

**Minister of Public Works**  
**Mr J Radebe**  
**13 August 1998**

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## **Parliamentary Media Briefing**

Respected members of the media

I am pleased that you are here this morning to participate in this briefing and to enjoy brunch with us. I was abroad during Parliamentary Media-Briefing sessions last week and considered it important to brief you about a number of key developments in the Department of Public Works.

The months ahead in this penultimate sitting of the first democratic parliament of South Africa will see the concretisation and delivery of a number of strategic initiatives which our ANC led government has championed. Most notable amongst these in Public Works is the intensification of our Affirmative Procurement Policy (APP) through our Strategic Projects Initiative, the National Asset Register Process as a management tool for the state's fixed asset portfolio and the reengineering of our property portfolio and its ultimate management through a State Property Agency, the Sale of Redundant state-owned residences, the formulation of a comprehensive framework for the strategic development and of state fixed property assets to attain optimal use and benefit for the public, advocating the National Public Works Programme (NPWP) principles across government departments at all levels and to intensify efforts for the alleviation of poverty and delivery of critical infrastructure through the Community Based Public Works Programme (CBPWP) Rural Anti-Poverty Programme.

For the purposes of our interaction here this morning I have focussed on a few of these issues:

### **Sale redundant state-owned residences**

First and foremost, I want to focus on the sale of redundant state-owned residences. In view of the high cost to maintain state housing, Cabinet approved the disposal of redundant State-owned residences. In terms of the guidelines which we have adopted, the following are the primary considerations:

#### **1). The domestic needs of government**

State-owned residences regarded as potentially redundant will be submitted to the various Provincial State Land Disposal Committees comprising National Departments of Public Works and Land Affairs as well as Provincial Administrations. All residences determined to be superfluous to the needs of both National and Provincial Governments, will be disposed of.

#### **2). The determination of market-value**

The open market value of all redundant residences will be assessed by registered valuers and adjudicated by the Land Affairs Board.

#### **3). Methods of disposal**

Redundant residences will be sold by tender. Special attention will be given to the effective advertising of such tenders, to ensure the widest possible participation. The process will be administered by the Regional Offices of the National Department of Public Works.

#### **4). Extension of home ownership**

One of the objectives of this initiative is the promotion of home ownership by previously disadvantaged communities particularly amongst those who had never before owned immovable property, directly or indirectly. People who are financially able and otherwise qualify in terms of the defined criteria will be afforded preference in purchasing redundant residences.

#### **5). Participation by Previously Disadvantaged Individuals**

South African citizens who are socially and economically disadvantaged by the previous political dispensation

and had never before owned immovable property, directly or indirectly, will be afforded a **20% discount on the selling price.**

Such previously disadvantaged persons who had previously owned, or currently own immovable property, directly or indirectly will be afforded a **10% discount.**

Juristic entities which are at least two-third owned by one or more previously disadvantaged individuals or two-third of shares, in value, and whose management and operations are in the control of one or more previously disadvantaged individuals will be afforded a **10% discount on the selling price.**

Sworn statements confirming eligibility for these concessions as previously disadvantaged status will be required.

#### **6). Participation by natural persons other than previously disadvantaged persons**

- a. Those not classified as previously disadvantaged persons will be eligible to participate but will not qualify for any discount on the selling price.
- b. Those not categorised as previously disadvantaged who had previously owned or are currently owning immovable property, either direct or indirect, will not be eligible for participation.
- c. Juristic entities which are not At least two-thirds owned by, or whose management and daily business operations are not in the control of one or more previously disadvantaged individuals will not be eligible for participation.

#### **7). Limitation on number of acquisitions**

There is no limit set on the number of tenders which eligible persons or entities may submit provided that the declared order of preference is stated. However, such persons or entities will only be entitled to acquire a maximum of 5 residential units.

Where such a successful tenderer is both a previously disadvantaged person, as well as a first time home-buyer, he/she will be entitled to a 20% discount in respect of one residence of his/her choice and a 10% discount on each of the remaining four residences.

