



public works
& infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

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UPDATE: Correction

Media statement by Minister Patricia de Lille, MP

**Department of Public Works and Infrastructure finalising acquisition of Lindela
Repatriation Centre**

After African Global Operations (formerly known as the Bosasa Group) applied for voluntary liquidation in February 2019, the Department of Home Affairs (DHA) requested the Department of Public Works and Infrastructure (DPWI) to purchase Portion 210 of the Farm Luipaardsvlei 246, IQ – the property known as the Lindela Repatriation Centre Complex.

Prior to this, the DHA had leased the property from Bosasa and had a service level agreement with Leading Prospect Trading 111 (Pty) Ltd (a subsidiary of African Global Operations) which has over time been extended, and which remains valid until 30 November 2020. The current minimum cost per month payable as per the Service Level Agreement is R9 135 960 per month – a total of R109, 631, 520.00 per annum.

In response, in June 2019, the government secured a right of first refusal over the property from the appointed liquidators. This right entitled the DPWI the opportunity to purchase the property at a reasonable market value from the liquidators in the event of its sale.

Since that date, DPWI has conducted a due diligence which considered the feasibility of acquiring the property in comparison with the cost of other options such as repurposing existing government land, acquiring other land on which to construct a new Centre, or continuing leasing the property. The feasibility study concluded in September 2019 that the acquisition of the property was the recommended option, and the most cost-effective one. The property had been valued in 2018 by a valuator appointed by Bosasa at R185, 000, 000. The government's Land Affairs Board (LAB) determined the fair market value of the property on 24 October 2019 at R158, 104, 000.

The municipal value of the property is R23million and I have queried the difference between the municipal value and the valuations from Bosasa and the LAB and will be launching an investigation to look into this.

When the sale, by way of public auction, was announced in December 2019, the DPWI immediately appointed an approved negotiating team, who has since engaged with the liquidators to secure the purchase at a reasonable market value.

Although the property had been included in the public auction on 5 December 2019, the auction was conducted subject to the government's right of first refusal. The bidding opened at R 30 000 000, and the highest bid that was achieved was R 60 000 000.

In terms of the right of first refusal, the liquidators invited the government to match the price of R 60 000 000. The DPWI has matched this offer and is in the process of finalising the acquisition of the property at a price of R60 000 000.

By concluding the sale to government at this price, the DPWI has secured a lease saving of around R550 million over five years.

ENDS

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