



## Wise business decision saves us more than R2 million a year in rental .

**DATE:** TUESDAY, MARCH 25, 2008

***By Oupa Segalwe***

The relocation to Public Works' Head Office building of its regional office in the Central Region (Mafikeng) has saved the department approximately **R2million** in accommodation rental a year.

The decision to relocate 170 staff members to save escalating costs was driven by the Chief Directorate: Regional Operation.

The department had a lease agreement with the owners of the two-storey Ayob Building situated at No: 22 Molopo Road, Mafikeng, where Central Region were housed since 1998.

The terrain serviced by the region includes Zeerust, Mafikeng and Lichtenburg.

This was initially a five- year lease contract in which the department paid more than **R96 000** in monthly rental. This amount escalated by 10 percent annually in terms of the lease agreement.

After the lease expired in November 2005, the department entered into a month- to-month contract with the landlords, paying about **R113 000** monthly also escalating by 10 percent annually.

Following the commencement of the month- to-month agreement, rental sky rocketed without owners and department engaging in any negotiations whatsoever.

Between November 2007 and January 2008, rent escalated from more than **R136 000** to more than **R173 900** a month.

This amounts to an increase of more than **R36 000** in less than two months.

Following the move from the Old Parliament Building to the new Public Works Building by revenue directorate of the Department of Transport, Roads and Community Safety (DTRCS), a decision to relocate Central Region was prioritized.

The directorate had been occupying the south wing of the building together with a section of the Department of Education, which moved to the Taletso FET College premises in Mmabatho late last year.

**Ends**

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