

**Opening Remarks by the Minister of Public Works, Ms
Thoko Didiza on the occasion of SAPOA/DPW Property
owners Indaba**

Venue: Michelangelo Hotel, Sandton

Date: 18 January 2008

Programme Director

President of Sapoa, Ms Van der Walt

Director General of the Department, Mr Manye Moroka

Members of Sapoa

Officials of the Department of Public Works

Honoured guests

Ladies and gentlemen

I am sure that we everyone in this gathering is aware that as a collective, Government is the single biggest landlord, tenant and client of the property industry in this country. Your organization on the other side is the biggest organized formation for property owners in this country. It is therefore logical that we should meet today to discuss issues of

common interest, challenges and critical issues facing the property industry.

This is crucial to meeting the strategic goals of government in the transformation of this sector which should lead to sustained growth and development of the industry.

I would like to be upfront and clearly state that I am not happy at all with the pace and performance of transformation and empowerment of BEE entities in the industry. As it will be shown later in a presentation from the Department, recorded figures on work successfully procured by BEE entities, constitute 10% as opposed to 90% secured by seasoned landlords or contractors. Much work still needs to be done to ensure that all the verbal commitments are translated to solid work.

Every year, government, through the National Department of Public Works and Provinces invests billions of rand of its budget to lease property from the industry in which only 10% of players are from the historically disadvantaged groups. Last year in my maiden speech as the Minister of Public Works, I indicated that we would start to leverage these assets to transform the property sector.

I want to repeat it here: We will now begin to use this investment muscle to drive increasing participation by black and women-owned businesses so that they are rapidly able to gain experience in leasing and facilities management, a critical entry point to the sector and one that does not require major capital resources.

I would like to call on the property sector, including the financial institutions and their role in providing access to finance, to work with government on initiatives meant to grow this sector.

Our commitment is clear and we will establish concrete interventions that support empowerment. These will be based, among others, on lease renewals, new leases, minimum participation goals and longer leases that support empowerment.

We need to work together to remove obstacles that are encountered by black people and women in participating in this industry. If we talk of transformation of the property industry, we need substantial change in the racial and

gender composition of ownership, control and management and enhance the participation of black people, including black women and designated groups in the property sector.

Currently the National Department of Public Works owns 240 038 properties across the country. One hundred and sixty three thousand and thirty six of these are buildings, which comprises of offices and living quarters and 77 000 of land parcels. These properties will be maximally used in order to meet our objectives. Proper management of these facilities will help us to avoid what has been happening in the past when leases were automatically renewed due to poor planning by the Department and client Departments.

As I have said, we will use our portfolio in order to effect the transformation that we want to see happening. In this current financial year, we as the Department of Public Works, have allocated R 1, 282 billion for our leased accommodation from the private sector. But with less than 10% of this money going towards BEE entities, we will definitely need to reassess the way we do business and seriously address our empowerment practices.

I therefore call for a serious discussion at this forum for ways to address these concerns and take the transformation of this industry forward. I hope that we can formulate a concrete plan of action, with deliverables and deadlines towards fulfilling the objectives of the Property Sector Charter.

I thank you.

