

**Minister of Public Works  
Ms S Sigcau  
27 September 2001**

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**Introduction of successful Tenderer and Announcement Development Proposal**

Members of the media  
Members of Parliament, including representatives of various Committees  
Senior Managers of the Department of Public Works  
Ladies and Gentlemen

Today we have reached yet another milestone on our road to delivery particularly in the area of disposing of redundant state fixed assets. But like any other milestone, this does not signify the end of the road. It means rather the end of one stretch and the beginning of another.

True to our newly adopted business practice of Working Smarter, we at Public Works have moved beyond viewing state fixed property as a mere concrete jumble of bricks and mortar. Instead today we manage the fixed property portfolio of the state as an invaluable asset to the nation, laden with economic value and possessing potential for the attainment of other socio-economic objectives such as social development and black economic empowerment.

This pursuit of shrewd financial management is a cornerstone for our decision to bring on board a competent multi-skilled strategic asset management partner to unlock an estimated value of R120 billion inherent in our fixed property portfolio.

For the size of the portfolio that Public Works manages, namely 375 000 units of property, of which 142 383 are the primary responsibility of the national Department of Public Works, this investment is both understandable and necessary.

Pruning of the state fixed properties in the form of disposals of redundant and /or under-utilized properties will constitute one of the significant terms of reference for the new strategic partnership, together with planning, acquisition, maintenance and property investment.

As I mentioned during the recent parliamentary media briefings, since April 1995 (up to 31 August 2001), we have disposed of 342 fixed properties of the extent of 74 767 hectares. About 237 properties of the extent 60 188 hectares were for non-commercial purposes, including 57 688 ha for land reform, 2339 ha for provision of low-cost housing and related infrastructure and 161 ha for educational and religious purposes.

In just over 18 months, we have concluded three transactions including Silvermine, that will over time generate revenue in excess of R58 million to the coffers of the state.

At the same time, our actions (of disposals) have enabled social development to take place meanwhile empowering individuals and groups previously disadvantaged by racially skewed patterns of property allocation and ownership. This is the epitome of reconstruction, development, empowerment and transformation.

On 11 February 2001, we advertised a tender for the development and disposal of the property Erf 151197, portion of Erf 108272 at Silvermine near Cape Town. Tenders closed on 8th May 2001, followed by an intensive adjudication process involving originally nine (9) submissions, which were later short listed down to five (5).

The subject property, which measures 95.7 hectares, was acquired by the State from the former Cape Town City Council to develop the Silvermine Naval Complex and a residential township to cater for the staff of the Naval Base.

After the acquisition, only the Silvermine Naval Complex was developed and the area formerly planned for the residential development, about 30 hectares, remained undeveloped until it was confirmed as superfluous to the accommodation needs of the state, hence our decision to publicly invite proposals through tender for its development.

Consultants undertook a Land Audit and the ensuing report received further legitimacy with inputs coming from among others the South Peninsula Municipality, Ratepayers Associations and Non-Government Organizations. So valuable was their support that their inputs formed the basis for the final tender

specifications.

Even the adjudication panel was formed with consideration of key stakeholders, their needs and key issues sensitive to them and the local community, hence their inclusion in the panel for adjudication.

We are very proud of this type of cooperation and partnership between government and the community as it strengthens democracy, improves cooperative governance and creates centres of development in our communities.

The adjudication criteria scored 40 points on price, 10 on the concept plan, 10 on financial viability, 10 on the tenderer's experience and expertise, 10 on socio-economic objectives and 20 on economic empowerment, once again targeting increased economic participation by the previously disadvantaged individuals and groups.

In terms of the scores, the successful bidder was on average, unanimously endorsed by the panel as having scored higher than all other tenderers. The comments made by the panel suggested that the successful bidder displayed the following attributes:-

- Good comprehension and sensitivity of the site's development capacity including development constraints and opportunities
- Competitive financial offer (i.e. above the open market value as determined by the independent valuer)
- Practical and viable financing model accompanied by a well thought out and realistic development concept with great potential for success
- Equity structure leaning towards promotion of black economic empowerment objectives
- Extensive experience and relevant mix of expertise necessary to carry the project forward to successful implementation
- Concrete and practical ways of meeting socio-economic objectives including job creation

The financial offer of R33 million made by the successful bidder (and accepted by the Department) is well above the open market value of R27 million determined by the independent valuer as of the 8th June 2001. This money will accrue to state coffers in the next financial year.

What is also important to us is the exact interpretation of the expectations of the tender specifications as reflected in the following key development proposals by the successful bidder: -

- Low to medium density residential estate of approximately 380 units
- Retirement village and frail care centre
- Rehabilitation, regrading and enhancement of Water Courses with indigenous plants and small feature dams to prevent soil erosion and enhance storm water detention function
- Fund the programmes aimed at addressing AIDS in Khayelithsa
- Job creation through the Ukuvuka Campaign for clearing of non-indigenous vegetation in the remainder of the property. Also job creation through the implementation of Targeted Procurement Policies throughout the planning and construction of the land uses proposals
- Provision of a Health Care Centre as part of the Estate that will be accessible to all members of the surrounding communities

Ladies and Gentlemen, please join me in congratulating Jongilanga Consortium on being chosen as the successful tenderer for the purchase and development of the 30 hectare of state -owned Erf 151197 at Silvermine.

A development consortium has been formed for the purpose of undertaking the proposed development.

The consortium has committed itself to promoting participation (based on fee income) of Affirmable Professional Service Providers (APSP's ) as well as creating opportunities for women owned businesses and other previously disadvantaged individuals.

We shall keep these publicly stated commitments in mind when we sign a formal agreement soon. I thank you.

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