#### **8). Prevention of speculation**

In order to prevent speculation for profit in the residences disposed of at a discount, the following conditions will be incorporated into the title deeds of such properties:

The property may not be sold within a period of five years from the date of purchase -

- a. unless it has first been offered for sale to the state at the original purchase price.
- b. Without consent of the Minister of Public Works, which consent may be granted upon payment of compensation equivalent to the discount originally allowed to the owner.

#### **9). Participation of Public Servants who are legal occupants of redundant residences**

Public servants who legally occupy redundant residences on the date of the announcement of these guidelines, will be given the first option to purchase such residences at market-value and would also qualify for the concessions designed to promote participation by those sections of South African society.

Public servants will be given thirty days from the date on which they receive the formal offer to purchase a residence, to exercise their option.

Public servants who do not wish to exercise the option to purchase residences will be given three months to vacate, during which time the residences will be offered for disposal by public tender.

#### **10). Illegal occupation of redundant residences**

Persons illegally occupying such residences will be given notice to vacate within thirty days of date of such notice, failing which, they will be duly evicted by legal process.

### **11). Adjudication of Tenders**

A person/juristic entity who tenders the highest monetary sum will be declared the successful tenderer.

In the event of there being a tie of two or more qualified tenders, the successful tender will be determined by a lottery.

### **ANNOUNCEMENT OF NOTICE OF PUBLICATION OF TENDER OF STATE-OWNED RESIDENCES**

I am therefore pleased to announce that Tender Notices for the first batch of 34 state-owned residences identified for possible disposal by the National Department of Public Works will be publicised within three weeks of this announcement.

Concurrent to this Provincial DG's will within 21 days of this announcement confirm that the current occupants of redundant state-owned residences identified by Provincial Department of Public Works do or do not qualify to occupy such residences.

Where such occupants are Public Servants who do qualify and or are eligible for the affirmative concessions outlined above, they will have the first option to purchase. Private individuals who are in occupation of such residences will be served with a thirty day notification and if eligible may participate in the open tender process as a general member of the public.

The tender notification for such state-owned residences identified by Provincial Departments of Public Works will be effected within six weeks of this announcement.

The first batch of such properties identified by provinces for disposal are:

1. Eastern Cape- 335
2. North West - 453
3. Northern Province-35

The Free State, Kwa Zulu-Natal, Mpumalanga and Northern Cape have indicated that there are no redundant residences at this time. In respect of the Western Cape and Gauteng, they have indicated the intention to dispose of 17 and 38 residences respectively and have undertaken to submit details to the Provincial State Land Disposal Committee, which comprises of the National Departments of Public Works and Land Affairs and the respective Provincial Administrations.

### **PROPOSAL CALLS ON DISPOSAL OF STRATEGIC PROPERTIES**

The second area on which I want to focus is the Proposal Call for the development of state property as an alternative to simply disposing of fixed properties to the highest bidder. This model enables the state to take advantage of the knowledge of market forces of a variety of developers and creative inputs in developing public land. It also ensures that new development on state-owned land provides public facilities and amenities, as well as being a sound investment opportunity for the prospective developer. Through this process the development of public land by a third party reinforces local community concerns whilst achieving beneficial use of public land so that such land does not remain a maintenance burden but becomes a tax producing land parcel.

Through this process we will ensure the optimal utilisation of all State properties and will enable the Department to make a positive contribution in attaining the following socio-economic goals:

- establishing a framework for co-ordination and co-operation between different tiers of government in deciding the proposed development on state properties;
- contextualising properties identified for disposal based on both micro and macro spatial, economic and social development framework;
- fostering the participation of previously marginalised individuals and or firms who were excluded from

- meaningfully participating in the property industry in all facets of proposed property developments;
- ensuring that the State achieves a financial return based on the property's highest and best optimal use, as opposed to obtaining unimproved value when selling unimproved and/or poorly maintained properties to the highest bidder in an open tender process.

### **Schedule for development frameworks for 5 Strategic properties**

I am now therefore pleased to announce the fast-tracking of these projects, subject to tender board approval. This will include the formulation of development frameworks, drafting of documentation for proposal calls and the monitoring of successful bidders.

