



THE AGENCY B79930/2





# SOUTH AFRICA WORKS BECAUSE OF PUBLIC WORKS



Asset Management



public works

Department:  
Public Works  
REPUBLIC OF SOUTH AFRICA





## ASSET MANAGEMENT

### INTRODUCTION

The Asset Management unit's specific purpose is to ensure that immovable property owned and/or utilised for delivering various government services yields functional, economic and social benefits to the State. In order to achieve this, the Asset Management branch has the following three Chief Directorates:

- Portfolio Performance and Monitoring (PPM)
- Portfolio Analysis (PA)
- Key Account Management (KAM)

These functions are executed in line with the broader departmental objectives of improving service delivery, complying with corporate governance requirements, promoting Black Economic Empowerment (BEE) and contributing to the transformation of the construction & property industries, and implementation of the Expanded Public Works Programme (EPWP), Accelerated and Shared Growth Initiative South Africa (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA).

### CAPACITY AND COMPETENCIES

The branch's capacity and competencies are focused on provision of land and accommodation. This branch effectively and efficiently manages the lifecycle of both movable (in relation to the Prestige portfolio) and immovable assets under the custodianship of the DPW for National government. Asset Management is raising the maintenance effort from an operational Work Control System (WCS) into asset management in response to the Public Works 1997 White Paper. This requires competencies in the following areas:

- Knowledge and nature of levels of service required by clients
- Ability to predict future demands for service
- Knowledge and responsibility of ownership of existing assets
- Capacity to introduce cost effective funding methodologies and/or alternatives
- Knowledge of the physical conditions of assets



- Understanding of asset performance and reliability
- Asset utilisation and capacity
- Ability to predict failure modes and estimated time of failure of assets
- Ability to analyse alternative treatment options
- Ability to rank works or projects based on economic analysis
- Ability to prioritise works or projects to suit available budgets
- Ability to develop and revise the strategic objectives of each asset within portfolios

**BROAD STRATEGIES**

The required competencies constitute strategic drivers in which each Chief Directorate within the branch is allocated a set of work streams covering the following:

- Defining the Branch’s role through the development of a Regulatory Framework that is acceptable to clients. This framework will be premised on the Government-wide Immovable Asset Management Bill
- Developing means to managing immovable assets strategically by producing Asset Management Plans and ensuring optimal space utilization
- Synergising the functions within the Asset Management Branch to achieve effective service delivery through well defined business processes covering Key Account Management (KAM), Portfolio Analysis (PA) and Portfolio Performance Monitoring (PPM);
- Educating internal and external stakeholders on the role, responsibilities and activities of the Asset Management Branch
- Developing standards or tool kits to guide the Asset Management function; and
- Positively contributing to Accelerated and Shared Growth Initiative South Africa (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA)

**VALUES**

Asset Management’s values are built on accountability, trust, commitment, collaboration, problem-solving, morals, respect and humanity in order to improve efficiency, effectiveness and performance at the same time avoiding conflicts, corruption and negativity, thereby ensuring a stable, conducive and rewarding working environment for the proper management of immovable assets.





**VISION**

In support of the core values, purpose and the future business trajectory, Asset Management uses its best endeavours to become a leading and dynamic market player in the provision of innovative asset, financial and property management solutions and economic intelligence through prioritization of maintenance, optimal space utilization, user-friendly work environments, joint ventures, mortgage debt instruments and equity carve-ins and outs where applicable.

Prioritised in this quest are:

- The creation of pockets of excellence
- Capacity and ability to compete robustly
- Becoming a world class organization by 2015 (Vision 2015)
- Contributing to Millennium Goal 2014 of reducing unemployment by half

**Asset Management’s Diagnostic Tool**

Asset Management’s environment and design is aligned by values, vision and strategy that in turn will facilitate smooth implementation of the introduction of accommodation charges, the creation of the Trading Entity and innovation value-added products.

**The Environment**

Structures that we analyse as the physical, technical and socio-economic are:

- Systems
- Culture
- Leadership

**STRATEGIC GOALS FOR ASSET MANAGEMENT BRANCH**

- Promotion of Black Economic Empowerment
- Use expenditure to promote BEE. Use government participation in the property market to influence ownership patterns in the property industry
- Contributing to the National Goals of Poverty Alleviation and Job Creation goals
- Contributing to the African Renaissance / NEPAD
- Contribute to developing government asset management in Africa and learn from the rest of Africa







**Improving service delivery**

- Manage strategically immovable properties owned and/or utilized for delivering various government services to ensure that they yield functional, economic and social benefits to the State
- Implement a service delivery improvement programme

