in project packaging, preparation, and execution.

Priority Focus Area 3: Asset Management

The Department manage over 88,000 buildings and 5 million hectares of land, in essence, South Africa's largest property portfolio.

The management of these assets falls within our Property Management Trading Entity.

But for decades, this portfolio has been underutilised, mismanaged, and allowed to decay.

We are changing that.

We're overhauling the 20-year-old Government Immovable Asset Management Act to enable modern, flexible asset use and pilot innovation.

With these amendments, we will be able to gear our assets to become revenue-generating, create investment opportunities for both domestic and foreign as well as provide jobs and economic growth.

We are restructuring PMTE to ensure that the asset base of the state is managed with professionalism, discipline, and a return on investment mindset.

In this regard, we want to develop a high-value asset portfolio which is investable and which generates returns for the state.

This will be a difficult process, but it is essential.

We have already begun identifying government leases that can be migrated from private properties to state-owned buildings.

We cannot and should not be paying R6 billion a year in leases when we have empty government buildings.

This is better spent on upgrading our buildings.

We are also using public land to drive economic and social development.

We've released properties for use as shelters in the fight against GBV and substance abuse.

In the last year, we've released 17 such properties in Gauteng, Mpumalanga and the Western Cape, including two in Malmesbury this morning, with more to follow in the next few months.

We are also building partnerships to unlock large-scale infrastructure initiatives.

This week, I met the Minister of Human Settlements to finalise collaboration around Operation Vulindlela's priority housing and land release projects to ensure we use idle land to expand opportunities for social housing, something that has not meaningfully taken place to date.

In KwaZulu-Natal, we are working with the SAPS to establish a state-of-the-art forensic laboratory.

This lab will accelerate DNA testing and support justice for victims.

And in Johannesburg, we are partnering with the private sector with an organisation called "Jozi My Jozi", where at the end of this month, we will be signing an MOU for them to maintain and repair the Johannesburg High Court precinct at no cost to the state.

Fully privately funded, the project will restore one of South Africa's busiest courts to full function.

A central element of our asset modernisation programme is the creation of the Strategic and Special Delivery Unit.

Based in the Office of the Director-General, the SSDU is tasked with unlocking public value from underutilised assets where the department has been unable to implement the necessary change, or where projects have been stalled for years.

Its first focus is to overhaul leasing and unlock revenue, investment, and job creation.

Specialists will come to assist to ensure all leases are value for money, corruption and collusion free and that we are able to track our leases in real time.

A second focus area is the revitalisation of small harbours.

In the Western Cape, this work has started with the advertising of the project manager to begin and imagine the revolutionization of the Hout Bay Harbour, which ,conservatively, will bring in billions of Rands of investment and become the V&A 2.0.

We are visiting small craft harbours across the country, and we will be expanding this project in the short and medium term.

Our objective is clear: to turn these neglected sites into functional, vibrant economic hubs that support tourism, enterprise, and create jobs.

Priority Focus Area 4: Expanded Public Works Programme

Over the past year, we have undertaken a deep review of the EPWP.

The findings are stark.

We found troubling reports of gatekeeping, irregular recruitment, and even exploitation.

With a budget of R2.2 billion, down 7.7% from last year, the programme is being redesigned around transparency, skills development, and opportunity to ensure sustainability.

In partnership with Harambee Youth Employment Accelerator, we are developing a new model that links EPWP participants to pathways for permanent work or entrepreneurship.

However, we are in advanced stages of piloting this in two provinces.

Participants must leave the programme with a trade, a certificate, or a meaningful next step, not just a short-term stipend.

For the first time, EPWP participants will now create digital CVs and link directly to job opportunities.

Within EPWP, R76.5 million has been budgeted to train over 23,000 participants, but we are also allocating funding for bursaries and graduate programmes in the built environment, including 3,000 internships and placements, to begin strengthening the future pipeline of professionals in this sector.

Previously, bursaries were awarded without work commitments, costing millions with no return.

Today, anyone obtaining a bursary from the department will be required to work in the department or the private sector for a minimum of two years.

This will retain skills in South Africa and build internal departmental capacity.

Cross-Cutting Enabler: Digitisation

None of this will be possible without a radical shift in how we use technology.

We are investing in a fully digital, GIS-enabled asset register that will give us real-time information on every property, its location, condition, occupancy status, and cost.

When I took office, submissions were printed and couriered between provinces and head office.

This meant that critical decisions took up to 5 months to be actioned.

Last month, we approved a digitised sign-off app - developed in-house at no external cost - that allows instant authorisations by myself and the Director-General.

Testament that we do have excellence within the department.

This will end the chaos of paper-based files and lost records – this is what digitisation does.

We're investing in Building Information Modelling, predictive analytics, and digital tools.

These tools help prevent breakdowns, plan upgrades, and forecast future maintenance needs.

Our goal is to turn Public Works into a smart delivery department, driven by data, informed by evidence, and accountable in real-time.

The Challenge of Client Department Non-Payment

However, there remains a serious challenge in us achieving our goals: the non-payment by client departments.

As of 31 March 2025, the Department had invoiced R20.8 billion.

Only R16.5 billion has been paid.

R4.3 billion remains outstanding, alongside R10 billion in historic debt.

This undermines our ability to pay service providers, maintain infrastructure, and roll out new projects.

In the private sector, non-payment leads to eviction.

Yet, public entities evade consequences while we face public criticism.

That ends now.

This cannot and will not continue, and we are taking steps to recover these funds.

Conclusion

Chairperson, in May last year, South Africa decided it needed change.

We are delivering on our job-creating, growth-focused mandate.

We are not here to preserve the status quo.

We've tackled hard reforms and will continue cleaning house while delivering.

But we are also now shifting to implementation.

And we are now focused on delivery.

If this is year one, imagine the next four.

The best is still to come.

I thank you."

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