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## Disposal of non-core assets...

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Pace stepped-up to dispose 150 houses across the province in move expected to rake in R47,9 million for the State

The department took a decision to dispose of 476 immovable assets which are redundant to the state domestic needs and no longer contribute to service delivery objectives of the provincial government.

This decision to dispose of the above -non core immovable assets- was necessitated by the administration burden as well as the cost associated with the ownership of such assets.

This is including but not limited to payment of rates and taxes, maintenance cost and basic services as charged by various local municipalities.

The disposals of these houses is expected to ease the burden on the government on expenditure incurred on the payment of rates and taxes, day-to-day maintenance of these properties and any other related costs.

The Department conducted a cost benefit analysis against monthly revenue collection and day-to-day maintenance on houses.

It is not ideal to continue administering these properties, as they are superfluous to the domestic needs of the State.

The disposal of redundant houses and vacant residential sites is conducted in line with the North West Land Administration Act (Act No. 4 of 2001), Public Finance Management Act (PFMA) as well as the National Treasury Regulations.

Furthermore, the process is in line with the principles of the Government Immovable Asset Management Act (GIAMA) Act 19 of 2007.

In terms of GIAMA the custodian must consider whether the immovable asset concerned can be disposed in relation to social development initiatives of government; and in relation to government's socio-economic objectives, including land reform programmes, black economic empowerment, and alleviation of poverty, job creation and the redistribution of wealth.

Progress

With regard to progress made on the First Batch of 150 houses earmarked for disposal:

The department advertised a list of 150 on August 2019 houses as First Batch in line with Section 3(2) of the North West Land Administration Act (Act No. 4 of 2001).

Also meetings were held with the Department of Rural Development and Land Reform, National Department of Public Works and Infrastructure and North West Housing Corporation regarding the advertised properties.

The professional registered associate valuer conducted valuation of 150 houses from our four districts of the province to determine market values as the selling prices.

The Department has sought concurrence from the Provincial Treasury on the valuation method and such concurrence was granted for the department to proceed.

The chronic shortage of state-owned office accommodation and the spiralling cost of same has prompted the department to weigh some options and also do an analysis of both the utilization as well as the office space needed.

The analysis should inform the province to reconsider the utilization of the available stock, as well as to consider the outright purchase of office building to augment the available space.

The intervention include the optimal use of the current facilities which coupled with an investigation on thereof to ascertain how to improve their utilization.

Furthermore, outright purchase of Multi Tenancy Office space by venturing on the property market.

The dual simultaneous approach would be informed by budget availability.

To this end: feasibility studies, need analysis and financial requirements have been determined with regard to the acquisition of four buildings owned and partly owned by the Public Investment Corporation (PIC) in Mahikeng.

A task team made-up of members of the department and Provincial Treasury has been established to develop revised office accommodation needs in Mahikeng; do a revised due diligence, inspection and conditional assessment, current market valuation and to register interest in the acquisition with PIC.

**Ends**

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