

PROPERTY MANAGEMENT TRADING ENTITY
STRATEGIC PLAN
2015-2020



PMTE

Property Management Trading Entity
Public Works
REPUBLIC OF SOUTH AFRICA

STRATEGIC PLAN

2015-2020

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MINISTER'S FOREWORD

It is with great pleasure that I present the first Strategic Plan for the Property Management Trading Entity (PMTE), which represents a critical milestone in the Turnaround of the Department of Public Works (DPW).

As the PMTE account constitutes approximately 75% of the work and budget of DPW and represents the largest property portfolio in South Africa, the operationalisation of the PMTE has been identified as one of my five key priorities for the period of this Administration (2014-2019). This will ensure effective delivery on our mandate of accommodation provision to Government and act as custodian for the State's immovable assets. The State's property portfolio is currently underutilised and neglected, leaving numerous properties vacant, and susceptible to theft, vandalism, vagrants and illegal occupation. The condition of some buildings is poor and in many cases does not enable our user departments to fulfil their service delivery mandates. This has led to a disproportionate use of leased in accommodation leading to excessive costs to the State.

The PMTE's key role is to optimise the asset portfolio to ensure improved and effective, but cost saving service delivery. This will be achieved by improving access to and the quality of public buildings, by utilising the State's unutilised properties productively and creating funding streams for capital maintenance and improvement programmes, to extend the life-cycle of existing State properties.

As set out in the National Development Plan (NDP), the objective and mission of Government's developmental agenda is to set the country on a higher and sustainable trajectory of economic

growth and increased infrastructure development. Other priorities include: resolving the energy challenge; unlocking the potential of SMMEs, co-operatives, townships and rural enterprises; growing the ocean economy through Operation Phakisa; and transformation, job creation and skills development. In this regard, the value proposition of the PMTE cannot be under-estimated. The PMTE has not only been geared-up to be a responsive, effective, cost saving property management entity for the State, but has the added benefit of contributing towards these priorities through its operations.

In its commitment to the above, the PMTE aims to:

- Leverage the State's property portfolio to contribute towards job creation, black empowerment and skills development mainly through the reopening of the Facilities Management Service Centres (Workshops) and bridging service delivery gaps by targeting and engaging Co-ops, SMME's and Turnkey Solutions procurement in the provision of construction, facilities management, and property management services for unutilised state owned properties;
- Implement strategies and redress mechanisms towards energy and water savings on newly constructed buildings and reducing the energy demand on existing properties. Immense gains have already been achieved through the incorporation of energy efficiency into the building design and energy efficient technologies (Smart Metering and Lighting) into existing buildings;
- Reclaim the mandate of Public Works, and take control of – and develop – small proclaimed harbours as well as harbours that are not yet proclaimed. This has implications for the better utilisation of state resources to promote economic development and job creation. The same goes for Admiralty land for which Public Works is responsible. The PMTE as the State's infrastructure development organ will play a pivotal role in the development and modernisation of small harbours in stimulating the South African maritime economy. This also includes the development of Government precincts in small towns and rural areas;
- Clarify the BBBEE policy and its application to leasing-in, leasing-out, Real Estate Management, Construction, Facilities Management and planned maintenance;
- Safeguard the State's assets from vandalism, theft and land invasion; and

- Reclaim all misappropriated State land through the Bring Back Campaign.

The PMTE is however, still faced with the challenge of attracting and retaining the skills necessary to professionalise our property business and address the high infrastructure backlog. The Construction Project Management division's inability in the past to deliver within time, cost and quality has been exacerbated by insufficient professional capacity and skills.

Addressing the aforementioned issues, requires the establishment of a quality public sector property management organisation with competitive, market-related compensation packages that will attract appropriately skilled personnel to deliver high quality and professional services, and assist in capacitating existing staff. To this extent, a Business Case for establishing the PMTE as a Government Component has been presented and endorsed by Cabinet. The value proposition of such a Government Component is premised on being a ring-fenced and focussed service delivery entity with flexible administrative and operational arrangements to expedite and improve service delivery, whilst remaining an integral part of the public service. This means that the Government Component will remain committed to the State's priorities whilst being closely acquainted and involved with the needs of its public sector clients.

It is clear, that the successful operationalisation of the PMTE requires a fundamental shift in the way in which we do business and, this will not occur overnight. The PMTE will therefore ring-fence, better manage and optimally utilise the State's massive property portfolio to build value and bring savings to the State. It will also consider other socio-economic benefits – particularly job creation and empowerment – whilst improving services to client departments. All of this demands a focused and uncompromised effort. As we remain resolute in our commitment to improve service delivery and reduce public spending on accommodation, a lot of work still needs to be done. I am confident that the above interventions are a concrete expression that we will continue to strive towards improving service delivery in the context of Government's priorities.



Thulas Nxesi, MP

Minister of Public Work

STRATEGIC PLAN

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As part of the operationalisation process, this is the first ever comprehensive Strategic Plan for the Property Management Trading Entity (PMTE) produced by the Department of Public Works (DPW) and distinguishes its implementation functions of the property and construction project management from the policy and regulatory role of the DPW. The operationalisation of the PMTE is one of the key pillars of the Turnaround of DPW that was initiated by the Minister in 2012.

Significant contributions from both internal and external stakeholders culminated in this 'kick-start' plan which reflects the aspiration to build and operate the PMTE against best practices of both public and private sectors' property and construction project management businesses. It is anticipated that, as we gain experience, the Strategic Plan will be refined and further developed. Special thanks must be paid to the BIU staff and all those who worked tirelessly since 2012 to conceptualise and develop the 'kick-start' business model and plans. We appreciate the contributions of National Treasury, GTAC, DPSA, DPME, SAIBPP, STANLIB, CESA, the SACPCMP, and the AG.

It is hereby certified that the Strategic Plan was developed by the management of the PMTE under the guidance of the Minister of Public Works and takes into account all the relevant policies, legislation and other mandates for which Public Works and the PMTE are responsible. It accurately reflects the strategic outcome orientated goals and objectives which the PMTE will endeavour to achieve over the period 2015 - 2020.


Mr. Dhaya Govender
Acting Head: PMTE



PMTE

Property Management Trading Entity
Public Works
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Mr. M Dlabantu
Director-General
Department of Public Works



Mr. J P Cronin, MP
Deputy Minister of Public Works

Approved by:



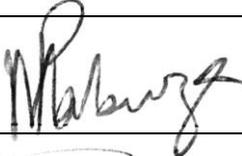
Mr. T W Nxesi, MP
Minister of Public Works



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MANCO SIGN-OFF

MANCO MEMBERS	
	P Chiapasco (Mr) Act/DDG: Asset Investment Management
	S Subban (Ms) DDG: Inner City Regeneration
	M Mabuza (Mr) DDG: Key Accounts Management
	N Vilakazi (Mr) Act/DDG: Projects and Professional Services
	B Mokgoro (Mr) Chief Finance Officer
	B Matutle (Mr) DDG: Regional Coordination
	S Matthews (Ms) Act/ Head: Real Estate Registry
	R Naidoo (Mr) CD: Supply Chain Management

ACRONYMS AND GLOSSARY OF TERMS

AIM	Asset Investment Management
AG	Accountant General
BBBEE	Broad Based Black Economic Empowerment
C-AMP	Custodian Asset Management Plan
CBE	Council for Built Environment
CEO	Chief Executive Officer
CFO	Chief Finance Office
CIO	Chief Investment Officer
CIDB	Construction Industry Development Board
CCM	Client Centric Management
CPO	Chief Procurement Officer
DCIO	Deputy Chief Investment Officer
DG	Director General
DMS	Document Management System
DPSA	Department of Public Service Administration
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
EDMS	Employee Development and Management System
ENE	Estimates of National Expenditure
EPWP	Expanded Public Works Programme

EXCO	Executive Management Committee
FTE	Full Time Equivalent
FM	Facilities Management
FY	Financial Year
GC	Government Component
GIAMA	Government Immovable Asset Management Plan
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
HOSS	Head of Support Services
HR	Human Resources
IAR	Immovable Asset Register
IDT	Independent Development Trust
ICT	Information Communication Technology
IT	Information Technology
IDIP	Infrastructure Delivery Improvement Programme
KAM	Key Account Management
LOGIS	Logistical Information System
MOU	Memorandum of Understanding
MTBPS	Mid Term Budget Policy Statement
MTEF	Mid Term Expenditure Framework
MTSF	Mid Term Strategic Framework
MIS	Management Information System

NDPW	National Department of Public Works
NT	National Treasury
PFMA	Public Finance Management Act
PMIS	Property Management Information System
PMTE	Property Management Trading Entity
PSA	Public Service Act
PSR	Public Service Regulations
SA	South Africa
SPA	State Property Agency
SPMC	State Property Management Corporation
SCM	Supply Chain Management
SLA	Service Level Agreement
SP	Strategic Plan
SOE	State Owned Entity
State assets	Assets under the Custodianship of the Minister of Public Works
SPMA	State Property Management Agency
TAU	Technical Assistance Unit
U-AMP	User Asset Management Plan
VPN	Virtual Private Network
WBS	Web Based Reporting Systems
WCS	Works Control System
WSP	Workplace Skills Plan

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PART A: STRATEGIC OVERVIEW



PMTE

Property Management Trading Entity
Public Works
REPUBLIC OF SOUTH AFRICA

1. VISION

The pre-eminent accommodation and real-estate management service provider for National Government.

2. MISSION

To optimize the State's immovable asset portfolio through innovative and best practice approaches to ensure competent, proficient and sustainable service delivery by :

- Reducing the cost to Government on leased-in accommodation and maximising returns on leased-out accommodation;
- partnering the private sector for property financing and delivery options / strategies;
- streamlining the value chain business improvement policy approaches and strategic alignments; and
- utilising alternative energy solutions and green management technology for enhanced efficiency cost savings.

3. VALUES

The PMTE's core values are underpinned by the Batho Pele principles, and are augmented by the following values:

- **Integrity:** by consistently honouring our commitments, upholding ethical, honest behaviour and transparent communication;
- **Professionalism:** by treating our stakeholders with respect and reliably delivering against expectations;
- **Teamwork:** by respecting diversity while sharing a common purpose and working together in cooperation with each other; and
- **Innovation:** by tirelessly seeking opportunities for service delivery improvement by thinking freely and not bound by old, non-functional, or limiting structures, rules, or practices.

4. LEGISLATIVE MANDATE

By virtue of the devolution of the roles and responsibilities from the Department of Public Works (Department) to the Property Management Trading Entity (PMTE), the PMTE's mandate is, as a consequence, shaped by the legislative and other mandates which direct the Department's functions. In this regard, the following legislative and other mandates must be noted.

