

Salvokop precinct set to cost R6.5bn

INITIATIVE: PROJECT WILL BOOST CONSTRUCTION INDUSTRY



JOB CREATION. Salvokop Precinct Development has the potential to create over 5 000 jobs during the construction of the first phase, says Minister Patricia de Lille. Picture: Moneyweb

» **The total development opportunity involves 524 000m² at an estimated cost of R18 billion.**

Roy Cokayne

Moneyweb

The construction industry is to receive a much-needed boost, with the first phase of the Salvokop Precinct Development in Pretoria to be developed as a public-private partnership (PPP), at an estimated cost of R6.5 billion.

Minister of Public Works and Infrastructure Patricia de Lille announced the initiative on Wednesday and indicated that the development has the potential to create more than 5 000 jobs during the construction of the first phase and the bulk infrastructure.

De Lille said the development will generate hope for the construction sector, which is currently in dire straits, and for communities.

“We look forward to the completion of this integrated development, that will contribute significantly to the economic stimulus and will be a catalyst to stimulate the construction sector,” she said.

De Lille said consultation will continue next year with other cities, including the City of Cape Town, Buffalo City municipality and the City of eThekweni, for similar precinct developments.

Webster Mfebe, chief executive of the SA Forum of Civil Engineering Contractors (Safcec), said such investment in infrastructure will bring much-needed confidence to the already-depressed construction industry. The FNB/BER Building Confidence Index edged higher to 25 in the fourth quarter of this year, after receding to a 20-year low of 22 in the third quarter.

Mfebe said it will also underscore the point Safcec has made in the past: that government has not sufficiently utilised the PPP model, which is the way to go because government does not have infinite

resources due to the competing demands placed on the fiscus.

“This is a step in the right direction, and I hope it will be handled well and in an open and transparent manner, as dictated to by Section 217 of the Constitution,” he said.

De Lille said the mixed-use development at Salvokop includes the head offices of an additional four government departments. These are the departments of correctional services, higher education and training, social development and its agencies (the SA Social Security Agency and National Development Agency), and home affairs.

De Lille said the total development opportunity in Salvokop involves a total of 524 000m² at an estimated cost of R18 billion, which forms part of the broader City of Tshwane inner city regeneration programme.

De Lille said the first phase is expected to lead to the contribution of an estimated R6.5 billion of blended financing between the government and private sector.

The second phase involves developing sites zoned for business and commercial activity.

It will contribute to the economic stimulus