**Good (Corporate) governance**

- Comply with asset management guidelines as set out in PFMA
- Protocol on Corporate Governance & King Code II
- Enhance shareholder value

**Contributing to ASGISA**

- Acquire, build and manage the Government required immovable assets according to the best practice and ensure sector contribution as a percentage of GDP
- To provide alternative investment opportunities in the financial markets and at the same time promoting the culture of savings in the country
- To attract much needed portfolio inflows (and to some extent foreign direct investment)
- Enhance competitiveness, develop representative built environment enterprises, create new opportunities and optimise synergies of spatial location and IDZ's
- Understand the cost structure and function of the construction and property industries

**Contributing to JIPSA**

- Provide an enabling environment for priority skills by recruiting for internships, learnerships and exchange programmes
- Promote internal re-training and multi-skilling





- Identify and review non-performing and under-performing assets and develop performance enhancement strategies
- Apply investment analysis outcomes and asset performance standards to maximize government's financial and non-financial benefits and return on investment for individual assets and total property portfolios
- Prepare a user specific and National Immovable Asset Management Plan for state-owned and leased properties
- Develop and monitor the strategic management plans for the state-owned and leased portfolio

### **ASSET MANAGEMENT PLANS**

The Government-wide Immovable Asset Management Framework seeks to ensure a code of best practice and good governance supported by PFMA and King II and similar guidelines. It is a requirement of the PFMA that asset management plans be compiled and submitted to National Treasury by April each year.

In August 2005, Cabinet approved the Government-wide Immovable Asset Management Policy and the draft Government Immovable Asset Management (GIAMA) Bill for submission to Parliament. The policy calls for more efficient and effective use of immovable assets by national, provincial and local government and places an obligation on accounting officers to prepare Immovable Asset Management Plans to ensure that prudent management of such assets takes place. The policy and draft bill distinguish between users and custodians of immovable assets. Users of immovable assets utilise the space or accommodation to give best effect to their functions and therefore must produce a User Immovable Asset Management Plan (UAMP) to ensure the following:

- Accountable, fair and transparent management of immovable assets
- Effective, efficient and economic use of immovable assets
- Reduced overall cost of service delivery
- Reduced demand for new immovable assets





Custodians are responsible for all activities associated with common law ownership and therefore must produce a Custodian Immovable Asset Management Plan (CAMP) to ensure that immovable assets:

- Are efficiently and effectively managed throughout their life-cycle
- Provide a transparent and cost effective enhanced value manner to meet service delivery requirements of users
- Are maintained in a state to provide the most effective service
- Are assessed in relation to their performance, suitability, condition and the effect of the condition on service delivery ability
- Are disposed of in line with assessment recommendations

### **Asset Register**

Asset register is still focusing on central data, title deeds, even number, land use, size, GPS, photographs of buildings, land occupation and zoning information. Assumptions must address valuation issues such as depreciation policy and revaluation of land and buildings and the treatment of intangibles.

### **Asset Register Enhancement Project**

A more co-ordinated approach is being implemented to accelerate improvement of the asset register. The branch commenced the asset register enhancement project in 2005/06 to improve data integrity of the department's asset register, service delivery and to facilitate property management in the eleven regions.

### **PRIORITISATION OF MAINTENANCE AND CAPITAL BUDGETS**

Short-term prioritization criteria:

- Statutory compliance taking into consideration some of the following legislation OHSA, PFMA, PPPFA, other Land, Environmental and Safety Legislation
- Security measures e.g. prevention of escapes and safe keeping of firearms
- Functional versus residential accommodation, for example, the provision of "essential services"
- Special projects, for example, not captured on WCS but which are a priority
- Degree of readiness such as projects that are at tender stage



Additionally, the branch will in the medium to long run prioritise according to:

- EPWP
- Project consolidate
- ASGISA

### **PORTFOLIO ANALYSIS (PA)**

KAM submits client requests through PPM in order for PA to provide a base for investment or disinvestment decisions through analysis of options for acquisitions, construction, disposal (commercial and non-commercial) and leasing and space optimizing of immovable property to maximize use of scarce resources for the benefit of client departments to accrue socio-economic and financial benefits. Non-commercial support of land reforms takes into consideration the State Land Disposal Act. Although the Department has undertaken investment analysis exercises for some time, it is only now starting to implement comprehensive life-cycle asset management. The Department widely investigated international best practices to establish a business model for life-cycle immovable asset management, and has subsequently adopted a new organizational structure based on this business model.

### **VALUATION SERVICES**

Valuation Services has to implement a plan on providing the value of the State portfolio. This is a huge task considering capacity constraints due to availability of scarce skills. The proposed method is to divide State property into categories and conduct valuations of each category.