4.1 CONSTITUTIONAL MANDATES

As the entity established to take control and improve the real estate management services on behalf the Department of Public Works the PMTE is bound by the Constitutional mandate of the Department, as provided in Schedule 4, Part 4, of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 199), ie., : Functional Areas of Concurrent National and Provincial Legislative Competence. In executing this Constitutional mandate, both the Department and the PMTE need to observe the principles of good cooperative governance and intergovernmental relations as provided for in Section 41 of the Constitution.

4.2 LEGISLATIVE MANDATES

The applicable legislative mandates for the PMTE are set out, *inter alia*, in the following pieces of legislation:

- i. Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007);
- ii. The Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);
- iii. Council for the Built Environment Act, 2000 (Act No. 43 of 2000);
- iv. Professional Council Acts that regulate the six Built Environment Professions (BEPs);
- v. Public Finance Management Act, 1999 (Act No. 1 of 1999); and
- vi. Other Acts listed in Annexure A.

4.3 POLICY MANDATES

The PMTE's policy mandates derive largely from the Department's directives, as they pertain to the following:

4.3.1 DPW White Paper: Public Works, Towards the 21st Century (1997) [White Paper(1997)]

The White Paper (1997), documented the challenges facing the Department and continues to serve as an overarching Policy Framework for the Department's restructuring process. This has led to meeting Government's socio-economic objectives by becoming a client-orientated organisation which will focus on policy and service reform; property investment, property and facilities management and the implementation of the National Public Works Programmes.

4.3.2 DPW White Paper: Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999 [White Paper (1999)]

The White Paper (1999), sets out Government's Policy Objectives for the construction industry and focuses on the need to enhance delivery, achieve greater stability, improve industry performance, create value for money and facilitate growth of the emerging construction sector.

4.3.3 Construction Sector Transformation Charter, 2006 (Charter 2006):

The Charter 2006, *inter alia*, aims to:

- provide the construction sector with the first quantitative method of monitoring and evaluating the progress of an enterprise towards achieving BBBEE targets and thereby contributing to ending the malpractice of fronting;
- expand the employment potential and absorption capacity of the sector by using labour-intensive approaches where, economically feasible and possible; and
- address skills development in a manner that accelerates the advancement of black people, women and designated groups with particular emphasis on learner-ships as well as technical and management training.

4.3.4 Property Sector Transformation Charter, 2007 (Charter 2007)

The Charter 2007 aims to promote the objectives contained in Section 2 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) [BBBEE Act) as these relate to the Property Sector and, in particular but without limitation, *inter alia*, to:

- promote economic transformation in the Property Sector to enable meaningful participation of black people and women;
- unlock obstacles to property ownership and participation in the property market by black people;
- promote property development and investment in under-resourced areas which enhances basic infrastructure, encourages investment and supports micro and small enterprises; and
- facilitate the accessibility of finance for property ownership and property development.

4.3.5 DPW Broad-based Black Economic Empowerment Strategy, 2006

(DPW BBBEES 2006)

This strategy provides guidance on how to give effect to the BBBEE Act by addressing enterprise development, preferential procurement, skills development and employment equity.

4.3.6 Property Management Strategy on BBBEE, Job Creation and Poverty Alleviation, 2007 (PMS BBBEE 2007):

The objective of the PMS BBBEE 2007 is to:

- address skewed property and equity ownership in the property industry in the country; and
- promote black participation in the property industry through management, control and procurement.

4.3.7 Green Building Framework, 2001.

This Framework outlines the commitments to address key elements in the NGP and the Industrial Policy Action Plan by promoting sustainable development, reducing greenhouse gas emissions, promoting energy efficiency, stimulating new green industries, etc.

4.4 RELEVANT COURT RULINGS

The relevant court rulings which have an impact on the PMTE are the following:

4.4.1 **Case Number: 576 / 2011** (*Eastern Cape High Court, Mthatha*)

- Applicant:** Azcon Projects CC
- Respondent :** The Minister of Public Works and three others
- Mini Summary:** The Applicant obtained an order review and set aside the awarding of tender MTHPCOL and ordering the Respondent to reconsider the tender. The Respondent had disqualified the bidder on the basis of an outstanding tax clearance certificate. The court order had an adverse impact on service delivery as the project, which involved the renovation of the Mthatha Central Police Station, was put on hold pending the conclusion of the litigation process, which effectively lasted for a year.
- Judgement:** The judgement for the case reinforces the fact that the Public Finance Management Act (Act No 1 of 1999) as amended by Act No 29 of 1999 should be strictly followed in the procurement process.

4.4.2 **Case Number: 2845/12** (*Magistrate's Court, Newcastle*)

- Applicant:** Anton van Kaampen
- Respondent:** The Minister of Public Works
- Mini Summary:** The Applicant obtained an eviction order against the Respondent in respect of a building occupied by the SAPS. The lease for the relevant premises had expired and the Respondent owed rentals on the property. Consequently, the Respondent was locked out of the premises which resulted in having to work from its official vehicles.
- Judgement:** The implication of the judgment is that the backlog in the leasing portfolio is impeding service delivery of user departments.

5. SITUATIONAL ANALYSIS

5.1 PERFORMANCE ENVIRONMENT

5.1.1 External Economic trends and outlook

The dawn of 2015 saw major components of the global economy shift in opposite directions. The dramatic fall in the oil price will benefit oil consumers and hurt producers, whilst the boisterous performance of the United States economy and continued problems in the Euro Zone set the tone for divergent monetary policies, rather than for convergence and stability. This resulted in a great deal of uncertainty in the global economy, with currencies and the prices of commodities, equities and bonds, moving in unpredictable directions. The impact of these global economic trends on South Africa was that our country therefore faced a turbulent and uncertain 2015 which could lay the foundation for an unpredictable course for 2016 and beyond.

Predicted growth for the United States economy of around 3.4% for 2015 represented the best year for its economy since 2004. Forecasts for real Gross Domestic Product (GDP) growth in several major economies have also brightened – in the main as a result of the benefits of cheaper oil. Strong growth in the United States and China are likely to more-or-less neutralise the expected negative impact that weak growth in Europe and a number of other emerging market economies would have on South Africa's export performance. The South African Rand, which has weakened considerably, since the second half of 2014, along with an expected solid performance of metals-based commodity prices, will more than likely, support real export growth rising from an estimated +1.3% in 2014 to +3.1% in 2015.

Although the lower oil price will lessen pressure on the country's import bill, the electricity supply problems experienced by Eskom may imply higher import volumes of oil and gas-based energy commodities. Stronger growth in capital formation and household consumption expenditure in 2015 over 2014 are likely to cause real import growth of +2.6% in 2015 compared to an estimated -1% in 2014. Growth in export over the importation of

goods and services may impact on reducing the country's current account deficit in 2015 and beyond. The current account deficit (i.e. the difference between goods and services exported and imported) has averaged 5.4% of GDP during the past three years. In 2015 this ratio may decline to below 4% of GDP, which may also contribute towards a somewhat better credit risk assessment of the country. Although reducing, the current account is likely to remain in deficit over the next five years, which means that the domestic savings deficiency and foreign capital dependency of the economy, although abating, will continue.

The national savings ratio, as measured by the ratio of Gross Domestic Saving (GDS) to GDP, showed a recent peak of 18.4% at the end of 2010, but deteriorated significantly to 13.8% at the end of 2012. Since then, GDS/GDP has averaged around 14.4%, which is considered low by international standards. The deterioration in total gross national savings, during the past three years was mainly due to sluggish growth in the gross operating surpluses of business enterprises, which increased by only 6.6% p.a. in nominal terms over the same period. This slow growth in profits, from which savings are derived, was, in turn, caused by rapid increases in employee compensation (9.3% p.a.) and taxation (12.2% p.a.).

Gross fixed capital formation peaked momentarily close to 25% of GDP by the end of 2008. This level is generally regarded as the target ratio, which ought to be maintained to ensure the required expansion of infrastructure and production capacity, as well as to provide for the replacement of obsolete capital equipment. Unfortunately, fixed capital formation spending has been struggling to improve meaningfully above the 20% ratio of GDP since 2013. This is due a sideways movement on in growth that has reduced the demand for capital infrastructure.

Low savings and fixed capital formation rates along with a deficiency of reliable energy supply and the possibility of recurring industrial action are the most important factors that will limit the economy's growth potential. On the positive side, the lower oil price will have a deflationary impact on the economy. This is likely to lower inflation, which will obviate the need for further interest rate increases. As a consequence, growth is expected to rise to around 2.5% in 2015, which will equal the average growth recorded during the past five years. Notwithstanding, growth of 2.5% is regarded as still being insufficient for meaningful

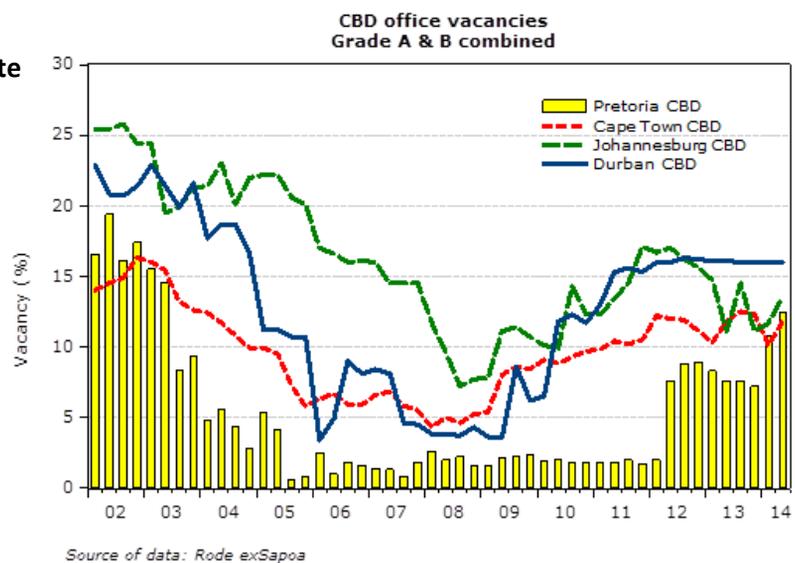
job creation and the reduction of income disparities. It is therefore imperative that policies and programmes, aimed at implementing the NDP, must be expedited for economic growth to accelerate to around 5% on a sustainable basis.

The considerable capital requirements relating to social infrastructure spending, low savings propensity and insufficient job creation will continue to put pressure on Government to tighten its financial purse strings. Constrained income against the need to fund capital requirements and infrastructure spending will push government debt to 50% of GDP by 2016. This, together with the associated higher debt servicing costs, will continue to be focal points for credit rating agencies, which will impact on our international risk ratings. Government will therefore need to ensure that further risk rating downgrades are prevented to avoid the cost of foreign borrowing to soar whilst limiting access to credit.

