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SPEECH

MINISTER MACPHERSON SAYS PUBLIC WORKS REFORM AGENDA IS IRREVERSIBLE AS DEPARTMENT INTENSIFIES INVESTIGATIONS AND DELIVERY

(Note to editors: The following address was delivered by the Minister of Public Works & Infrastructure, Dean Macpherson, during a press conference at the GCIS Imbizo Centre, 120 Plein Street, in the parliamentary precinct in Cape Town. He was joined by the Chairperson of the Independent Development Trust (IDT) Board, Zimbini Hill, and the Deputy Director-General for the Expanded Public Works Programme (EPWP), Carmen-Joy Abrahams.)

- Minister Macpherson said the reform agenda underway in the Department of Public Works & Infrastructure is "irreversible", detailing ongoing investigations into PMTE leasing failures, ghost employees, lifestyle audits, EPWP abuse, the PSA Oxygen Plant tender, Telkom Towers, and the broader work to turn the Department into an economic delivery unit.
- He announced that Infrastructure South Africa will open Bid Window III for project preparation support on 27 July 2026 as part of a R600 million commitment to project delivery support, while the Department will also release the third iteration of the Construction Book and announce priority infrastructure projects for the next financial year.
- He highlighted the turnaround underway at the Independent Development Trust, whose order book has grown by R2 billion to R6 billion in confirmed projects, whose cash on hand has tripled each month from near bankruptcy, and which completed 279 social infrastructure facilities in 2025/26 against a target of 244. Thank you for joining us here at the GCIS Imbizo Centre this afternoon ahead of the Department of Public Works & Infrastructure's Budget Vote in the National Council of Provinces.

Today, I will provide updates on seven matters that reflect the dual task we have set ourselves in Public Works and Infrastructure.

That task is to improve the way the Department functions, while driving progress on our delivery indicators.

I am joined today by the Deputy Director-General responsible for the Expanded Public Works Programme, Ms Carmen-Joy Abrahams, who will speak to the reform of EPWP, including the work underway to strengthen recruitment guidelines and the Department's decision regarding EPWP funding to eThekweni.

I am also joined by the Chairperson of the IDT Board, Ms Zimbini Hill, who will also speak to the broader reform and turnaround work underway at the IDT.

These regular updates are important because we owe it to the public to account, and because accountability is the foundation of delivery.

Through these updates, we are taking the public into our confidence about the work we are doing to investigate wrongdoing, strengthen accountability, protect public money, and ensure that the Department of Public Works & Infrastructure works for all South Africans.

In the Budget Vote I will deliver this afternoon, I will speak about the broader work of this Department: the work to unlock infrastructure investment, reform public employment, stabilise entities, unblock delayed projects, use public assets for public good, and turn Public Works & Infrastructure into the economic delivery unit of South Africa.

But we cannot speak honestly about delivery without also speaking about accountability.

We cannot build a capable Department on top of broken systems.

We cannot ask the public to trust us with billions of rands in assets, leases, projects and grants if we are not prepared to confront the failures, irregularities and abuses that have weakened this Department over many years.

And we cannot turn South Africa into a construction site if the very Department that must help lead that effort is still being held back by dysfunction, weak consequence management, and those who believe that public money exists to serve private interests.

When we ask hard questions about leases, contracts, ghost employees, lifestyle audits, underused buildings, failed projects and irregular procurement, we are not doing so to create headlines.

We are doing so because we want this department to work and to serve the country.

Every irregular lease weakens the state's ability to provide proper accommodation to client departments.

Every failed infrastructure project delays services to communities.

Every ghost employee steals from unemployed South Africans who need real opportunities.

Every act of gatekeeping in public employment undermines the dignity of the very people EPWP was created to serve.

And every attempt to avoid accountability makes it harder to rebuild the public trust.

While this does not make us popular in many quarters, we are under no illusion that we cannot rest until we complete our mission of turning this department into an economic delivery unit.

