



Ministerial Statement

The Hon. Trevor G. Moniz JP, MP

Minister of Public Works

Reduction in Rental Expenditure

Friday December 6th 2013

Mr. Speaker, I rise this morning to update this Honourable House in relation to the efforts being made within my Ministry to reduce expenditure on rental accommodations. Honourable Members will be aware that it is the responsibility of the Estates Section within the Department of Public Lands and Buildings to manage not only the Government owned property portfolio - but the renting of private sector properties used by Government Departments.

Notwithstanding, whilst the Government owns a large portfolio of properties, it is not enough to house all of these departments and their specific needs. These needs are very diverse and Island wide - ranging from *marina berths* for the Police in St. George's, *office space* in the City of Hamilton ... to the *Hazardous Waste Site* in Dockyard.

For the fiscal year 2013/14 a total of \$13.2 million was budgeted to rent properties from which Government departments can fulfill their mandates. It has been the goal of the Estates Section to reduce these rental costs through a combination of bringing departments into Government owned buildings where possible....carry out rent reviews or lease renewals.... to negotiating rent reductions to reflect the current market values for those Departments that must rent from the private sector.

The saving in rents has primarily been achieved through re-negotiated leases to current levels of rental value. However, moving Government Departments in house has also assisted with reductions. As an example, the move of the Department of Labour and Training into the old Magistrates Court Building has resulted in a savings of \$409,000 per annum alone.

In addition **Mr. Speaker**, the Estates Section reviews the various departments actual use of real estate to ensure the space occupied is being used efficiently... is fit for purpose ... and that space exceeding operational needs is given up. By a combination of these actions the Estates Section has reduced the outgoing rent in this fiscal year from \$13.2 million (as found on page C-29 of the Approved Estimates of Revenue and Expenditure for the Year 2013/14) to \$11.02 million ... a total savings of approximately \$2.2 million or 16%.

Mr. Speaker, the Estates Section is also responsible for the electricity costs for a number of Government buildings. For your information, the electricity cost for the Dame Lois Browne Evans Police/Court Building, Global House and the Government Administration Building together totals over \$230,000 per month.

Cognizant that these buildings are fairly large and house a number of Government Departments, the Estates Section has been working very closely with the Electrical Section within the Department of Works & Engineering, as well as the Department of Energy to find ways to reduce energy consumption. A pilot project is currently being developed for the Dame Lois Browne Evans building that will involve an audit of the electricity use with monitoring equipment over a period of a few months. Since this is a relatively new building, it will make a good test bed to measure the cost effectiveness of any innovative energy reducing technology or processes implemented and will act as an exemplar for our other buildings.

Our intent is to then identify the main electricity demands and introduce both technology and use changes to reduce the costs. It is anticipated that significant savings will be made and that the project can then be expanded to other Government buildings ... including the public schools.

Mr. Speaker, in addition to reducing energy consumption, the Ministry has become more efficient in paying its utility bills in a more timely fashion. The BELCO bills for the three main buildings of Dame Lois Brown Evans, Global House and the Government Administration Building offer a discount of approximately ***\$16,000 per month*** ... if the bills are paid by their discount date.

For your information, the Dame Lois Brown Building had missed \$200,000.00 in discounts from the beginning of 2011 up until the beginning of this year.

Whilst in the past we did not always meet the discount date owing to delays in the accounting process among other factors, I've challenged the team to streamline the payment process and make ***meeting the discount deadline a high priority***. This streamlined process now sees the Department making the discount date and saving on average \$16,000 per month as stated previously.

I will endeavor to keep this Honourable House informed as we progress with this initiative.

Thank you **Mr. Speaker!**