5.1.1.1 The Property Sector

The South African property sector delivered an improved 7.4% total return (non-annualised) for the first six months in 2014. Over the past five years (up to end-2013), the Investment Property Databank Ltd (IPD) property index return amounted to 12.6% p.a. This compares quite favourably with inflation of 5.6% p.a. over the period, as well as with bonds, which returned 10.8% p.a., and equities, which delivered a 13.8% total, return p.a.¹

Figure 1: Office vacancy rate



¹ (IPD 2014: 1)

Figure 2: Growth in market rentals vs. the vacancy rates

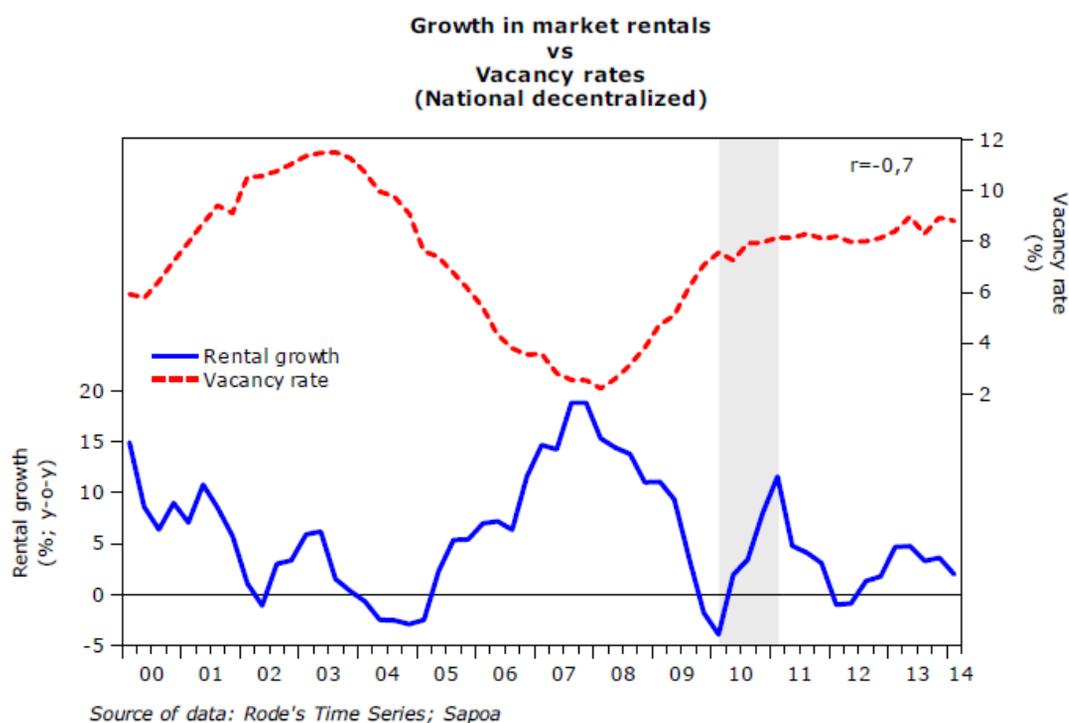


Figure 2 above shows the disparity between the growths in rental in relation to the vacancy rate of the office sector. While the overall property market continues to improve, the office sector lags behind the industrial and the retail sector and recorded a total return of 5.6% for the first six months of 2014. The office sector continued to register double-digit vacancy levels, which exerted pressure on rental levels. Offices in city-decentralised nodes were the worst hit in terms of capital growth, registering 1.1% capital growth and a total return of 5.5%². Figure 2 demonstrates this phenomenon.

After a relatively lacklustre first half of 2014, listed property prices performed much better in the third quarter, rising by 4.9%. In the fourth quarter, prices firmed and the listed property index closed during December at 10.7%, up compared with prices at the end of September. This translated into a solid 25.7% year-on-year return (which includes dividends) for listed property over the past twelve months³.

² (Broll 2014:14)

³ (IPD 2014:1)

With low rates of economic growth and interest rates having moved up in 2014, the performance of the property sector came as a bit of a surprise. However, large commercial and industrial property are in fact well-managed and mostly have large, solid paying tenants who ensure that the current yields of around 6% can be maintained in 2015.

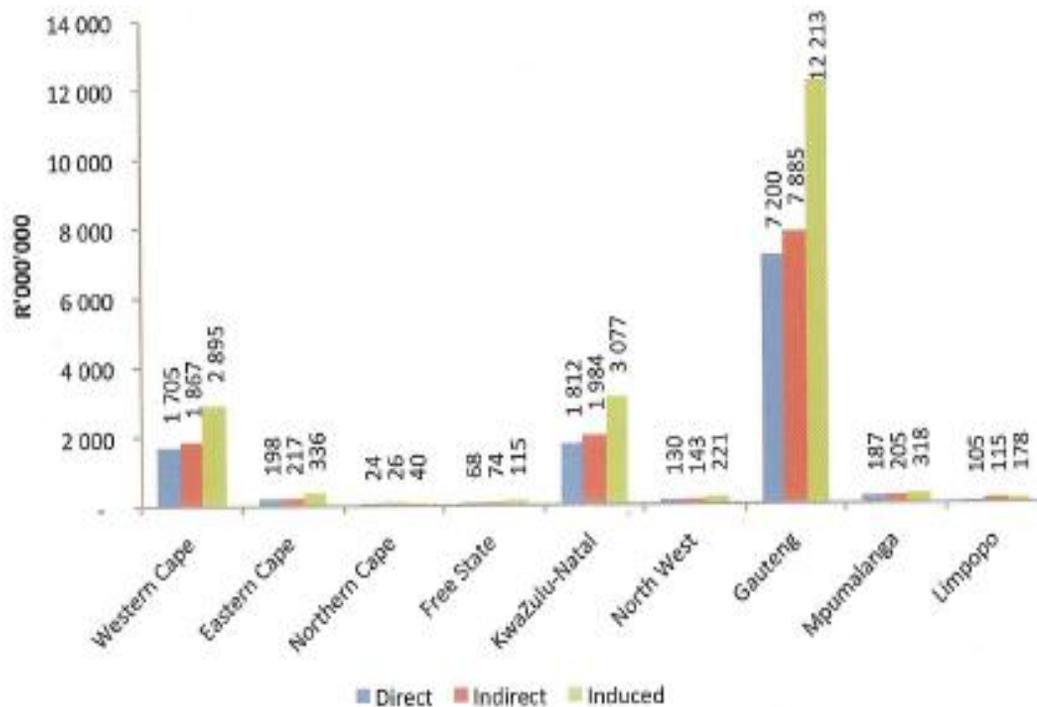
The movement of interest rates tends to have a sizable impact on the performance of listed properties. The anticipated maintenance of interest rates at their current level – with the possibility of taking a drop – will exert upward pressure on listed property returns and rentals.

Older, secondary office nodes are facing high vacancies. Developers have been oversupplying the market especially in areas like Sandton, Johannesburg and in Cape Town⁴.

It is estimated that the non-residential property sector contributed an additional approximately R2 750 million in direct economic activity in South Africa during 2014. The contribution to the GDP by specifically the office and banking sector, new jobs created and the taxes generated by the non-residential construction sector in 2014 per province are quantified in the following figures:

⁴ (Broll 2014: 14-15)

Figure 3: Contribution to GDP : Office and Banking space per province (SAPOA 2014:52)



Growth in South Africa’s commercial property industry over the next few years continues to be dependent on Government’s redress of critical infrastructure backlogs and capacity constraints to offset the dampening effects of low economic growth. Aside from ongoing electricity supply shortages, looming water supply issues could further inhibit property development. There has been a decline in the amount of capital expenditure by the public sector on new construction works in the calendar year 2013.

Throughout South Africa and across all sectors of the property market, rising operating costs are exerting downward pressure on the bottom-line of both tenants and investors. Municipal property rates doubled in real terms since 2000 and are the second fastest-growing operating cost for property owners and investors, after increases in electricity costs. Property rates and municipal services now account for some 59% of total expenses of which property rates alone account for 21% and electricity 32% respectively⁵.

⁵ (IPD 2014)

i. Implications for the PMTE

Due to the scarcity of appropriate infrastructure and the maintenance backlog of existing freehold stock, Government is compelled to lease accommodation from third party lessors. Historically, the Department acted as an agent or vendor for sourcing accommodation for user departments. This made the Department the biggest tenant in the industry. This function will now be undertaken by the PMTE, as determined in the Turnaround Strategy.

The PMTE, on behalf of the Department, must now be equipped to implement its infrastructure plans and stimulate growth in the industry. The PMTE will now manage a portfolio of more than 2 500 leases with a Rand value in excess of approximately R3.7 billion per year. The increasing oversupply of stock in the new office market puts office market rentals for prime buildings under pressure and signals tenant favourable market conditions in the near future. For the PMTE, as the biggest contributor to the office rental market, it will provide the opportunity to negotiate for market related, and in some cases, below market related rental rates per square metre, higher tenant installation allowances and other incentives. However, the steep rises in operating costs will impact substantially on the total leasing costs.

ii. Strategies to address some of the issues

Whilst the current trends in the Property Sector offer some relief to the escalations in leasing costs to the PMTE, it is intended to balance the leased portfolio with the existing stock of State-owned accommodation so that the over-reliance on private leasing is reduced over the medium-term. Through the Real Estate Asset Register, a full analysis of its immovable assets to determine which assets are best suited to address the needs of the user departments will be undertaken. Simultaneously, the PMTE will address the maintenance requirements of its immovable assets in order to restore them to habitable conditions. Over the past three years the Department has spent approximately R4.2 billion undertaking maintenance and repairs to State-owned infrastructure, which is regarded as inadequate, in terms of industry norms,

where the annual allowance for maintenance should be 2-3% of the replacement value of the assets⁶.

The PMTE intends to enhance property development, maintenance and operations through Public Private Partnerships (PPP) including the Build Operate and Transfer (BoT) model, to reduce the stress of funding through the fiscus, and to maintain an adequate portfolio value.

A review of current Lease Agreements are being conducted in accordance to the escalation rate and the rental rate per square metre, in order to negotiate lower than market-related rentals for new leased-in accommodation and to re-negotiate those rentals that are higher than market related.

In addition, surplus freehold accommodation and freehold land will be let out for income generation as well as the socio-economic objectives initiative to ensure the self-sufficiency of the portfolio.

