



public works & roads

Department:
Public Works and Roads
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

Speaking notes for the MEC of Public Works and Roads, Gaoage Oageng Molapisi at the occasion of the inaugural North West Property Sector Engagement held at Royal Marang Hotel, Rustenburg...

**Head of Department (HOD),
CEO of SAPOA- Neil Gopal (in-absentia)
CEO of Property Sector Chapter Council – Ms Portia Tau-Sekati (in-absentia)
Executive Director of South African Institute of Black Property Practitioners (SAIBPP): Ms Kuluwa Muthwa
Broll Property Group Representative- Group Head for Public Sector
Provincial GIAMA Members
Client Departments and Landlords
Chief Directors and Senior Departmental Officials
Office of the MEC Support
Distinguished Guests
Good morning**

Ladies and Gentlemen, we gather following a successful October Transport Month (OTM) 2023 campaign as the 6th Administration nears its conclusion. Celebrated under the theme “Siyakha: We are Building”. To us, the OTM 2023 was about showcasing the work that we continue to do in the rollout of amongst others: 1. Infrastructure build that stimulates social emancipation and an economy that works, creating jobs and saving lives and livelihoods. 2. Economic recovery: Transport as the enabler of re-opening of the economy in the face of high costs of living and high unemployment 3. Ensuring safety across all modes of transport- quality road infrastructure leads to fewer fatalities on the roads giving priority to safety in all modes of transport.

We are delighted to indicate that during the OTM 2023, we have managed to hand over completed road projects to communities, perform in loco inspection and oversights at ongoing projects, improved our communication with internal and external stakeholders; and responded adequately and participate actively in the Accelerated Service Delivery Programme – Thuntsha Lerole Fridays.

It gives me great pleasure therefore that we step off that campaign to immediately focus on Immovable Asset Management and Lease Portfolio. I must take this opportunity to convey my sincerest appreciation to the Department of Public Works and Roads, Head of Department (HOD) Mr Moss Kgantsi and the Directorate for Immovable Assets led by the Chief Director, Ms Mphoentle Choche for organising this important engagement. Most critical I want to thank you all for honouring our invitation, and coming to deliberate on possible solutions to problems confronting us.

Key amongst the challenges is the fact that as landlords, you are failing to maintain properties you own; leading to disputes between the Department and its clients. This results in low revenue collection—a cause of concern reported at the Provincial EXCO. There is a skyrocketing rates which are proving difficult for the government to keep up. We also facing no cooperation from employees of government to pay for rental, leading to evictions and possible litigations moving forward.



In line with our Budget Speech for the 2023/2024 financial year and critical to the discussion today, it is our pronouncement that we ought to consider a separate arrangement with landlords on alternative energy sources on leased accommodation due to power outages. To respond to the client's needs during load shedding – be it through the departmental green building policy or other means. I am hopeful that you have gone at length to discuss this matter as an imperative in future lease agreements with respective landlords. Discussion must also take into account Occupational Health and Safety (OHS) compliant offices.

Writing on LAND OWNERSHIP SYSTEM AS BARRIER FOR SOCIAL TRANSFORMATION, scholars argue that “Land remains a highly politically charged social question and source of renewed conflict in South Africa...Land ownership represents control of resources as well as control over a key means of production. At the heart of the problem of agrarian social transformation are the ways in which the social relations of production between people on the land (whether within capitalist economies or those marked by various degrees of not fully capitalist characteristics found in many countries of the South) are changing or not changing, towards what objective and based on what strata of the rural population, within the overall framework and vision charting the future.”

This argument is congruent with the fact that we must be deliberate as a democratic government to respond radically to transforming the trillion rand property sector to involve blacks and previously disadvantaged people. We must not fear to confront the injustices surrounding the land question. Ladies and Gentlemen, I can report that eighteen (18) land parcels have been disposed of through donation for restitution purposes and in this financial, we will by the end of term, have concluded disposal of 60 properties.

The question of expired leases has been a thorn amongst the roses. The department has one hundred and thirteen (113) expired leases running month to month. We boast of 117 state-owned buildings which I am also careful to pronounce myself on the state thereof. This gathering should also provide landlords and prospective landlords with progress registered on the appointment of Property Brokers aimed at assisting with assessments, negotiation and renewal of all expired offices. HOD, the expiry of leases should be a thing of the past. We have noted the cost of this month-to-month lease. I trust that our plans afoot in this regard to correct legacy leases now running on month to month. If it continues, I am directing immediate consequence management against relevant and responsible officials.

I also want to implore client Departments to utilise this platform to share a solution-orientated perspective on challenges facing the portfolio. This will inform the generic lease agreement coming into effect as of 1st of April 2024 at a proposed recommendation for an 8% increase annually.

This meeting must foster a partnership between the Department and the Private Sector. The aim must be the use of government buildings to generate income amid a striving economy. Our preoccupation should be to improve the value of all these assets – both buildings and land parcels.

Programme Director, the many challenges that confront this portfolio leading to failure to generate revenue for the Department; apart from external reasons, is our failure to manage and maintain these properties. We were the first province to pronounce the eviction of people who stayed at government properties for free, which later became a clarion call across the entire country. However, we are handling this matter at a snail's pace because of the shortcomings such as the one I have just alluded to. Leaving a vacuum albeit some of our buildings are hijacked (occupied illegally) or vacant leading to vandalism.

The Department is always accused of destroying infrastructure, particularly buildings with historic significance in the liberation history of South Africa in general and in the capital city of Mahikeng in



particular.

Programme Director, I would have preferred a broader sector engagement – inclusive of municipalities. I am asking this in line with our budget speech 2023/2024 financial year that they should also be brought on board to expedite the donation of land on which state domestic facilities are built to the Department of Public Works and Roads. This will enable them to levy rates and taxes on those portions of land. We have agreed that priority will be given to educational facilities and health services. This matter must be prioritised in my next MUNIMEC meeting and a progress update should be submitted.

Speaking at the occasion of the Property Sector Conference earlier this month, Minister of Public Works and Infrastructure- Sihle Zikalala made mention of a way in which we can resolve some of our challenges. Key to mention is the Renovate, Operate, and Transfer Programme (ROTP). A programme responding to a situation where the government has no funds. The private sector or individuals are considered and allowed to renovate and operate the buildings for a certain time and transfer them back at a certain time. Obviously under strict conditions. The desired outcome must lead to efficient use of government buildings.

It is this meeting that must as you deliberate and share ideas agree on the most workable way to sustain our infrastructure. Others may argue that it is rather prudent to fast-track leasing of buildings directly to the private sector – especially on prime land. I wish to indicate that the principle guiding deliberations should be centred inter alia; ensuring reduction of lease expenditure by making sure the government uses its own building and we do not adjudicate our responsibility mandate as it relates to building and renovating buildings for use by the government as our primary objective.

I am hopeful that when we conclude this session. Key issues will be addressed succinctly and an agreement reached particularly: 1. Enforcing a healthy working relationship between landlords and clients 2. Commitment to ensuring OHS Compliant Offices and adherence to general lease agreement conditions 3. Understanding between the client department and implementing agent (Department) I wish you fruitful deliberations. Thank you

Thank you.

Ends

Issued by the Department of Public Works and Roads

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