Ladies and Gentlemen,

The most urgent area of reform in this portfolio remains the Property Management Trading Entity, or PMTE.

The PMTE should be one of the most strategic institutions in government.

It is responsible for managing one of South Africa's largest public property portfolios.

It should be helping the state reduce wasteful leasing, unlock value from state assets, provide quality accommodation to client departments, and use public land and buildings for the public good.

Instead, PMTE has too often become associated with weak systems, inflated leases, underutilised buildings, poor contract management and serious financial pressure.

Its overdraft has doubled to nearly R4 billion in the last 20 months.

It has not achieved a clean audit since it was established in 2014.

And despite the state owning thousands of buildings and large portions of land, the government continues to spend approximately R6 billion a year on private leases, many of which have raised serious concerns about value for money, market-related pricing and proper legal compliance.

This is not sustainable.

It is not acceptable.

And it is exactly why we have had to strengthen oversight over the way public property transactions take place.

There are far too many examples where even the most basic requirements of the PFMA and our own SCM regulations have not been met.

Let me be clear again, as I have been before: I do not sign leases.

The Minister does not procure buildings.

The Minister does not select landlords.

The Minister does not run the bid evaluation process.

But I do have a responsibility to ensure that major leasing decisions comply with the law, protect public money, and are in the best interests of the state.

That includes ensuring compliance with the Government Immovable Asset Management Act, the Public Finance Management Act, Treasury Regulations, section 217 of the Constitution, and basic value-for-money principles.

Since strengthening oversight, we have seen lease submissions that lack the most basic information required for lawful decision-making.

We have seen proposed leases with costs above market value.

We have seen leases allowed to lapse without proper contingency plans, often deliberately so.

We have seen submissions returned with detailed concerns, only for those concerns to be ignored or not properly processed.

And we have seen what our own investigators have described as “self-created emergencies” - where normal planning fails, delays are allowed to build up, and then urgency is used to justify bypassing proper scrutiny.

This dysfunction is not abstract.

It is showing up in real lease transactions, affecting real client departments, and creating real risks for the state.

Among the matters which have required urgent intervention are lease agreements for the Department of International Relations and Cooperation, which have been outstanding since 6 August 2025.

Lease agreements for the Department of Cooperative Governance and Traditional Affairs were meant to be concluded by 15 December 2025, yet the Department has still not received the required progress and finality.

There is also an outstanding lease agreement for the Department of Women, Children and Persons with Disabilities, which has been unresolved since 6 August 2025.

In addition, 15 other leases for various entities and departments were sent back for amendment on 10 December 2025 and have still not been returned with the necessary amendments.

Various land arrangements for Kouga Municipality have been outstanding since 17 March 2025.

A leasing agreement for the Department of Forestry, Fisheries and the Environment was sent back with amendments on 14 October 2025 and has still not been properly amended.

The leasing agreement for the Judicial Inspectorate for Correctional Services in East London was sent back for amendments on 23 May 2025 and has also not been finalised.

And, of course, there is the lease matter involving the National Prosecuting Authority's Independent Directorate Against Corruption, or IDAC, where an investigation found that PMTE officials created what has been described as a "self-created emergency" to try to accommodate IDAC at 146 Lunnon Road - a building where a five-year lease worth R69.5 million had already been concluded, despite there being no tenant occupying the facility.

These examples show why strengthened oversight is necessary.

The Department cannot return to a system where leases proceed without proper scrutiny, client departments are left waiting, amendments are ignored, land arrangements stall, and poor planning is allowed to become an emergency.

That is not how a professional property management entity should function.

It is not how public money should be protected.

And it is not how the state should support frontline service delivery.

One of the clearest examples of why this reform is necessary is the lease involving 146 Lunnon Road in Pretoria.

In March 2023, the Department concluded a five-year lease for 146 Lunnon Road, Hillcrest, Pretoria, for the then Department of Public Enterprises.

The value of that lease was R69.5 million.