Furthermore, a coordinated and uniform approach in the management of its immovable assets will be undertaken, as follows:

- Strengthening the regulatory framework governing planning and budgeting for infrastructure maintenance. Renewed attention and focus on maintenance improvement through infrastructure asset management, as well as the development of the maintenance industry linked to BBBEE through the National Infrastructure Maintenance Strategy (NIMS);
- Educating user-departments through workshops about the Public Works' business model and how GIAMA, in particular, governs and regulates its relationship with the user-departments in line with the requirements of the PFMA, PPPFA, B-BBEE etc.;

⁶ Earthman & Lemaster 2013:57; Federal Facilities Council 1996:10; Kresge Foundation 2011:4

- Enforcing uniform compilation of User Asset Management Plans (U-AMPs) by training user departments and providing capacity where required through joint teams;
- Ensuring that Asset Management Planning is aligned to the National Treasury's planning cycle including U-AMP submissions to both the Department and National Treasury. This will ensure that the demand for accommodation by user departments is approved by National Treasury, while taking cognisance of the fact that, U-AMPs will be incorporated into the Custodian Asset Management Plan (C-AMP);
- An integrated property management system with billing module for proper invoicing of accommodation charges (iE Works);
- Resolving the backlog of expired leases, which are at various stages of the renewal process;
- Regular audit of all active leases to ensure accuracy of information on Property Management Information System against the signed lease agreements; and
- Balancing the leased portfolio with the existing stock of State-owned accommodation so that the over-reliance on private leasing is reduced over the medium-term.

5.1.1.2 The Construction Sector

The construction sector is classified as one of the secondary sectors of the South African economy with a Gross Value Added (GVA), at current prices (measured at a seasonally adjusted annualised rate) in the third quarter of 2014, of R133.1 billion. This amounted to 3.9% of the total 'value added' of the economy. By comparison, the manufacturing sector's Gross Value Added (GVA) constituted R453.9 billion or 13.3% of the total economy.

The construction sector is made up of two major sectors: building construction (accounting for around 46% of total value added) and civil engineering & other construction (accounting for the other 54% of total construction activity). Over the past five years the total economy has recorded real growth of 2.5% p.a. whilst the construction sector has underperformed at

1.7% p.a. With a renewed focus on infrastructure expansion and maintenance, the construction sector could outstrip overall value added growth by around 0.6 percentage points per annum during the next five years. This implies an average real growth in GVA for the sector of around 3.8% p.a.

In 2014, total gross fixed capital formation in the economy amounted to an estimated R770 billion, at current prices. Of this amount, about 5% was invested in the construction of residential buildings; 9% in non-residential buildings; and 27% in construction works. The remaining 58% of fixed capital formation went into machinery, transport and other equipment.

After having grown by 14.6% in real terms during the period 2005-2009, the completion of major building construction works prior to the 2010 Soccer World Cup and the onset of the global recession meant that fixed capital formation growth in building and construction averaged around -0.3% during 2010-2014 whilst the next five years should see a an average growth rate of 4.6%.

i. Infrastructure development

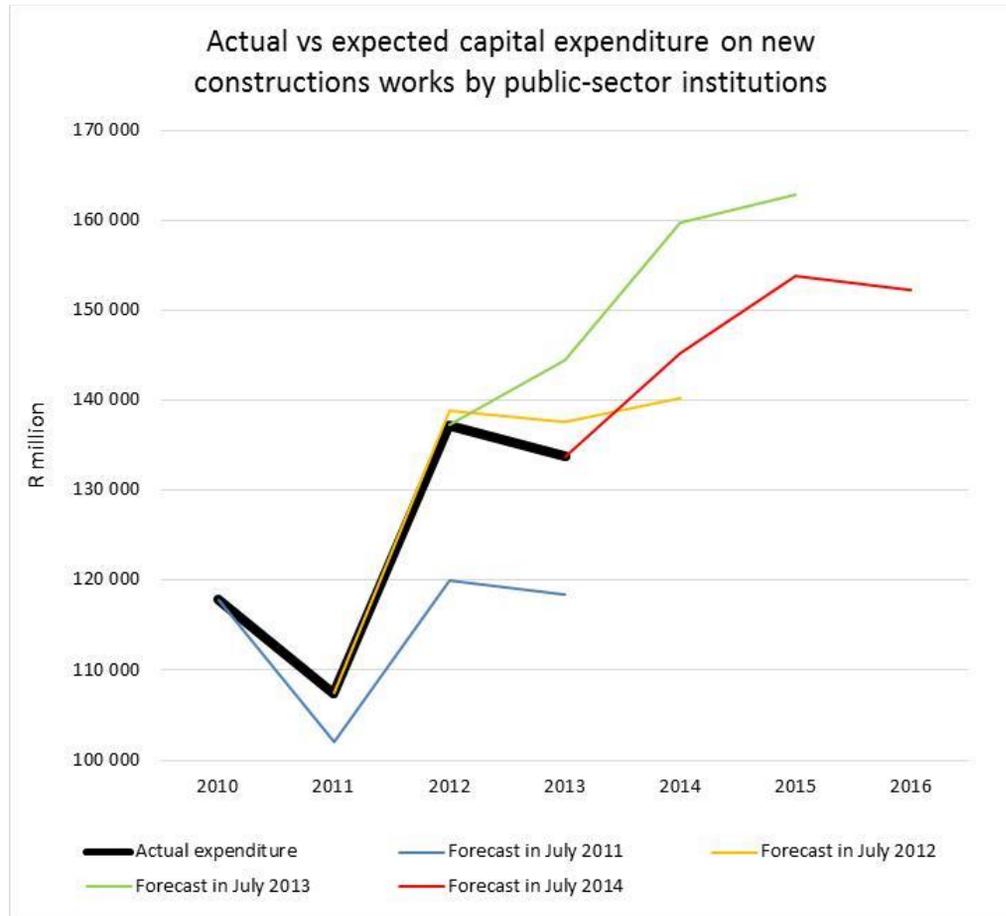
Economic growth and infrastructure development are inextricably intertwined. The economy requires a well-developed and maintained infrastructure to grow and infrastructure development depends on a growing economy to flourish. Hence the National Infrastructure Plan (NIP) and the Government's Strategic Infrastructure Programmes (SIPs) have an extremely vital role to play in the further growth of the country's economy.

The NIP, adopted by Government in 2012, aims to transform the country's economic landscape while simultaneously creating significant numbers of new jobs, and strengthening the delivery of services. As communicated in the 2014 budget, the Government intends to spend R847 billion on infrastructure over the next three years. However, Government's ability to roll out and accurately forecast capital and infrastructure programmes has taken heavy criticism in the past few years. Actual

expenditure is now lagging behind the forecasted expenditure in a similar fashion to what happened in 2009 and 2010 at the height of the credit crisis.⁷

The following graph illustrates this disparity.

Figure 4: Comparison of actual construction expenditure with forecasts (R 'billions)



Source: P9101 releases of StatsSA

In addition to the slow infrastructure expenditure, problems which have hampered the public procurement system include the inexplicable withdrawal of tenders, misunderstanding and misapplication of the applicable legislation, internal inconsistencies in approach to tender requirements, scope creep and escalating costs⁸.

⁷ (PWC 2014:8).

⁸ (Lockhart-Ross, 2014)

ii. Implications of the infrastructure challenges

The challenge of infrastructure under-expenditure necessitated a thorough analysis of its infrastructure delivery value chain. In addition to capacity constraints, the quality of planning was also identified as the primary reason for under-expenditure. In response, the Construction Management Programme identified a number of key challenges, *inter alia*, the inadequate management, control and scoping of projects, poor planning and design and funding allocations, which were not aligned to project delivery.

iii. Strategies to address the challenges

As a result of the identified infrastructure issues, measures to overhaul its project delivery, have been put into place. These relate to the institutionalisation of the Infrastructure Delivery Management System (IDMS). Momentum has been created and every effort must be made to forge ahead with initiatives to address both the backlog of infrastructure projects and to improve planning and turnaround times in project delivery. In addition, measures have been put into place to ensure adherence to the PFMA so that the SCM system is operationalised in line with all the relevant prescripts.

In addition, the new Supply Chain Model that defines dedicated streams, for Infrastructure Delivery, Property Management Services and Goods and Services to support its core business activities, will be implemented. Structures, processes and systems have been developed and mapped out to support the differentiated streams of the Supply Chain Model. Once this model is fully in place and the structures appropriately resourced, the efficiency and effectiveness of the Supply Chain Management function is sure to continue in an upward trajectory to transform construction procurement for improved relationships in the contracting process.

Important also is the question of late payments to contractors⁹ as these create debilitating cash flow problems, especially for SMME's that do not have the

⁹ (SAFCEC 2014:9)

resources to sustain the drain on their cash flow. Late payments to contractors are regarded as one of the key challenges in the infrastructure delivery chain that undermines delivery, economic growth and most importantly, the developmental and transformational objectives of the country. For this reason, efforts are being made to pursue the regulations to complement the requirements of National Treasury Regulations Section 8, 8.2.3, to pay contractors within 30 days. In terms of the draft regulations, undisputed invoices must be paid within 30 days whilst disputed invoices will be subjected to an adjudication process to resolve the dispute. In the event that an undisputed invoice is not paid within the 30 day period, the regulations provide for interest payments to the contractor. In terms of the National Treasury Regulations Part 4, Section 9, such interest payments are required to be declared in the annual financial statements of the relevant Department. It must be noted that the PMTE is committed to ensuring that it complies with all the relevant legislative prescripts.

5.1.1.3 Employment

Formal sector employment amounted to 8.54 million people at the end of the third quarter of 2014. If employment figures in the agricultural and household sectors were added to the formal sector, the total employment averaged around 13.9 million people in 2014. This represented an increase of 1.9% over the previous year. Growth in formal sector employment has averaged 1.5% p.a. over the past 5 years whilst 1.9% p.a. is forecast if current economic growth projections are realised. Since the labour absorption rate has not kept pace with the rate of population growth, the official unemployment rate has escalated from just below 19% in 2008 to 25.4% in 2014. The expanded unemployment rate, which includes so-called discouraged job seekers, has in the meantime risen to just below 36% in 2014.

The cost and productivity of labour are key determinants in producers' assessment of whether to expand operations and employ more people. In this regard it is worth pointing

out that real remuneration per worker has increased by 2% p.a. over the past five years, whilst the increase in labour productivity over the same period amounted to 1.8% p.a.

The table below provides a summarised overview, since 2000, of important external drivers, key policy variables, macro-economic and construction sector indicators. Forecasts for the next five years are also provided, on the assumption that the current economic structure and policies will not change materially.