Development frameworks for the 5 strategic sites are as follows:

#### 1. The 2 Former SANDF sites in Brooks Hill. Port Elizabeth approximately 6300 square metres

Tender Publication	9/10/98
Adjudication and recommendation	20/11/98

#### 2. The Old Supreme Court in Pietermaritzburg

Tender Publication	9/10/98
Adjudication and recommends	4/12/98

#### 3. Waterkloof Heights, Pretoria 32,5 ha

Tender Publication	16/10/98
Adjudication and recommends	15/1/99

#### 4. Midrand site 125ha adjoining DBSA

Tender Publication	30/10/98
Adjudication's and recommends	12/1/99

#### 5. Silvermine, Cape Town 96 ha adjoining Naval and Maritime complex

Tender Publication	13/11/98
Adjudication's and recommends	12/3/99

### **PROGRESS ON NASREC DEVELOPMENT**

As you are well aware our first pilot on the Proposal call model is the Nasrec site in Johannesburg which houses the home of South African Soccer, the FNB Stadium, the largest exhibition in South Africa namely the Randshow and the Nasrec Conference Centre.

Further to the successful workshop held earlier this year on the future development of the 280 ha Nasrec site. To facilitate the development of the site, the Department of Public Works had to meet with all parties to whom parcels of the site were sold but had substantial outstanding debt. This was important to unlock the potential of this site so that the development proposal calls can proceed unencumbered. A positive response has already been received from Witwatersrand Agricultural Society and responses are still expected from the other two debtors(Soccer City and Nu-World).

The Department is prepared to accept the offer of the Witwatersrand Agricultural Society to take 50% off the original purchase price in full and final settlement on condition:

- That permanent halls be made available to house indoor sports for the 1999 All Africa Games and
- That 60% of the exhibition business be made available for black participation with ownership by Previously Disadvantaged Individuals(PDI) or Affirmative Business Enterprises (ABE)

Through this exercise the potential of Nasrec site will be realised whilst simultaneously empowering the local community and all stakeholders. The positive effect of this development will be visible in the All Africa Games next year and already the establishment of additional facilities is being negotiated.

### **Progress on Community Based Public Works Programme (CBPWP) Rural Anti-Poverty Programme in Kwa-Zulu Natal, Northern Province and Eastern Cape**

The third area on which I briefly want to focus is the Rural Anti-Poverty Programme.

The projects in all three provinces are proceeding well with Northern Province leading the way in terms of on-site progress. From the R85 million allocated by cabinet in November last year we are on target to reach our goals of 12 800 jobs of which 3 840 are sustainable. That includes the target of 8 320 women. In the Eastern Cape that translates into 4 800 jobs of which 3 120 are women; in the Northern Province 3 733 jobs is being created of which 2 427 are women; and in Kwa Zulu Natal 4 267 jobs are being created of which 2 773 are women. The total number of people who will benefit from these projects are: In the Eastern Cape 33 600, Kwa Zulu Natal 29 869 and Northern Province 26 131.

Through the delivery of this programme I am sure you realise the concrete impact which this programme is having on the lives of ordinary women and men. Through the delivery of critical infrastructure and productive assets to the poorest of the poor in the rural areas, we will take forward our struggle to improve the quality of life of all our people.

### **Launch of Public Works Masakhane campaign**

The final area on which I want to focus today, is that of tackling the huge maintenance backlog of State Property which confronts us. This backlog which is estimated to be nearly R8 billion is an albatross around the neck of the state. It is reflective of the distorted planning of the Apartheid area.

Whilst we have indicated in the past that approximately R1 billion annually is required over the next ten years to deal with this comprehensively, we need to inculcate a sense of responsibility and ownership amongst public sector tenants of state property and the broader public to ensure that we do not exacerbate the problem through gross neglect of our buildings, deliberate damage and destruction of public property and vandalism.

We appeal to you the media as our partners in building a national consciousness and pride in our heritage both the physical and social aspects thereof.

As a first initiative I am launching these two posters today urging each and every South African to take pride in their buildings and contribute to its maintenance and preservation for future generations. This I believe is a constructive contribution to the spirit of Masakhane. Let us all build together to create a better country and better quality of life for all.

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