

## Busisiwe Skhosana

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**From:** Busisiwe Skhosana  
**Sent:** Wednesday, May 16, 2018 12:27 PM  
**To:** 'DipalloS@agsa.co.za'; 'NkosibonileS@agsa.co.za'  
**Cc:** Herman Masha; Debra Seshotli; Fikile Ndwandwe  
**Subject:** Limpopo Province Tzaneen: 06 Kew Street: Procurement of alternative accommodation for 702.68m2 with 10 parking bays, 500 litres of water tanks and standby generator using negotiated procedure: Department of labour  
**Attachments:** Limpopo Province Tzaneen.pdf

Good day,

Kindly find the attached deviation mentioned above for reporting.

Regards  
Busisiwe



public works

Department:  
Public Works  
REPUBLIC OF SOUTH AFRICA

**SUPPLEMENT TO THE DEVIATION REPORT IN TERMS OF TREASURY REGULATIONS 16A6.4 AND PRACTICE NOTE NO6 OF 2207/08**

**TO: AUDITOR GENERAL**

**FROM: NATIONAL DEPARTMENT OF PUBLIC WORKS  
SUPPLY CHAIN MANAGEMENT**

**TEL: 012 406 1864**

**DESCRIPTION OF GOODS & SERVICES AND THE NAME OF THE SUPPLIER INVOLVED**

Limpopo Province Tzaneen: 06 Kew Street: Procurement of alternative accommodation for 702.68m<sup>2</sup> with 10 parking bays, 500 litres of water tanks and standby generator using negotiated procedure: Department of labour

**Name of Supplier:** Anver family Property Holding Trust

**BRIEF BACKGROUND**

The department of Public works entered into a lease agreement with southern Sky Commercial property on behalf of the Department of labour and the lease expired on the 30<sup>th</sup> September 2015. The same lease was extended for one year under treasury Dispensation note 2 and expired on the 30<sup>th</sup> September 2016.

The attempt to relocate the Department of Labour started in 2012 when the first procurement instruction was forwarded to Polokwane from head office. A tender was advertised on the 10<sup>th</sup> December 2012 and close on the 22<sup>nd</sup> January 2013 under PLK 13/11. The second bid was advertised on the 25<sup>th</sup> October 2013 under PLK 13/81. The third attempt, the region opted for a nomination procedure and the procurement strategy was approved by the DG on the 28<sup>th</sup> May 2014. Nominees were invited on the 20<sup>th</sup> June 2014 and bid was closed on the 22<sup>th</sup> July 2014 tender closed on the 26<sup>th</sup> November. The fourth bid was advertised on the 17<sup>th</sup> April 2015 under PLK 15/16. The fifth bid was advertised on the 19<sup>th</sup> February 2016 under PLK 16/07. The tender closed on the 15<sup>th</sup> March 2016. Closed on the 19<sup>th</sup> May 2015.

With all the attempts made by the region, no suitable office was identified that could house the Department of Labour. A detailed submission is attached for ease reference.

## FINANCIAL IMPLICATIONS

The amount of **R7 431 544.63** and will be amortised for a period of five years with an estimated escalation of 7% per annum. The Department of Labour confirmed that funds will be made available.

## PROCUREMENT METHOD APPLIED AND THE REASONS FOR DEVIATING FROM THE NORMAL TENDERING PROCESS

Procurement method: **Negotiated procedure**

Reasons for deviation:

### PROHIBITION NOTICE

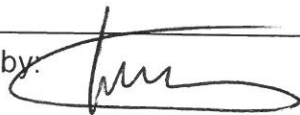
We must put it on record that the Department of Labour did not issue a warning before the prohibition note.

It was noted on the 14<sup>th</sup> November 2017 that the Department of Labour communicated their intention to close the office directly to the landlord whereas procedurally, such communicate could have been directed to the Department of public works. The region only learned on Monday the 13<sup>th</sup> November 2017 that the department of Labour issued a Prohibition note on Friday the 10<sup>th</sup> November 2017.

In the meeting held on the 14<sup>th</sup> November 2017, the owner's representative indicated that they are not prepared to make any financial investment on the current space occupied by the Department of Labour, since they will be revamping other blocks starting from January 2018, where the Department of Labour may relocate to if there is a need.

Since there is no valid contract in place, the only viable solution is to officially terminate the lease and close the file, more so because the landlord is not ready to enter into negotiations with the state regarding maintenance, report and revamping of the current space

Approved by:



DD SCM:

Date:

16/05/2018

**PA-12.1: APPROVAL FOR DEVIATION**

Date:	18 December 2017	Bid / Quote no:	
Reference no:			

**Title:**  
POLOKWANE  
 Tzaneen: Department of Labour: Procurement of alternative office accommodation at a total guideline gross area of 787.75m<sup>2</sup> with 10 parking bays, 5000L of water tank and stand-by generator for a period five (05) years.  
Request for approval of the Procurement Strategy

Name:	Capacity:	Supported	Not supported	Refer back	Approved	Signature:
Ms Adilla Chowan	HEAD: PMTE SCM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>Av</i>
<i>Approval is subject to National Treasury comments being addressed.</i>						
<i>Comment:</i>						
<i>(This section is crossed out with a large diagonal line)</i>						



# **national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**  
Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111  
Enquiries: Glory Limane Tel: (012) 315 5010 Fax: (012) 315 5343 Email: [glory.limane@treasury.gov.za](mailto:glory.limane@treasury.gov.za)