Table 1: Change in key assumptions, macro and sector or variables

		2000-2004	2005-2009	2010-2014	2015-2019
Global growth	% change p.a.			2.8	2.9
Commodity prices (materials, in USFD)	% change p.a.			6.5	3.9
Oil price	Brent \$/bbl	29.1	70.4	102.2	72.0
Real effective exchange rate	% change p.a.	3.4	-1.4	-2.1	-1.8
Inflation rate	% p.a.	4.9	5.7	5.4	4.7
Real prime overdraft rate	% p.a.	8.7	6.3	3.5	3.2
Real long bond yields	% p.a.	5.5	2.6	2.7	2.9
Current account deficit/GP	% p.a.	-0.6	-4.3	-4.0	-2.5
Real GDP Growth	% change p.a.	3.5	3.6	2.5	2.8
House hold consumption	% change p.a.	3.9	3.9	3.4	1.9
Government consumption	% change p.a.	4.6	4.9	2.6	1.0
Gross field capital formation	% change p.a.	7.4	8.6	2.5	4.6
Government debt/ GDP	% p.a.	35.9	28.4	39.3	50.83
Household debt/ disposable income	% p.a.	55.2	79.9	79.9	83.7
Total employment	% change p.a.	1.0	2.7	1.5	1.9
Construction sector real GVA	% change p.a.	6.6	10.7	1.7	3.8
Real capital formation: residential	% change p.a.	4.1	10.7	-4.4	6.6
Real capital formation: non-residential	% change p.a.	11.8	5.8	-6.2	-2.8
Construction sector employment	% change p.a.	-2.6	5.2	2.3	2.0
Construction sector real remuneration	% change p.a.	1.6	6.6	2.3	2.5

It is approximated that for every 1% growth in GDP per year, employment will increase by 0.6% to 0.7%. Hence, if GDP were to grow by 5% per year, employment will increase from 3 to 3.5% (half a million jobs). However, the labour force is increasing by an average of 3% per year so, if new jobs were to be created, they would absorb the new entrants, leaving the currently unemployed, discouraged, and not economically active. The country therefore must, of necessity, move into a new growth path, which would mean changing the way the economy functions.

Construction sector employment in 2014 amounted to an estimated 1.095 million employees. However, 61% of these workers were informally employed. Some 317,000 employees were semi- or unskilled, while 83,300 were mid-level and 27,700 were high-level skilled. Total compensation of employees in this sector amounted to around R52.1 billion.

Based on current growth and capital formation projections, total employment growth in the construction sector is expected to average around 2% during the next five years. Informal employment growth is anticipated to average 2.7% p.a., whilst formal employment growth in the sector may average only 0.8% p.a. Real labour remuneration during this period is likely to grow by 2.5% p.a.

Real output per worker in the sector grew by some 0.2% p.a. during the period 2010-2014, whilst a growth rate in this ratio of 1.4% is forecast for the period 2015-2019. The comparative figures for the total economy are 1.3% and 2.4% respectively. Skills shortages continue to plague both the Construction Sector and Property Maintenance.

The NGP which sets a goal of five million new jobs by 2020, identifies structural problems in the economy and points to opportunities in specific sectors and markets or "job drivers". The EPWP is seen as an important contributor to Jobs Driver 1 (Infrastructure Development) through increasing the labour intensity of Government infrastructure investments and Jobs Driver 4 (Social Capital) through the expansion of the Public Works Programmes. In infrastructure, South Africa broke new ground in trying to mainstream labour-intensive methods into Government contracting processes, rather than having a set of labour-based public works projects separate from the wider infrastructure development system. It has certainly had its challenges, but it was a far-sighted strategy, aiming for systemic effects.

i. Strategies to address unemployment, job creation and skills development

Participation in work through public employment can assist in mitigating the effects of unemployment, building self-esteem; social networks, providing structure in people's lives, and recognition of their value to their communities. It can also be a powerful instrument for social and economic inclusion. The PMTE will utilise the EPWP, where possible, to address unemployment and job creation. The EPWP recognises that poverty is rooted not only in the lack of resources but, as significantly, in the lack of access to opportunity in both skills development and the labour market. The injection of income through the EPWP in communities, participation and utilisation of assets will enhance the livelihoods and social economic development of communities.

With the expected infrastructure growth, there is a need to improve all skills levels, from artisans to graduate professionals in the construction and infrastructure sectors. As a major player in the construction industry, creating sustainable jobs by building sustainable capacity and skills, will be prioritised, so that funds allocated are effectively spent on the much-needed infrastructure.

5.1.1.4 Energy and Water Savings

Given the reality of South-Africa's constrained electrical and water supply, demand needs to be managed in a way that limits the impact of load shedding and water scarcity on Government's economic and social priorities. With the Property and Construction sectors' resource intensive composition, the Department has identified an urgent need for a multi-sectorial approach to redress mechanisms towards energy and water efficiencies with Government providing leadership in the different spheres. Arising from the inter-governmental and sectorial accords will emanate a general appreciation of the manner in which energy and water are produced and consumed and how future use should be managed. This will determine the sustainability of the future supply and consequently of socio-economic progress of the country, the SADC region, and the African continent.

i. Strategies to address the energy and water issues

Energy Efficiency

The building regulations SANS 10400 addresses the need for new buildings to be more energy-efficient. The Energy Efficiency Strategy of the Republic of South Africa of 2005 as published by the Department of Minerals and Energy, has a target of Final Energy Demand Reduction of 15% for the commercial and public buildings sector, in order to reduce the stress on the ESKOM electricity grid during peak hours.

Government is required to lead by example through raising energy efficiency awareness and by implementing specific measures within its own estate. Public Works' agency leadership role to this end has led to a draft Memorandum of Understanding between DPW and the Department of Water Affairs and Sanitation (DWA) and the introduction of Energy Performance Certificates (EPC) that will be developed to measure each building's energy consumption and identify improvement areas. The EPC Standard was passed in February 2015 and will be implemented commencing 2015/16 financial year. The actual energy-efficiency rating is a measure of a building's overall efficiency. The higher the rating, the more energy-efficient the building is, the lower the associated carbon emissions are and the lower fuel bills are likely to be.

To this extent, the PMTE will implement strategies to comply with the new regulations on newly constructed buildings and reducing the energy demand on existing properties. These strategies will be achieved through incorporating energy efficiency into the building design and energy efficient technologies (Smart Metering and Lighting) into existing buildings, to make them more energy efficient. This will contribute to a substantial amount of a saving in electricity bills annually, as well as reducing the stress on the ESKOM grid.

Water Efficiency

Water demand ranges from human consumption, industrial application, agricultural supply, various environmental needs, through to building processes and building use – which presents a host of challenges for a water stressed country such as South

Africa. With water being a nerve centre of economic life of South Africa, whilst the country remains a water-stressed country, the urgent need has been identified for mechanisms which will contribute towards water efficiency. In this regard, The PMTE will implement the Green Buildings Framework in line with Government's transition to a low-carbon, resilient economy to mitigate the effects of global warming through the Water Efficiency Programme. In addition the PMTE will install Smart Meters on its property portfolio to control and track water usage within the portfolio, in its effort to save a substantial amount of kilolitres.

5.1.1.5 The Political Environment

As an emerging economy, South Africa has not remained completely unaffected by the turmoil in other emerging economies worldwide. Nevertheless, the country has been able to weather this storm successfully, including an assault on the currency, which reflects positively on the inherent strength of the economy; on the soundness of economic and fiscal policies; and above all, on the political stability in South Africa.

South Africa's peaceful and stable transition to democracy, universally recognised as one of the major achievements of the 20th Century, is not a coincidence or a mere short-term success: the realities in South Africa, which made this miraculous transition possible, are still in place and guarantee future stability. Political stability is the key to investor confidence in a world of white water economic uncertainty.

The most important domestic drivers of politics for the next five years will be issues of governance. Key aspects that will determine future political outcomes include the spectrum of leadership, decision-making and policy development and implementation. Key challenges and trends in South Africa politics are that of institutional and constitutional development. This is affected by effective governance, leadership, policy and active and empowered citizenry. Democratic consolidation and effective governance will be determined by the resolution of these challenges.

5.1.2. Internal Environment

5.1.2.1 Background

During the late 1990s, perceptions of impaired proficiency in the DPW and contrasting competence in the private sector, led to a growing trend of Government Departments entering into agreements with private sector companies for accommodation and facilities management services. The artificially created monopoly held by the private sector led to inappropriately high rentals which had to be paid by those Government Departments. This situation resulted in requests for excessive funding requests from National Treasury, which in turn, impacted negatively on the fiscus. It was therefore incumbent on Government to seriously consider creating a focussed, efficient and cost-effective property management entity, under the aegis of the DPW, that would deliver suitable accommodation to user-departments at competitive prices.

In 1997, the DPW's White Paper ["Public Works towards the 21st Century"] championed the introduction of "user charges" for departments that utilised state-owned accommodation. It also identified structural and operational weaknesses that impeded the Department's performance in asset investment management, property and facilities management and project management.

During the course of 1999, Cabinet approved the establishment of a State Property Agency (SPA) as a vehicle which would professionally manage the State's immovable assets. By 2002, no progress had been achieved in establishing the SPA and, as a result, the joint National Treasury / DPSA Technical Committee recommended that a Trading Entity, with a lifespan of approximately 2 years be created, as the first step towards separating the functions of DPW and the PMTE.

Another period of inactivity followed until 2006, after which the "property agency" discussion was resuscitated. At this time, National Treasury approved the devolution of accommodation budgets to individual departments and the introduction of the concept of "user charges" for state accommodation. During March 2006, and subject to certain specified

conditions, National Treasury then authorized the establishment of a Property Management Trading Entity (PMTE), as a vehicle to account for the costs recovered from user-departments and payments towards leases, maintenance, property rates and municipal services.

Unfortunately, National Treasury's directive was not fully complied with and the Department underperformed for the following eight (8) consecutive years. This culminated, *inter alia*, in adverse audit findings with two (2) consecutive disclaimers during 2010 – 2011 and 2011 – 2012 financial years, mainly due to the failure to operationalise the PMTE, in line with National Treasury's 2006 approval. This led to a concerted effort by the current Executive and Accounting Officers to put measures into place to correct the history of poor management in the Department and, as a result, in November 2011, the Minister requested assistance from the Technical Assistance Unit (TAU) of National Treasury, to provide a rapid diagnostic in respect of the state of affairs within the Department. The findings in the report detailed problems of mismanagement and misalignment and pointed to the need for fundamental reorganisation for the Department to deliver effectively, its core business.

