

**MINISTRY**

**PUBLIC WORKS**

**REPUBLIC OF SOUTH AFRICA**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 1231 [NW1372E]**

**INTERNAL QUESTION PAPER NO.: No. 13 of 2016**

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**DATE OF REPLY: 03 JUNE 2016**

**Mr B H Holomisa (UDM) asked the Minister of Public Works:**

 (1) Whether, with reference to the office space in Pretoria, he instructed a certain person (name furnished), who is an employee of the Department of Public Works, to lobby other government departments not to renew current office lease agreements;

(2) whether he is aware of the allegation that the specified person claims that the Public Investment Corporation money will be used to construct new government offices on the outskirts of Pretoria with new BEE components/beneficiaries; if not, will he institute an investigation into the allegations;

(3) does his department have plans to construct new government offices on the outskirts of Pretoria; if so, (a) what will happen to the current lease agreements with various land and property owners from whom government is renting, (b) what are the projected costs of the specified move, (c) how will the construction of new offices be funded, (d) how will the move benefit or disadvantage the black land and property owners who currently have lease agreements with government for office space, (e) how will the move make government services accessible to citizens, (f) how will the move make government function economically, effectively and efficiently and (g) what are the further relevant details?**NW1372E**

**REPLY:**

**The Minister of Public Works**

No. I did not issue an instruction to the said individual, or to any other employee of the Department of Public Works (DPW), to lobby Government departments not to renew current lease agreements.

From an operational perspective, we in the Public Works sector recognise that every cost-effective and informed transaction can mitigate in reducing Government spending. In this respect, revised spending plans are being implemented within the DPW and the Property Management Trading Entity (PMTE) aimed at greater efficiency, eliminating waste and improving the composition of spending.

Thus, in relation to leases, the DPW has been implementing changes, including aligning annual rental escalation rates to the Consumer Price Index (CPI) and reducing rentals to market-related amounts and opting for permanent solutions where possible. This is done in line with the objectives as set out in the 7-year Turnaround Strategy and to fulfil the objectives of Government in reducing costs within the scope of fiscal consolidation measures announced by the Minister of Finance in his budget speech.

Furthermore, with specific reference to Pretoria, the DPW along with the Department of Public Service and Administration (DPSA) and the City of Tshwane Metropolitan Municipality, are implementing a precinct Development Programme in line with the resolution adopted by Cabinet on 25 May 2005, calling for the regeneration of the inner city of Pretoria, as the capital city of the Republic of South Africa. The Precinct Development Programme aims to provide a long term solution for all Government departments and agencies in terms of providing permanent office accommodation within the city and making these offices accessible to the general public.

In line with the above the DPW has responded to the accommodation needs of several User departments, which include:

* The completion of the State-owned Agrivaal building to accommodate the DPSA following their move from Batho Pele House, which was under a lease.
* Statistics South Africa is set to move into its permanent head offices in Salvokop, Pretoria, along with its 4 satellite offices, which had four different leases.
* The South African Police Service (SAPS) is set for a move into the recently acquired Telkom Towers, thereby consolidating its offices into one precinct and moving away from leased accommodation in different buildings. The occupation of Telkom Towers is to be done in a phased approach.

Evidently, as per the cases noted above, the DPW will have to opt for the non-renewal of expiring leases for the affected User departments in preparation for the move towards permanent State-owned office accommodation.

(2) There is no agreement with the Public Investment Corporation for this entity to construct offices on behalf of Government. I am unaware of such allegations as put by the Honourable Member and therefore I am not in a position to investigate this matter.

(3) No. in line with the above-mentioned Cabinet Resolution of 2005, Government office accommodation will be based within the inner city boundaries of the Tshwane Metropole. Currently, there are no plans to construct Government Offices on the outskirts.

However, with respect to the specific questions posed by the Honourable Member, in terms of the Tshwane Precinct Development Programme:

1. All leases will continue as per the agreements that are in place with the respective landlords until they approach a period of expiry, when the DPW will exercise its prerogative to negotiate for renewal or non-renewal, with adequate notice to the landlords.
2. Since Government is not planning to construct office accommodation on the outskirts of Pretoria, therefore there are no costs involved.
3. All costs for office accommodation, whether newly constructed, leased or refurbished, are funded through User-charges recovered from client departments.
4. The DPW is revisiting the Broad-Based Black Economic Empowerment (BBBEE) strategy and its rather “narrow” application with respect to leasing office accommodation. The Department now wants to put focus on Real Estate Management, Construction, Facilities Management and Planned Maintenance as areas where the principles of BBBEE can best be applied. The DPW plans to enhance opportunities for emerging black and female entrepreneurs in the construction and property sectors to market, operate, develop, maintain and manage the portfolio on behalf of the DPW.
5. The aim of the Tshwane Precinct Development Programme is to develop Pretoria as capital city of excellence with an integrated service delivery approach that will be achieved by congregating Government services in the inner city, thereby making them more accessible to the general public. The Government office accommodation solutions are also assisted by the Accessibility Programme, which seeks to make all Government buildings accessible to people with disabilities.
6. With the current constraints of low economic growth and high unemployment in the country, all cost-effective and informed transactions contribute to greater efficiency, reducing waste and improving the composition of Government spending. In this regard, the Department of Public Works has a role to play in reducing Government spending on office accommodation and increasing efficiencies through the reduction of leased-in buildings and maximising the use of State-owned accommodation.
7. There are no further details.