This lease was concluded even though the Department of Public Enterprises was already set to be reconfigured and closed.

In simple terms, a lease was concluded for a department that would no longer require the building in the way originally intended.

The building was never occupied.

That is already deeply concerning.

But the matter becomes even more serious when one considers what happened next.

In 2025, when the National Prosecuting Authority's Independent Directorate Against Corruption, or IDAC, required accommodation, a procurement process had already been undertaken for IDAC to be accommodated at a CSIR property in Brummeria.

However, according to the preliminary investigation conducted by the Department's Anti-Corruption and Fraud Awareness Unit, that submission did not proceed as it should have.

The investigation found that the failure to process the submission for the CSIR accommodation appeared to have created an urgent need to accommodate IDAC elsewhere.

That urgency was then used to motivate placing IDAC at 146 Lunnon Road - the same building already linked to the unused Department of Public Enterprises lease.

The preliminary investigation describes this as a 'self-created emergency'.

It speaks to a pattern we are determined to stop.

The state cannot continue to tolerate a system where poor planning, delays or internal obstruction are allowed to create an emergency, and that emergency is then used to justify decisions that expose the public to financial and legal risk.

In this matter, the risks are no longer theoretical.

Lawyers acting on behalf of the lessor have now written to the Department alleging that the Department is in breach of contract.

They have requested that an arbitrator be appointed through the Arbitration Foundation of Southern Africa.

They have demanded damages of more than R50 million.

This means that because of a lease that should never have reached this point, the Department may now face serious legal and financial exposure, which will amount to fruitless and wasteful expenditure.

I want to be careful not to prejudice any legal process.

The Department will defend the interests of the public and will take legal advice on the appropriate response.

But South Africans deserve to know that this matter is now heading towards arbitration, that there is a damages claim against the Department, and that the potential consequences of poor lease management may now be borne by the public purse.

That is precisely why I will not apologise for strengthening oversight.

That is precisely why I will continue to ask tough questions and insist on excellence, despite leaking and fightback campaigns.

My allegiance is not to the crooked or the unscrupulous; it is the people of this country who want the same level of accountability that I want.

Because when proper oversight is bypassed, the result is not faster delivery.

The result is legal risk.

The result is financial exposure.

The result is irregular expenditure.

The result is a building without an occupier, a client department without proper accommodation, and taxpayers potentially being asked to pay for the failure of officials to do their jobs properly.

Ladies and Gentlemen,

This is not only about one lease.

It is about whether the Department of Public Works & Infrastructure will continue to operate in the old way, where inflated costs, weak oversight and unclear accountability are treated as normal.

Or whether we will build a new culture where public assets are managed professionally, leases are properly scrutinised, officials are held accountable, and every decision is measured against the interests of the people of South Africa.

That is the choice before us.

And I have made my choice.

We will reform PMTE.

We will strengthen oversight.

We will pursue consequence management.

And we will not be intimidated by leaks, complaints, distortions or attempts to derail this work.

There are many honest and hardworking officials in this Department who want to do the right thing.

I want to thank them.

They are the reason this Department can be rebuilt.

But where officials have failed in their duties, where they have exposed the state to risk, where they have acted unlawfully, or where they have placed private interests above the public interest, there must be consequences.

That is why the work of Governance, Risk and Compliance is so important.

That is why the Anti-Corruption and Fraud Awareness Unit is so important.

That is why this Department's investigations must be followed through properly, and why the findings must not simply gather dust, but lead to action.

It is also why we see the work of the South African National Property Company, as announced by President Ramaphosa in his SONA, as so important to this reform.

This property investment vehicle will give us the opportunity to build a structure that is professional, commercially driven and one that delivers value for the country.

It is our chance to unlock R150 billion in new investment into public assets, which have so far remained idle without any plan.

Ladies and Gentlemen,

The work to clean up this Department does not end with leases.

It also extends to who is being paid by the Department, who is refusing accountability, and whether public money is reaching the people it is meant to serve.