5.1.2.2 The Turnaround Strategy

In response to these challenges detailed in the TAU diagnostics report, the Department launched the “**Seven (7) year Plan to Rebuild the Department of Public Works**” (Turnaround Strategy), in 2012, which identified a range of strategic priorities to be addressed over the short- to medium-term. In this regard an anti-corruption and anti mal-administration drive, together with the operationalisation of a fully-functional Property Management Trading Entity (PMTE) as per the 2006 National Treasury approval, were identified as central to the Turnaround Strategy. Defined in the plan, are three discrete phases namely: *Stabilisation*; *Efficiency Enhancement*; and *Sustainability and Growth*, where the Stabilisation Phase that ended on 31 March 2014 focused mainly on immediate challenges and created the potential for more fundamental change that could bring large efficiency gains through better practice and improved policy options.

Progress on PMTE turnaround interventions carrying over to the Efficiency Enhancement Phase include:

i. Review of Organisational Structure and stabilisation of management leadership

The review of the organisational structure is complete. The filling of critical professional and technical positions for the key business areas, including, Finance, Supply Chain Management (SCM), Property Management and Construction Management, have been prioritised in the MTEF budgeting period.

ii. Asset Management:

The development of the Real Estate Asset Register (REAR) is 98% complete. The REAR has progressed from modified cash to accrual basis of accounting (GRAP – Generally Recognised Accounting Practice). As at February 2015, 37,012 (including deemed Provincial) properties and 6,567 State Domestic Facilities have been physically verified, and 15,593 land parcels have been vested.

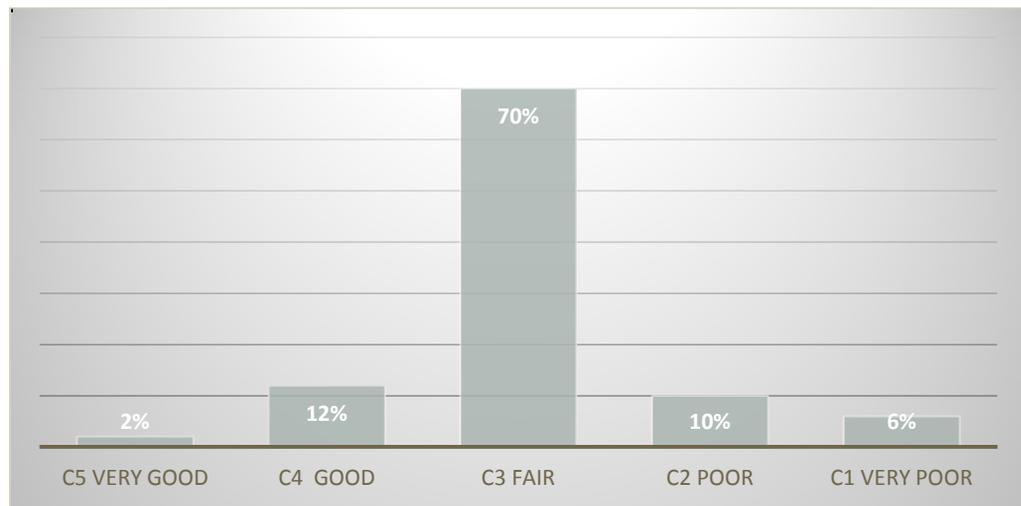
Immovable Asset Base

The PMTE asset portfolio consists of approximately 32 000 registered and unregistered land parcels and 108 000 improvements (buildings and structures) countrywide with an estimated replacement value of R 425 billion including land.

State of Immovable Asset Base

Based on a high-level condition assessment undertaken to date, 14% of the portfolio's immovable assets are in a poor condition and 86% are in a fair-to-good condition, as demonstrated in Figure 5 Below. Notwithstanding the number of properties within the portfolio and the aforementioned condition of the majority of assets, the demand for suitable and appropriate accommodation exceeds the supply, hence leading to the need for a significant number of new construction, maintenance and leasing programmes.

Figure 5: PMTE Portfolio Performance



iii. Property and Facilities Management

The lack of lease-in management systems in the Department contributed significantly towards the negative audit outcomes. In collaboration with National Treasury, the stabilisation intervention therefore prioritised auditing of lease-ins and the reengineering of the lease-in business process.

- a) The review of 2,162 office leases has been completed and physical verification of occupancy and size was carried out on 2,143 leased buildings. National Treasury approved the Department's Dispensation on Renewal for leases that have expired.
- b) As at February 2015, 1443 (92%) out of 1566 leases have been renewed with a fixed 5.5% resulting in an estimated annual saving of R33 million or an estimated 3 years saving of R99 million.
- c) 112 NDPW "unoccupied but paid for" leased properties have been investigated, 41 cases have been resolved and 71 handed over to the Special Investigation Unit (SIU) for forensic investigation. Of the 29 "Occupied by other" properties, 6 have been resolved and the remainder referred for forensic investigation.

iv. Construction Project Management:

Addressing the need skills need, building technical and professional capacity in construction project management was at the centre of the stabilisation intervention.

- a) During the 2013 – 2014 financial year, 48 professional and technical positions were filled. As part of this capacity building programme, the contracts of 50 young professionals were extended, 11 were absorbed into permanent positions, 4 mentors were appointed to provide mentorship and 148 Water Care personnel were appointed; and
- b) With a view to ‘growing our own’, the Department is running a Schools Programme supporting 10,000 learners for Mathematics and Science and awarded 182 bursaries to students registered for tertiary level built environment courses.

The PMTE is, however, still facing challenges of insufficient professional capacity and skills, infrastructure backlog, under-spending of capital/current budgets, non-compliance with laws/regulations and inability to deliver within time, cost and quality. In this regard, the Turnaround Strategy has been adopted for the Construction Project Management to improve infrastructure delivery effectiveness and efficiency. This will be achieved through business process re-engineering, the continuation of technical and professional capacity development, and improved ICT systems.

v. Inner City Regeneration (ICR)

ICR focussed on the following:

- a) In collaboration with the City of Tshwane, the Master Plan for Tshwane Inner City has been completed and provides for the creation of 4 Precincts;
- b) Seventeen (17) departments have been prioritised with high level needs. Land parcels for development have been identified, and engagements with National Treasury on funding models are in the progress developed; and
- c) As at February 2015, the Development Framework for Salvokop was completed and the Township Establishment application was submitted for approval. The vision is to establish 6 – 9 head offices on Salvokop. A consent use for StatsSA

Head Office on Salvokop was approved and the building of project is progressing well.

vi. Clean Audit

Management controls, financial management and SCM processes have improved.

During the 2013 – 2014 financial year, the following significant progress was made:

- a) the PMTE Account moved from a disclaimed to a qualified opinion;
- b) Payment of suppliers within 30 days has been improved;
- c) 99 staff members were trained as part of a Train-the-Trainer Programme;
- d) 593 personnel from the regions received SCM training;
- e) 64 unemployed commerce graduates were employed as interns, many of whom will be considered for full-time employment; and
- f) The unallocated deposit account was reduced from R384m to approximately R44m at 31 March 2014.

vii. Fighting Fraud and Corruption

The Department has revised and adopted an Anti-Fraud and Corruption Strategy. The investigation backlog of 250 cases has been reduced significantly and investigations are currently instituted within 30 days of receipt of allegations.

5.1.2.3 Operationalisation of the PMTE as required in the Turnaround Strategy

The creation of the PMTE was mainly due to the need to separate the regulatory and policy, quality norms and standard setting and monitoring functions of the Department from the service delivery functions of the PMTE. The PMTE, which now holds approximately 75% of the functions and budget of the Department, will undertake the immovable asset management functions across the asset lifecycles to ensure that optimal value for money is gained as will be reflected in a better rate of return on investment in the public estate and which will be closer to market-related value. The PMTE will be a client-centric and revenue focused entity that will ensure lower service delivery costs while ensuring sustainability and growth.

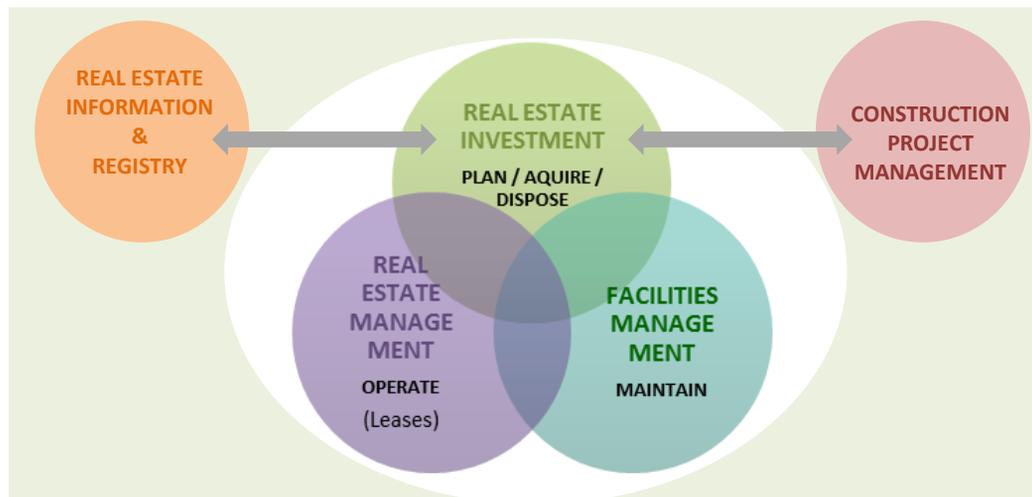
Central to the *modus operandi* for the PMTE is good governance, a ring-fenced budget, professionally managed and optimally utilised State Property Portfolio to build value and bring savings to the State.

While the PMTE is anticipated to adopt a best practice approach to conducting its business, it is important to note that a State property management entity has different priorities to its private sector equivalent as its ethos must go beyond just business efficiency to achieve maximum profit. A State entity must, of necessity, use the State property portfolio to catalyse integrated urban development, to assimilate the labour-intensive approaches in the maintenance of the portfolio and to actively pursue green retro-fitting and accessibility. Emanating from the formation of the PMTE, it is therefore anticipated that other socio-economic benefits will accrue, including job creation, empowerment and improved service to user departments.

In order to achieve optimum outcomes in the provision of accommodation and managing the State asset life cycle, an interdisciplinary approach, where greater synergies exist between the DPW's traditional property and asset management functions, have been adopted. The core business of the PMTE consists of three focussed operational divisions, with two interlinking special service divisions that will collectively realise its asset management goals, as is illustrated below.

As illustrated below, the three core business divisions in the PMTE are Real Estate Investment Management, Real Estate Management, and Facilities Management. Real Estate Information & Registry Services and Construction Project Management will function as two independent divisions interlinked with Real Estate Investment Management. These operational divisions have been established to support optimal business and administrative processes which will ensure professional methodologies in managing and optimising the State's asset portfolio.

