## Sunday Times

## Battle over Sassa move to pricey newhome

## Welfare agency 'loads R50m onto rent bill without open tender'

By THANDUXOLO JIKA

 As the government scrambles to find money to reinstate the monthly R350 lockdown distress grant, the South African Social Security Agency (Sassa) has splurged on a new head office in Pretoria – with a lease that will reportedly cost an extra R50m over the next five years.

The extra rent will go into the coffers of the government-owned Public Investment Corporation (PIC), which owns the new building in Steve Biko Street, a few blocks from the current Sassa offices in Pretorius Street.

The move is set for September, but current landlord Columbia Falls Properties has gone to court in a bid to have the new lease declared invalid because there was no open bidding process for it. The company wants to renegotiate and renew its Sassa lease.

The National Treasury allowed Sassa to deviate from normal tender procurement processes, but Columbia Falls – owned by property tycoon Phatudi Maponya – claims in court documents that the new lease does not meet the deviation conditions.

Maponya says in his affidavit that the deviation relates predominantly to offices in rural areas — and there is no lack of office space in Pretoria that could justify the agency not going through an open tender pro-

15,291m<sup>2</sup>, will cost Sassa R2.1m a month, aging employees' cars. which equates to R146/m<sup>2</sup>.

can offer Sassa 15,000m<sup>2</sup> at R90/m<sup>2</sup> in its tered into a five-year, R275m lease deal with current building. This shows "a potential the PIC, which is likely to escalate when facsaving of R840,000 a month excluding VAT".

"Over the first year of the lease, the tax-stallation of IT and furniture costs. payer will have to cough up some R10m, and in excess of R50m, on office space alone," Maponya says in his affidavit.

Sassa told the Sunday Times this week it with other state entities. is moving because the size of its current of-





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Imtiaz Faizel, above Sassa acting director-general

fices is inadequate, there is insufficient parking, the central air-conditioning is not working, there is often no water in the building obligation to test the market. He says the new premises, which are and leaks in the basement parking are dam-

In comparison, he argues, Columbia Falls in the Pretoria high court that Sassa has entoring in unbudgeted items such as the in-

Columbia Falls wants the court to set over five years the savings for Sassa would be aside the PIC lease agreement and declare court action show a total cost of R189m in ofinvalid an October 2018 Treasury deviation fice and parking leases – and an additional approval for Sassa to seek lease agreements

not advertise any invitation to bid and did not follow any open and competitive bidding process ... "The deviation was approved,

however subject to rental rates being market related and Sassa ensuring that contracts for goods or services procured are in accordance with a system that is fair, equitable, transparent, competitive and cost-effective."

The Sunday Times understands that, when vetting the deal, Sassa's own legal services warned that the procurement of office accommodation from the PIC would have long-term financial implications and that the deal would not be a fair, equitable, transparent, competitive or cost-effective option for

Its legal services also stated that even though the Treasury had approved a deviation, it had warned that Sassa still had an

Sassa acting director-general Imtiaz Faizel disputed the R275m price tag that Columbia Falls says in its documents filed Columbia Falls recorded in its court papers after obtaining it from the agency's internal documents through the Promotion of Access to Information Act (Paia).

> Sassa spokesperson Paseka Letsatsi said the lease cost was estimated to be R189m.

Documents attached to Columbia Falls' R85m for tenant installation.

But Faizel said the PIC would foot the bill It wants Sassa to be directed to procure for the installation. It was to customise the

ter in the building even though municipal water supply is available, leaving Sassa officials unable to drink water, use the ablution facilities or wash their hands regularly as required during the Covid-19 pandemic. This has led to loss of manpower and complaints from organised labour," said Faizel. "Water seeping through the concrete slab in the basement parking damages the paint-

work of Sassa staff vehicles, leading to staff suffering losses and serious dissatisfaction," The agency, which would pay R120m over

five years if it stayed with Columbia Falls, said it opted not to go through an open tender process as attempts by the department of public works & infrastructure to secure premises in 2014 and 2016 had been unsuc-

"The existing contract with the current landlord has been extended since 2016 to date. The deviation ... was informed by the outcome of these previous attempts by the public works department, and Sassa's application to National Treasury on how best to procure office accommodation where a competitive bidding process did not yield the desired outcome," said Faizel.

In its motivation to the Treasury for its request for a deviation, Sassa said that the main reason was that "when a tender is advertised there are no responsive bids on public works department tenders. There are no available buildings from private landlords, especially in rural areas."

In his affidavit Maponya argues that there is no evidence of a lack of office space in Pretoria that could justify the agency not going out on an open tender process.

"There is simply no justification for the procurement of head offices in Pretoria to have been treated in the same breath as other instances of unavailability of suitable accommodation, especially in rural areas," said Maponya.

Public works spokesperson Thamsanga Mchunu said the department was not involved in the PIC deal and was not aware that there had been no competitive and cost-effective bidding process. It said the agency is allowed to acquire assets with the approval of the minister.

"The cost for the transport of assets

as well as ICT cabling and telecoms is

Because the current offices are too

small, the Sassa call centre cannot be prop-

erly accommodated, he said, and the agency

ditioners ... from time to time there is no wa-

"Sassa had to procure additional air con-

has had to lease additional parking space.

currently under consideration," Faizel

In its response to Columbia Falls' Paia application, Sassa denied the existence of any legal opinion or memorandum regarding the PIC lease. The Treasury did not respond to questions.



A boardroom in the Sassa building in

Pretoria at the centre of a dispute

over its continued lease by

Sassa, which has sought

costlier premises.