That is why we initiated a ghost employee audit within the Department.

The preliminary work already conducted has identified 60 individuals who appear to have been paid salaries for years while not being in the employ of the Department.

The majority of these possible ghost employee cases have been identified in KwaZulu-Natal.

This is a serious matter.

It raises obvious questions about how these payments were processed, who authorised them, whether internal controls failed, whether officials looked the other way, and whether public money can be recovered.

We are now working to finalise this audit, determine the full extent of the payments, identify those responsible, and ensure that the necessary disciplinary, civil and criminal steps follow where wrongdoing is confirmed.

At the same time, we have also taken a firm position on lifestyle audits.

Officials who manage public money, leases, contracts, properties and infrastructure projects must be prepared to account.

That is not an attack on public servants.

It is a basic requirement of public trust.

Honest public servants have nothing to fear from accountability.

But where officials refuse to submit the necessary documentation for lifestyle audits, or where they cannot explain matters that require explanation, the Department cannot simply look away.

Already, three officials have resigned after refusing to submit the required lifestyle audit documentation.

That tells its own story.

Ladies and Gentlemen,

This same principle applies to the Expanded Public Works Programme.

The EPWP is one of the most important public employment programmes in the country.

It was created to provide work opportunities, dignity, income support, skills and a bridge into further opportunity for poor and unemployed South Africans.

But we must be honest.

In too many communities, people have told us that EPWP has not always worked as it should.

Through the EPWP Listening Tours, we have heard directly from participants and community members about political gatekeeping, manipulated lists, unfair access, ghost beneficiaries, abuse, and even allegations of sex-for-jobs.

That is not public employment.

That is exploitation.

And it cannot continue.

The money allocated to EPWP does not belong to councillors, officials, political networks or gatekeepers.

It belongs to unemployed South Africans who deserve a fair opportunity to work, earn, learn and build a better future.

That is why we have begun the reform of EPWP through the Working on Infrastructure pilot programme.

Working on Infrastructure is designed to respond to two urgent realities in South Africa.

We have an unemployment crisis.

And we have an infrastructure maintenance crisis.

This pilot brings those two realities together by linking public employment to infrastructure repair and maintenance, while also providing longer and more structured work opportunities, skills development, mentorship, workplace experience, and clearer pathways into further work, enterprise or training.

It also begins the process of removing gatekeeping through more transparent and digital application processes.

That is the direction in which EPWP must move.

It must become fairer.

It must become more transparent.

It must create more value.

And it must serve the many, not the few.

That is also why, for the first time in nearly 10 years, the Department is finalising revised EPWP recruitment guidelines.

These guidelines are intended to strengthen fairness, transparency and accountability in the recruitment of EPWP participants, and to help prevent the abuse of the system through political gatekeeping, manipulated lists, ghost beneficiaries or any form of exploitation.

EPWP must be a programme that gives people a fair opportunity to work, earn and build skills.

It must never be used as a tool for patronage, control or abuse.

This is also why we have taken firm action in eThekweni.

Following serious findings raised by the Auditor-General in relation to the administration of EPWP in eThekweni, including concerns around ghost beneficiaries and irregular payments, I took the decision to withhold EPWP funding to eThekweni for the 2026/27 financial year until corrective action is taken.

This was not a decision taken lightly.

And it is not a decision aimed at punishing the poor.

It is a decision aimed at protecting the poor.

Because when EPWP funds are abused, manipulated or paid to people who should not receive them, it is the unemployed who suffer.

It is the honest participant who suffers.

It is the person sitting at home, desperate for an opportunity, who suffers.

We will not release public employment funds into systems where there is credible evidence that those funds may be misused.

I am currently looking into allegations in another metro which relate to the abuse of the EPWP grant, which may force us to withhold that funding until those matters are addressed.

Corrective action must be taken.

Controls must be strengthened.

The integrity of beneficiary lists must be restored.

And only once we are satisfied that public money will be protected and used for its intended purpose can those funds responsibly flow again.