Figure 6: Focussed operational divisions for the PMTE



Projecting demand by establishing client needs over the planning period is at the centre of the PMTE Strategy and as a result the new “hands-on” approach in developing User Asset Management Plans (U-AMP) has been adopted by the PMTE. In this regard, once completed, the Real Estate Asset Register will be utilized to support the processes to align the accommodation owned by the State, establishing client needs, predicting demand and then providing accommodation that is fit for purpose. As per the newly developed Business Model, priority has been given to establishing a robust Client Liaison and Servicing Model with a client-centric approach where expert teams will provide onsite technical support to client Departments primarily to streamline the U-AMP/C-AMP processes.

From an asset investment perspective, the broader property market and the performance of the PMTE portfolio will continually be analysed, with the view to maintaining and enhancing value and leveraging this for economic development and job creation.

5.1.2.4 Focus areas for the PMTE

The key focus areas that have been identified for the PMTE are:

- Reducing the cost of doing business and the optimisation of state assets that fall under the custodianship of the Minister of Public Works;
- Decreasing the number of leased-in properties depending on the availability and appropriateness of current and new State stock which will address user-needs. This will also be informed by the respective contracting arrangements;
- Prioritising the development of functional assets as opposed to assets to be used as residences or offices;
- Shifting the responsibility for conducting basic maintenance to the client departments while the PMTE will focus on capital injection to refurbish buildings to extend their life and use. The PMTE will, through the reactivation of the Facilities Management Services Centre (Workshops Project), continue to provide basic maintenance services only to specific users and pilot projects; and
- Facilitating procurement engagements and conducting aggregation of potential suppliers, based on user-department's basic facilities management needs.

The steps for the successful operationalisation of the PMTE are to be undertaken in three (3) phases. It is noted that during the Stabilization and Transitional Phases, the PMTE will account to the Director-General and then to the Minister during the Sustainability and Growth Phases.

5.1.2.5 The feasibility study for the establishment of the Government Component

Emanating from the TAU diagnostic findings, a feasibility study on an alternative institutional form to better ring-fence, improve and professionalise the property management business of Department was developed by its Business Improvement Unit (BIU), located in the office of the Director-General, with the assistance of TAU. Based on a detailed situation and options analysis, as well as consultation with key stakeholders, the study concluded that it was both desirable and feasible for the Department to establish a Government Component for its Property Management service to the public sector.

The value proposition of such a Government Component is premised on being an autonomous ring-fenced and focussed service delivery entity, whilst remaining an integral part of the public service. This means that the Government Component would remain committed to public service objectives whilst being closely acquainted with the needs of its public sector clients.

The eventual establishment of a Government Component that would report to the Director-General of the Department but account directly to the Minister of Public Works, will ensure that the following areas are achieved:

- i. Componentising and ring-fencing the property business of the DPW to separate the Department as the regulator from the component as the implementer.

The Department had previously served as both Implementer and Regulator in the sector which provided the grounds for a conflict of interest. The diagnostic confirmed the need to separate the functions of Department's main account from that of the PMTE and as a result, the Director-General approved interim measures to ring-fence all relevant asset and property management functions in DPW to form a part of the PMTE's operations. This measure took effect from 01 April 2013.

- ii. Flexible administrative and operational arrangements that may be customised to suit the property management environment, and expedite and improve service delivery.

The Department was previously unable to meet the demand for property and facilities management services for its clients. Hence breaking the culture of non-delivery requires the creation of a client-centric agency that focuses on the needs of the clients, timeous decision-making closer to the point of delivery and higher service delivery standards while offering more value. This fundamental change in the manner in which the business is conducted, requires a structure with clear lines of accountability and a customised performance management system aligned with the service delivery model.

- iii. Lack of appropriate systems and clear business processes with related policies and procedures to facilitate a holistic view of requirements from user-departments.

This issue means that the systems in use are not in congruence with the business requirements. A lack of monitoring, reporting and record keeping means that there are no adequate information available on clients' needs, work undertaken or on funds disbursed. Furthermore, the Department was unable to present a comprehensive database of the State's immovable assets.

Arising from the above, it was recommended that discrete flexible systems, processes, technology and procedures must be customised to better fit the business needs. Duplication of functions across the service, together with the associated costs, need to be eradicated and effective interfaces between functions, regions and the Head Office, as well as with client organisations need to be established. The commissioning of services through a flexible, streamlined, but transparent and robust SCM system was recommended as an essential component to expedite service delivery and a comprehensive REAR had to be created.

- iv. Asset life-cycle management and compliance with best accounting principles (GRAP).

The historical poor management, corruption, and neglected state properties had led to high costs of approximately R3 billion per annum as a result of leasing-in buildings while the State's portfolio of properties was under-utilised and decreasing in value due to the lack of proper management.

Reversing the abovementioned scenario requires the need for effective life-cycle property management that would ensure value for money returns on the State's asset portfolio while creating the ability to generate and retain revenue for the preservation and optimisation of these assets. This, together with the adoption of GRAP compliant systems, as made mandatory for all Trading Entities from 1 April 2014, necessitated interim measures in terms of which the PMTE was required to comply. The "new" DPW, however, continues to account on the basis of modified cash.

- v. Attracting and retaining skills through a special compensation dispensation based on market related rates.

This is necessary due to the high infrastructure backlog and the inability to deliver within time, cost and quality. In addition, the internal structure of the old Department reflected imprecise relationships between the Projects (Construction) Branch and the Entities Branch and the Independent Development Trust (IDT). This situation was exacerbated by insufficient professional capacity and skills required for construction, as required by the industry.

Addressing the aforementioned issues, requires the establishment of a quality public sector property management agency with high levels of professionalism, and managed along sound business principles. This will be achieved through a special compensation dispensation based on market-related rates that will attract appropriately skilled personnel to assist in capacitating existing staff to deliver high quality and professional services. It is anticipated that this approach will provide the basis for clear career pathways that will ensure that employees will be retained.

The feasibility study for the establishment of a Government Component was endorsed by Cabinet in August 2014 and represented a significant milestone for the Department and Government as a whole.

5.1.2.6 The implementation plan

The implementation plan for the establishing a sustainable Government Component will be phased as follows:

- i. **Phase 1** (2014-2019) is focussed on operationalising the PMTE, in line with the 2006 National Treasury approval and formally establishing it as a Government Component. During this time, it will formulate the details of its Implementation Plan to ensure the seamless continuation of services of the operationalised PMTE and adherence to the Turnaround Strategy.

- ii. **Phase 2** (2019 – 2023) will see the PMTE progress to full implementation of the Revised Business Model where revenue streams will be optimised in terms of the utilisation of assets. Cost saving and efficient decision making and administrative processes will be in place to ensure a professional business approach to manage and optimise the State’s asset portfolio.
- iii. **Phase 3** (2024 – 2028) will focus on consolidating the work of the preceding years, a review of the effectiveness of the PMTE and planning the way ahead. This will include a review of service effectiveness and a determination of the strategic path forward, with an emphasis on business improvement, growth and sustaining the gains achieved.

5.1.2.7 The New Focus of the PMTE

With the operationalisation of the PMTE, the focus will shift towards cost savings and improved service delivery to client departments through:

- Securing and maintaining government buildings to preserve, improve the value and extend the life-cycle of the buildings;
- Improving access to and the quality of Government offices; and
- Separating PMTE from the “new” DPW with the PMTE becoming the implementer and “new” DPW, the policy-maker and regulator.

Through these interventions, the PMTE will be geared to achieve the following outputs:

- Cost savings to user-departments and improved quality of public buildings;
- Improved utilisation of the State’s vacant properties by establishing a funding stream for maintenance and improvements thereby extending the life-cycle of existing state properties;
- Skills development by accessing expertise within the PMTE;
- Job opportunities;
- Empowering emerging black business (through Real Estate Management and Facilities Management divisions - by targeting and engaging SMMEs to provide property management services for unutilised state owned properties and Facilities Management services).

Going forward, the PMTE is committed to conducting its business in line with the following focus areas.

i. Portfolio Strategy

The focus of the portfolio strategy will be on the portfolio performance and demand management

Portfolio performance

- The Maintenance and Rehabilitation Programmes will address the portfolio's maintenance backlog and ensure improved compliance with applicable legislation such as the Occupational Health and Safety Act;
- Managing the maintenance of immovable assets towards lowest life-cycle cost and full cost-recovery;
- Managing the responsibilities towards maintenance appropriately, so that users, custodians and even landlords undertake the maintenance that is expected to ensure on-going acceptable performance; and
- Identifying opportunities for benchmarking and implementation, where feasible and affordable, of initiatives within improving SHERQ and sustainability standards

Demand management

- Development of a plan for the location of various levels of accommodation (Head Office, District, Sub-District);
- Reducing accommodation costs through rationalisation of the portfolio, reduced space use and increased flexibility;
- Identifying and implementing opportunities for integrated service delivery and more efficient use of resources through shared facilities;
- Facilitating increased access to expanding government service delivery, while ensuring optimal utilisation; and
- Balancing the use of freehold vs leased accommodation (operating and finance leases)

ii. A client-centric approach to service delivery

The implementation of an Operations Nerve Centre, as the central point of communications, where all calls will be directed through the contact centre, thus, allowing them to be filtered, allocated a severity and a priority. This will form the basis for performance management as the key indicators for end-to-end calls and / or job or case management from single input to the operations nerve centre. This is a critical direction-change that will distinguish the PMTE from previous operations.

iii. Addressing Accommodation Needs

The PMTE will ensure suitable accommodation is provided to user departments in order for them to deliver on their service delivery objectives, based on their needs. The PMTE will address their needs through the allocation of the current freehold properties, leasing, purchasing or constructing new accommodation. The table below outlines the current space requirements and how it will be addressed.

Department	Space Requirement (m²)	Portion Space Requirements Addressed through Capital Funding (m²)	Portion Space Requirements Addressed through Leasing (m²)
South African Police Services	266785,00	190000,00	76785,00
Defence	96321,00	12948,00	83373,00
Correctional Services	243545,00	60000,00	183545,00
Justice and Constitutional Development	603494,00	349765,00	253729,00
Home Affairs	107798,63	2795,63	105003,00
Labour	45368,04	18188,04	27180,00
Other Departments	646585,50	253494,00	393091,50
Total	2009897,17	887190,67	1122706,50

iv. Adopting a Business-Like Approach to Recovering Cost through Accommodation Charges

The currently PMTE charges for state-owned properties and an element of leased properties through the accommodation charge. The accommodation charge income is used to manage, maintain and replace state-owned properties as well as to pay leases. The aim of the accommodation charge system creates a situation where the full costs of managing and replacing accommodation-related immovable assets is transparent and is reflected on the budget of the department which utilises the assets for service delivery.