### **INVESTMENT ANALYSIS**

The initiatives and key projects that have been concluded by the Investment Analysis component include cost analysis of lease to the specification for projects in various areas, establishment of a guideline for acquisition of foreign missions for the Department of Foreign Affairs as well as quantification of the costs for the improvement of office accommodation for Pretoria CBD.

### **PAN AFRICAN PARLIAMENT (PAP)**

This unit has also been tasked with the responsibility of finding a suitable permanent location for the Pan African Parliament (PAP). This is based on the decision taken by African Union Assembly.







### **PUBLIC PRIVATE PARTNERSHIPS (PPPS)**

The procurement and management of accommodation and/or property related projects can be funded by PPPs. Section 217 of the constitution requires the establishment of preferential procurement, hence the promulgation of the Preferential Procurement Policy Framework Act. Innovation is critical in PPP from sourcing funding to the most optimal financing risk (private sector loans versus Government's equitable share allocations).

### **KEY ACCOUNT MANAGEMENT (KAM)**

KAM ensures sustainable long-term relationships with client departments by providing enhancements and value added products that serve their accommodation and convenience needs. The role of Key Account Management is ensuring that National Departments and institutions occupy accommodation that meets their financial, technical and social requirements, through facilitating the provision, development, management and maintenance of accommodation.

### **RE KGABISA TSHWANE PROGRAMME**

KAM is performing a strategic interface role between clients and the Re Kgabisa Tshwane Programme (RKTP) project team. KAM facilitates the interaction on clients strategic accommodation needs, which relates to the options analysis process that needs to be undertaken in consultation with User Departments. KAM will further assist clients with appropriate budget planning over the MTEF cycle.

### **PRESTIGE**

Prestige portfolio is intended to provide office and residential accommodation to prestige clients as specified in the Presidential Handbook and the Ministerial Handbook, as well as to Director-Generals, Members of Parliament, Chief Justice and Deputy Chief Justice and sessional officials. The Deputy Minister of Public Works is the overall overseer of the portfolio and is the contact point between clients and the Department. Accommodation is provided for within the parliamentary precinct in Cape Town and at the Union buildings in Pretoria.





**SERVICE DELIVERY**

It is strategically important to Asset Management as a whole and KAM in particular, that service delivery for the entire department be realised and fully implemented in order to satisfy client’s needs, that is, it must ensure the proposed services come to fruition within the parameters of cost, time and quality.

**ZIMISELE**

In the interest of growing its ability to continually improve its service the department is in a process of implementing a Service Delivery Improvement Programme (SDIP) now called Zimisele to improve the levels and standards of service provided by various operating units of the department. The goal of this programme is to give all clients a better service. That means improving work systems, being more responsive in attending to client’s needs, growing efficiencies across all departments, delivering quality every time, eliminating waste and thus reducing costs.

This is a three (3) year programme and in terms of the outcomes, Zimisele will be seeking the following broad results over the three year period:

- Measurable improvement in total service offering
- Formalization and full adoption of business processes for each service through acceptance of and adherence to standards and work procedures
- An improved culture reflected in responsive and informed internal service between the units making up the department
- Service measurement mechanisms that are developed and agreed with staff that apply them
- Better utilization of human and material resources through identification and elimination of waste
- Motivated employees skilled up with new business processes and behaviors through on-the-job training, delivering better performance





- Project and contract management (capital and maintenance projects)
- Property management (lease, utilization and payment for services)
- Facilities management (cleaning, horticulture and security services for client facilities)

#### **TRAINING AND DEVELOPMENT**

The asset management branch has launched a learnership and internship programme. More than eight learners have been employed within the asset management branch, four in both the valuation and property management directorates respectively. All the learners employed hail directly from the historically and previously marginalized sector of our population. The branch also has ten interns in its employ and encourages women to participate in exchange programmes such as the one envisaged with the United Arab Emirates. This is in line with the government policy of redressing past imbalances and achieving employment equity both in government and the private sector. The asset management branch is in the process of seeking approval for more learners and interns for the other areas where deficiency in skills have been identified for more prudent asset management. All of this responds to JIPSA.

#### **PORTS OF ENTRY**

The Border Control Operational Co-ordination Committee (BCOCC) structure was presented and approved by the Cabinet Lekgotla in July 2005. The Department has been mandated to chair the BCOCC Development Committee. This committee is tasked to look after Capital Works, Acquisitions, and RAMP projects and for the expansion and renewal of the ICT systems at Ports of Entry (Air, Land, Sea and Rail which includes 54 Land Ports of Entry, 10 Harbours and 10 International Airports).