Ladies and Gentlemen,

Another matter that has required serious attention is the PSA Oxygen Plant project.

Following a request from the Minister of Health, Dr Aaron Motsoaledi, I directed the relevant division within the Department to extend the scope of the forensic investigation into allegations of serious maladministration, fraud and corruption relating to tenders awarded for the roll-out of PSA Oxygen Plants.

The extended investigation is focused on the role played by Department of Health officials in the awarding of these tenders.

At this stage, three officials have been preliminarily identified.

That number may change as the investigation progresses.

The allegations identified to date broadly relate to non-compliance with procurement processes, deficiencies in oversight and accountability, and weaknesses in governance and record-keeping.

The anticipated timeline for the completion of this investigation is mid-June, subject to the availability of outstanding documentation and the completion of remaining interviews.

I want to make it clear that this matter will be followed through properly.

Where wrongdoing is found, there must be accountability.

But I also want to make another point today.

We must distinguish between investigating wrongdoing and abandoning institutions.

The Independent Development Trust has faced serious governance and delivery challenges in the past.

It had become associated with instability, corruption concerns, loss of confidence, and poor performance.

But under the new board and leadership, we are beginning to see a real turnaround.

The IDT's order book has grown by R2 billion to R6 billion in confirmed projects.

It has tripled its cash on hand each month from near bankruptcy.

And in the 2025/26 financial year, the IDT completed 279 social infrastructure facilities, exceeding its target of 244.

At the Sara Baartman precinct in the Eastern Cape, the contractor and social facilitator have been appointed, the construction permit has been issued, and the site was handed over on Friday, 6 June, ahead of schedule.

The contractor is now on site, with construction activities expected to begin within the next month.

The IDT is also advancing new Home Affairs offices in KwaDukuza/Stanger, Thohoyandou and Randfontein.

A Memorandum of Agreement has been submitted to Home Affairs, the Randfontein business case is being reassessed for optimal value, and the formal handover of these projects to the IDT for implementation is expected to be finalised this week.

That is why the IDT turnaround matters.

South Africa needs an IDT that can deliver social infrastructure, support contractor development, create jobs, and restore confidence among government, contractors and communities.

And we need an IDT that is trusted by the government, contractors and communities.

So, the approach is not to collapse institutions because wrongdoing is uncovered.

The approach is to remove the wrongdoing so that institutions can deliver.

That is the reform agenda, and it is now paying off with the IDT being approved to complete new projects for client departments.

Accountability and delivery must go together.

Ladies and Gentlemen,

The Telkom Towers matter is another example of why proper asset management and consequence management are so important.

The Department appointed Gobodo Forensic and Investigative Accounting to investigate the acquisition and management of the Telkom Towers complex in Pretoria.

The report was submitted to the Department in August 2025.

However, after careful consideration of the report against the evidence and the original terms of reference, I found the report to be materially insufficient and inadequate.

This is a matter involving approximately R1.4 billion in expenditure and an estimated loss of R776 million.

The seriousness of that cannot be overstated.

The terms of reference required the investigators to establish the full history of the transaction, determine whether due process was followed, identify whether officials caused irregular, fruitless or wasteful expenditure, assess whether laws or duties were contravened, and make

clear recommendations for disciplinary, civil or criminal action where wrongdoing was identified.

Yet the report failed to provide the kind of clear, evidence-based recommendations required for consequence management.

It did not adequately assist the Department in acting against implicated individuals or entities.

It did not propose proper action against service providers, including security companies appointed during the period of vandalism and theft at the site.

And it did not hold officials properly accountable for failures in planning, contract management, security and underutilisation.

That is unacceptable.

I have therefore requested urgent corrective steps, including the appointment of suitably qualified and independent professionals to review and scrutinise the forensic report, assess whether the investigator fulfilled its mandate, evaluate the legal sufficiency of the evidence, advise on civil, criminal or disciplinary proceedings, and consider possible claims against the investigator where appropriate.

