

Dept. of Public Works requires effective oversight

By Patricia Kopane MP – DA Shadow Minister of Public Works and Infrastructure

Honourable Chairperson,

I would like to begin my speech by welcoming Minister Patricia De Lille to the Department of Public Works and Infrastructure. Your task will not be easy, but you have a responsibility to bring hope, dignity and to build South Africa into a better country for all of us.

For the benefit of our country, the Democratic Alliance (DA) will ensure that you succeed, because your failures will be our collective failures, as your success will be our collective successes. I would like to acknowledge and encourage the commitment and hard-work displayed by my colleagues, across all political parties in the committee: it is clear that the committee wants actions to change the life of our people positively.

I personally undertake today that we are going to carry out effective oversight, over you as Minister, and over your Department. We cannot fail those who elected us.

Last week, the Portfolio Committee spent hours interrogating the Departmental budget: the more we probed, the more I realized that every year, we hear the same thing - and at the end of the day nothing changes except the billions on the balance sheets.

It is evident that there are major challenges within your Department. You require greater oversight combined with sound legislation if you wish to stem the current financial troubles and wasteful expenditure.

My first concerns regarding the Department's is its mandate to be the custodian, and portfolio manager, of government immovable assets. I am concerned that the Department's legal authority as a landlord of the state is somewhat weakened in term of its mandate, due to the absence of empowering legislation that provides the necessary authority to act decisively.

While your Department is responsible for collecting management fees and ensuring that the maintenance management budget is ring-fenced, the absence of legislation allows the Department, its Property Management Trading Entity and the Independent Development Trust to spend funds without the having been able to recover anything from other departments. As a result, it is difficult to complete social Infrastructure projects, which threatens the sustainability of its development entity. This also results in a failure to unlock the financial value of immovable assets held by government, required for the maximum benefit of the country.

Your department is also responsible for spearheading the verification of debts owed to municipalities by national and provincial governments, but according to the Financial and Fiscal Commission report both national and provincial departments have failed to pay municipalities. Shockingly, the top three defaulting departments are Public Works at R2.7 billion, followed by Basic Education and Rural Development. The leading Provincial Department defaulter is also Public Works at R2.5 billion or 69% of the total provincial department debt to councils!

My second concern regards ministerial houses. In response to a DA Parliamentary question, former Minister Thulas Nxesi revealed that your Department spent more than R45 million on the maintenance

of ministerial houses in Pretoria and Cape Town. This opulence indicates the skewed priorities in your department and is an insult to our poor and unemployed citizens.

Why were these renovations done at such a great cost when the country's economy is ailing? Someone must be held accountable.

The taxpayers have spent millions on those mansions, whereas it costs the Ministers and Deputy Ministers personally between R900 and R1 200 per month. What is more disgusting than this misuse of funds, is that there is currently R1.2 million in rental payment owed by both former and current Ministers and Deputy Ministers, which is roughly estimated at 1 000 months of rent.

How did this happen? Your department failed to create stop orders from their salaries. Due to your own department's incompetence, I now have to ask you: how is your department planning on recovering funds from those Ministers or MPs who have resigned?

Lastly, I would like to talk about the Property Management Trading Entity or PMTE, which was established in the 2015/2016 Financial year. Its main responsibility is to manage immovable properties as well as the Accommodation of the client Departments by implementing the Government Immovable Asset Management Act and managing the immovable Asset Register. This register needs to be monitored and updated regularly to ensure that it provides a true record of government immovable assets across all spheres of government in order to provide an accurate balance sheet for Government.

To do this, the PMTE received an allocation of R16.74 billion for the 2019/2020 Financial year. I accept that there have been improvements with regards to the leasing portfolio, however the entity still faces challenges, because your Department has failed to make sure that the PMTE is fully operational to date. The current structure of the Entity has failed to do its work efficiently due to it lacking the required specialist skills, which includes chartered accountants, property lawyers and evaluators. Currently there is an acting Head of the Entity which also contributes to the instability.

The Auditor General also raised a concern that the PMTE had a bank overdraft of 2.3 billion as of 31 March 2018, and the current liabilities also exceeded the current assets which means it is technically bankrupt.

What we ask for the department to undertake today, in order to reverse this direction is:

1. Speed up the review of the White paper and conclude the Public Work bill without delays.
2. Put the interest of those who elected us above the interests of other public representatives and political parties.
3. Review the operation model of how payments are made by the client Departments, as currently the PMTE is paying out of its budget for the construction or leasing of accommodation for national and provincial and entities, however the client Departments do not pay the PMTE on time.

There can never be economic transformation when resources are not used effectively to unlock the financial value of the immovable assets held by government for the benefit of our country.