**Ref: 43/1/2/5/1**

Mr. Mziwonke Dlabantu  
The Director General  
Department of Public Works  
Private Bag X65  
**PRETORIA**  
0001

**Email: [Nobusi.Mazwai@dpw.gov.za](mailto:Nobusi.Mazwai@dpw.gov.za) or [Busisiwe.Skhosana@dpw.gov.za](mailto:Busisiwe.Skhosana@dpw.gov.za)**

Dear Mr. Mziwonke Dlabantu

## **DEVIATION FROM THE COMPETITIVE BIDDING PROCESS: APPOINTMENT OF ANVER FAMILY PROPERTY HOLDING TRUST.**

1. The National Treasury acknowledges receipt of your letter dated 08 December 2017.
2. The letter received requests approval to deviate from normal procurement process and appoint Anver Family Property Holding Trust through a negotiated procedure process for procurement of alternative accommodation for the department of labour in Tzaneen for a period of five (5) years (The start date is dependent on the approval date) in the estimated amount of R7 431 544.63.
3. The deviation was recommended by the Bid Adjudication Committee on 06 December 2017.
4. The reason for deviation is that on six occasions (2012 -2016), the department of Labour tested the market and couldn't find a suitable accommodation. The reasons for not finding a suitable accommodation were, expired Tax Clearance Certificate, the recommended supplier's rates per square meter were too high and two suppliers did not meet the threshold for functionality. The landlord refused to enter into negotiations with the State regarding maintenance, repairs and revamping of the current space. On 14 November 2017, the department of Labour issued the landlord with the intension to vacate the building. The department of Labour is currently operating from the Tzaneen Municipal Office temporarily for a period not exceeding two months.
5. The reason provided is justifiable, however it is not clear if a fair and transparent process was followed in selecting the supplier.
6. National Treasury supports the deviation on condition that the rates are not above the market rates and that other potential bidders were not discriminated.
7. The department has an obligation to ensure that any contract for goods and services is in accordance with a system that is fair, equitable, transparent, competitive and cost – effective.
8. This award must be published on the e-tender portal/tender bulletin.

Kind regards,

*M. Solly Tshitangano*

**SOLLY TSHITANGANO**  
**CHIEF DIRECTOR: SCM GOVERNANCE, MONITORING AND COMPLIANCE**

**DATE: 14/12/2017**



public works

Department:  
Public Works  
REPUBLIC OF SOUTH AFRICA

**REQUEST FOR APPROVAL OF A DEVIATION IN TERMS OF  
NATIONAL TREASURY REGULATIONS INSTRUCTION NOTE 3 OF  
2016/17**

**TO: NATIONAL TREASURY**

**FROM: NATIONAL DEPARTMENT OF PUBLIC WORKS  
SUPPLY CHAIN MANAGEMENT**

**TEL: 012 406 1864**

**DESCRIPTION OF GOODS & SERVICES AND THE NAME OF THE SUPPLIER  
INVOLVED**

**DESCRIPTION OF GOODS:** Limpopo Province Tzaneen: 06 Kew Street: Procurement of alternative accommodation for 720.68m2 with 10 parking bays, 5000 litres of water tank/s and standby generator using negotiated procedure: Department of Labour

**NAME OF THE SUPPLIER:** Anver Family Property Holding Trust

**BRIEF BACKGROUND**

The Department of Public Works entered into a lease agreement with Southern Sky Commercial property on behalf of the Department of Labour and the lease expired on the 30<sup>th</sup> September 2015. The same lease was extended for one year under Treasury Dispensation note 2 and expired on the 30<sup>th</sup> September 2016.

The attempt to relocate the Department of Labour started in 2012 when the first procurement instruction was forwarded to Polokwane from Head office. A tender was advertised on the 10<sup>th</sup> December 2012 and closed on the 22<sup>nd</sup> January 2013 under PLK 13/11. The second bid was advertised on the 25<sup>th</sup> October 2013 under PLK 13/81. The third attempt, the region opted for a nomination procedure and the procurement strategy was approved by the DG on the 28<sup>th</sup> May 2014. Nominees were invited on the 20<sup>th</sup> June 2014 and the bid closed on the 22<sup>nd</sup> July 2014 tender closed on the 26<sup>th</sup> November. The fourth bid was advertised on the 17<sup>th</sup> April 2015 under PLK 15/16. The fifth bid was advertised on the 19<sup>th</sup> February 2016 under PLK 16/07. The tender closed on the 15<sup>th</sup> March 2016. nder closed on the 19<sup>th</sup> May 2015.

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### **FINANCIAL IMPLICATIONS**

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### **PROCUREMENT METHOD APPLIED AND THE REASONS FOR DEVIATING FROM THE NORMAL TENDERING PROCESS**

Procurement method: Negotiated procedure

Reasons for deviation:

#### **PROHIBITION NOTICE**

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In the meeting held on the 14<sup>th</sup> November 2017, the owner's representatives indicated that they are not prepared to make any financial investment on the current space occupied by the Department of Labour, since they will be revamping other blocks starting from January 2018, where the Department of Labour may relocate to if there is a need.

Since there is no valid contract in place, the only viable solution is to officially terminate the lease and close the file, more so because the landlord is not ready to enter into negotiations with the state regarding maintenance, repairs and revamping of the current space.

Compile by:

BEVERLY LEKGOATHI  
LEASEHOLDS AND ACQUISITIONS  
POLOKWANE REGIONAL OFFICE  
DATE: 08/12/2017.