Telkom Towers is a warning of what happens when state property transactions proceed without proper planning, when assets are not secured or used, and when no one is held accountable.

It is exactly the kind of failure that we must prevent from ever happening again.

And it is one of the reasons why our broader property reform agenda is so important.

The state must manage its assets professionally.

It must know what it owns.

It must know what those assets are worth.

It must know how those assets can be used.

And it must ensure that public assets are used for the public good, not left to decay while the state spends billions on private leases.

Ladies and Gentlemen,

While we are confronting these challenges, we are also making progress.

This is important.

Because investigations are not the whole story of this Department.

They are part of the work required to make delivery possible.

Through Infrastructure South Africa, we continue to strengthen the pipeline of credible, bankable and implementable infrastructure projects.

Infrastructure investment is one of the most important levers we have to create jobs, drive economic growth, attract private-sector participation, and improve the quality of life of our people.

That is why I am pleased to confirm that Infrastructure South Africa will open Bid Window III for project preparation support on 27 July 2026 as part of our R600 million commitment to project delivery support.

This will help public-sector infrastructure projects move from concept to bankable projects that can attract financing and proceed to implementation much quicker than they previously have.

Too often, infrastructure projects fail not because the need does not exist, but because the preparation work is weak.

Feasibility studies are incomplete.

Approvals are delayed.

Funding models are unclear.

Project packaging is poor.

And promising ideas never become construction sites.

Bid Window III is about changing that.

It is about building a stronger project pipeline, crowding in private-sector investment, and ensuring that infrastructure becomes a real driver of jobs, growth and delivery.

While we clean up what is broken, we are also building what comes next.

Our work in local government is critically important, and that is why our annual Sustainable Infrastructure Symposium – our premium infrastructure event to be held in August - will fully focus on Infrastructure in local government.

We will also be announcing our priority projects for the next financial year, as well as releasing our third iteration of the Construction Book, which details investment-ready, catalytic projects for private sector investment.

That same commitment to delivery is also visible in the work being done to complete long-delayed facilities that matter to communities.

On Monday, 15 June, I will hand over the completed Ntuzuma SAPS Command Centre to the Minister of Police in KwaZulu-Natal, which has been constructed by Public Works.

It is part of the infrastructure required to support policing, strengthen the state's response to crime, and improve services to communities.

Every police station, forensic laboratory, command centre and court building that we complete is part of the fight against crime, which we are deeply committed to.

Public Works must be a delivery partner to the justice, crime prevention and security cluster.

This new addition to SAPS, following our delivery of the new KZN forensic laboratory, is proof that we can get things right.

But that comes from leadership, accountability and having pride in what we do.

That is the Department we are building: one that investigates wrongdoing, delivers infrastructure, protects public money, unlocks investment, completes delayed projects, and uses public assets for the public good.

Ladies and Gentlemen,

The work of reform is difficult because the problems are deep.

But the choice before us is clear.

We either allow weak systems, failed leases, irregular payments and poor consequence management to continue, or we confront them directly and rebuild the Department around accountability, delivery and the public interest.

I have made my choice and will continue along this path.

The agenda of reform is irreversible, no matter how hard some may try.

This Department will investigate wrongdoing, act on evidence, recover what can be recovered, and refer matters for disciplinary, civil or criminal action where required.

At the same time, we will continue the work of delivery: unlocking infrastructure investment, reforming EPWP, stabilising entities, completing delayed projects, and using public assets for public good.

That is the work we are taking into the National Council of Provinces this afternoon.

I will now invite the Chairperson of the Independent Development Trust Board, Ms Zimbini Hill, to speak to the reform efforts underway at the IDT and the progress being made to stabilise the entity.

Thereafter, the Deputy Director-General responsible for the Expanded Public Works Programme, Ms Carmen-Joy Abrahams, will speak to EPWP reform, including the revised recruitment guidelines and the Department's decision regarding EPWP funding to eThekweni.

Thank you.

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