



**public works
& infrastructure**

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA



national treasury

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MEDIA STATEMENT

JOINT STATEMENT BY NATIONAL TREASURY AND THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE ON THE NATIONAL TREASURY BUILDING LEASE

National Treasury and the Department of Public Works and Infrastructure (DPWI) have noted with concern recent reporting on the National Treasury lease and wish to clarify how government building leases work as well as correct certain factual inaccuracies contained in the reporting.

DPWI is the custodian of government immovable property. It is responsible for the provision of accommodation and acquisition of leases on behalf of client departments. The acquisition of leased property is an open and transparent tender process based on a Needs Analysis, User Specified Accommodation Schedule and User Immovable Asset Management Plan (UAMP). All of which are developed by a user department in accordance with the guidelines published by the Minister of Public Works under the Government Immovable Asset Management Act 19 of 2007 (GIAMA).

Over the last six months, National Treasury submitted an updated Needs Analysis to get better value for money from its lease. In addition, National Treasury also submitted a User Specified Accommodation Schedule and UAMP to the DPWI for office accommodation as required by the relevant prescripts. The DPWI will issue an open tender to the market for prospective property owners to compete. All property owners in good standing can participate in the open tender.

In terms of the article published in the City Press, entitled: “National Treasury’s lease agreement dispute costs taxpayers R145 million” it is important to set the record straight in several respects:

First, as the previous lease expired, the current month-to-month lease is lawful and does not constitute fruitless and wasteful expenditure. In addition, the current month-to-month lease amounts are in line with rentals for buildings of a similar grade.

Second, there is no provision for an evergreen lease or unsolicited bidding process and accordingly, the property market must be tested at required intervals as per the prescripts contained in the Public Financial Management Act.

Third, the current month-to-month lease arrangement is based on advice provided to National Treasury by DPWI. As indicated earlier, DPWI has permitted National Treasury to secure a new lease, which will follow a competitive process to ensure value for money is secured.

Fourth, National Treasury cannot buy an immovable asset offered to it by a landlord as that is the mandate of DPWI. Any such proposal should be directed to DPWI as the custodian of government's immovable property portfolio.

We also wish to place it on the record that DPWI has embarked on a programme to get government departments back to government buildings as part of its programme to reduce the ballooning lease portfolio. As such the department has made its intention clear to accommodate National Treasury and other departments such as the Department of Basic Education into affordable state accommodation. These steps may have an adverse impact on the portfolios of some landlords. DPWI wishes to reiterate that in all its programmes it will seek to encourage the development of the property sector, especially players from previously disadvantaged backgrounds, however, its immediate priority is to reduce government the lease portfolio and revive state assets. As a result, and to secure better value for money from public spending, DPWI has a low appetite for renewing long-term leases.

DPWI has already commenced investigations into all allegations raised and will continue to encourage everyone to report and provide evidence to the relevant law enforcement authorities.

National Treasury and DPWI remain available to answer any questions about this matter.

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