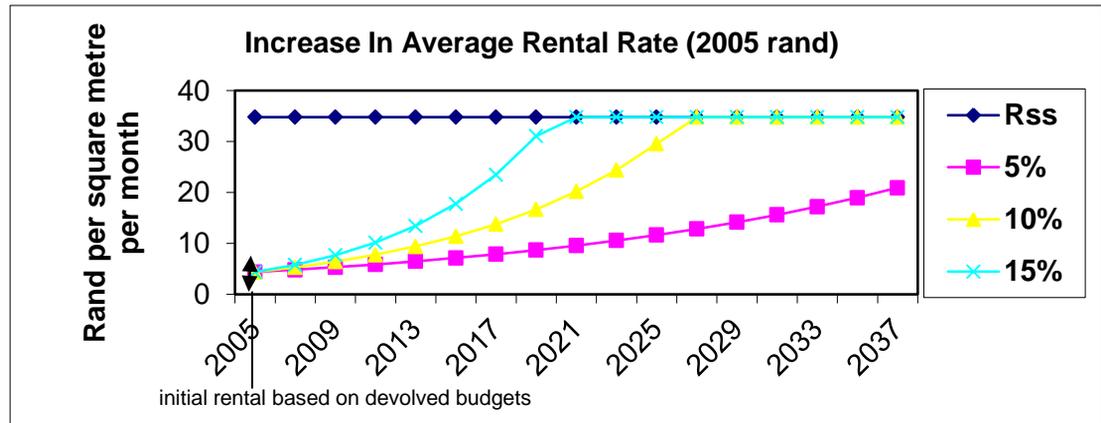
Accommodation charges are used to pay for property rates, maintenance and rehabilitation, major refurbishment and or replacement of existing state-owned properties and ensures the sustainability of the portfolio. Going forward, any surpluses accrued on the accommodation charge will be used to accumulate capital which in time is to be used to finance (or partially finance) the acquisition of additional properties.

To accelerate towards the recovery of the full cost of accommodation, it is required that NT annually increases the accommodation budgets of user departments by 10% or 15%. In addition user-departments should be required to improve the utilisation of accommodation thus driving down the total cost of accommodation but increasing the effective cost in line with the objectives of GIAMA.

Current Situation

The figure below, illustrates different increases in accommodation charges from the initial charge (CCA) (based on DPW's baseline for 2005/06) to Full Cost Accommodation (FCA) over time. Increases in charges of 5% (current), 10% and 15% per annum are stipulated below. The current increase of 5% indicates that the portfolio will only be self-sustaining only beyond 2037, while an increase of 10% or 15% will ensure the property is self-sustainable prior to 2027. Therefore the higher the real rate of increase in charges, the sooner the portfolio will become self-sustaining.

Figure 7: Increase in Average Rental Rate



v. **Unleashing Other Revenue Sources**

Letting

The PMTE plan to let-out under-utilised and redundant space available to be let out to consumers in order to generate revenue for the State. With more emphasis tightly focused on optimal utilization of space in state-owned properties, the PMTE will grant permission to private entrepreneurs and co-operatives to utilize leasable space.

The granting of non-core (extra) space, that is, space for vending machines, kiosks, restaurants, auto teller machines, fishing harbours, photo booths on state-owned properties, etc., would not only optimize utilisation of space, but also satisfy the requirement to have alternative means of generating revenue from these properties whilst simultaneously, improving the utilisation of State-Owned properties. The PMTE, when letting out state-owned properties will:

- have most maintenance responsibilities shifted to the tenant (triple net lease); and
- enter into short-term leases where there is no tenant willing to pay market-related rentals whilst advertising for an alternative tenant who is willing to pay market-rentals and, at the same time, enter into long-term leases where a tenant is paying above market rentals.

In addition:

- The PMTE will enter into agreements that will allow it to terminate a lease with a tenant if the property is required for another use.
- Leases that support social objectives of Government will be considered on short, medium and long term basis. Such leases will provide sufficient security to tenants.

Outdoor Advertising

Outdoor advertising is identified as one of the many tools to boost black economic empowerment, as such the exteriors of Government buildings will be made available for outdoor advertising purposes. Outdoor advertising should be regulated in terms of specific policy.

Commercial Partnerships

In identifying business opportunities, the PMTE is exploring opportunities with a view to broadening the financial income stream for the PMTE in its process of commercialisation.

The PMTE will explore opportunities for parking facilities for use by private sector clients for a fee in towns, cities and areas where parking is a challenge. In this regard, easily accessible and appropriate land parcels and buildings will be identified and planned for these facilities.

Conference Facilities

Government owns a large number of properties in areas where the private sector companies do not find these properties appropriate for their business purposes. The PMTE plans to upgrade and promote these properties for use by local Business Chambers, State Owned Enterprises (SOEs), Non-Governmental Organisations (NGOs), local, provincial and national governments. An integrated marketing approach will be undertaken to market these facilities.

Retail Facilities

The PMTE will explore concessioning out business opportunities within the established government buildings for leasing to private individuals who fall within the ambit and definition of SMME's in line with the provision of the BBBEEA. Such opportunities will include, inter alia, car washing facilities, convenience stores, and restaurants. Portfolio Analyses will be undertaken to determine benchmarks for rentals for these business opportunities.

Re-capitalisation the Real Estate Portfolio

Accommodation Charges are rendered for capital and land acquisitions and for the provision of professional services provided by the PMTE. In this regard all the charges are added in order to get to a capitalized amount. The breakdown is as follows:

- 8% is charged for the maintenance and basic refurbishment of accommodation;
- 2% is charge for property rates and taxes;
- 25% in charged for overheads, eg. administration and personnel costs; and
- 65% is for capital expenditure, major refurbishments and maintenance. At this stage this entire sum of money is allocated to the maintenance because of the current maintenance backlog.

Expenses relating to the refurbishment and maintenance of immovable assets are not constant and vary over the life-cycle of an asset. Due to the variable nature of expenses over the asset life-cycle and to facilitate the management of the asset portfolio as a self-sustaining portfolio, the PMTE requires to build up a capital reserve for refurbishment and replacement of assets during and at the end of its life-cycle.

Initially, the income received from the current cost of accommodation was not sufficient to build up such a capital base. Over time, however, the accommodation charge will be sufficient to build up a capital base to provide for the replacement of assets at the end of its life-cycle.

Revenue Generation through Refurbishment

According to the National Treasury Asset Management Guideline, once accommodation has been refurbished by the PMTE, the User Department is expected to pay the FCA for the facility.

Therefore where the PMTE will invest in refurbishing certain strategic assets over the short-term, at the expense of maintaining non-strategic assets, the PMTE will create a self-sustaining portfolio and charge the FCA to Departments. The Strategy will be implemented as follows:

- The PMTE will utilize a specific percentage of the accommodation charge for refurbishment;
- Identify the key strategic assets of client departments;
- Refurbish identified accommodation to the clients required specification; and
- Utilise and charge FCA.

vi. Adapting to the requirements of GRAP accounting

The property management trading account will operate on a modified cash basis of accounting and in future will operate on full accrual accounting. It will also attempt to address new challenges in terms of accounting, management statements, statements and disclosures and reporting to the Chief Financial Officer and the Financial and Accounting team.

vii. Capacitating and Institutionalising the Infrastructure Delivery Management System (IDMS)

The PMTE will focus on rebuilding the technical capacity of the PMTE by improved infrastructure delivery through process re-engineering, technical and professional capacity development, improved ICT systems and commitment to time, cost and quality.

Through these interventions, the PMTE aims to achieve the following outputs:

- Superior service delivery through expediting the delivery of infrastructure projects;
- Better utilisation of resources to implement infrastructure projects in the required time, cost and quality parameters;
- Improved business processes, i.e. planning, design, procurement and delivery strategies - to expedite infrastructure project delivery and contribute to increased capital spending;

- SMME development and job creation within infrastructure projects through preferential procurement strategies and contractor development.; and
- Internal skills development through the Schools Programme, Bursary Programme, Young Professionals Candidacy Programme Mentorship Programmes, as well as the utilisation of CESA and SACPCMP professionals for the training of Project Managers.

viii. ICT interventions

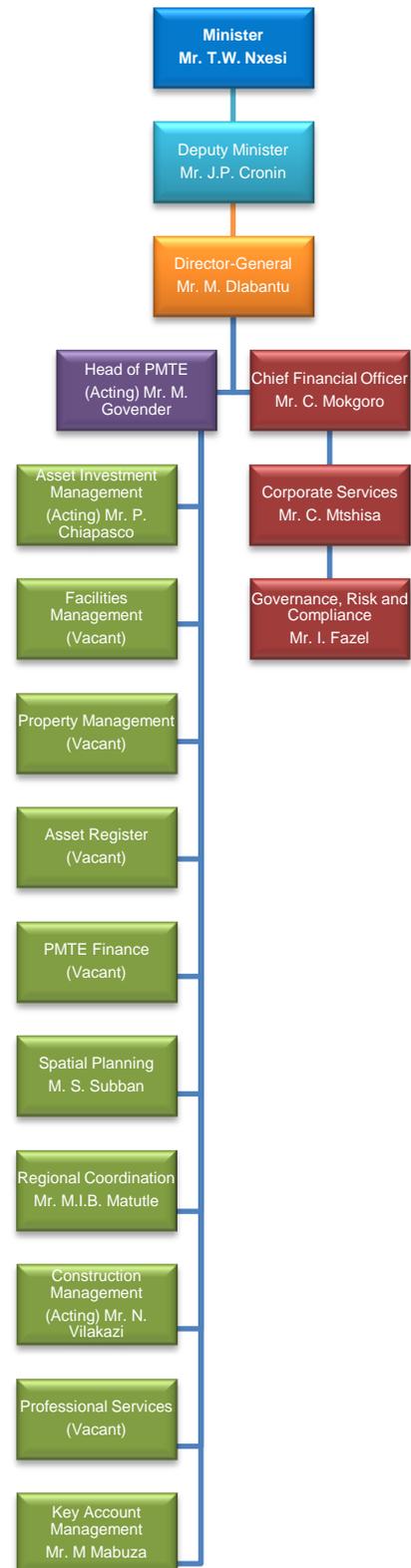
Major ICT interventions are to be implemented to ensure efficient and appropriate technological support within the PMTE and the “new” DPW. The new interventions will also provide upgraded connectivity between the national entities, clients, stakeholders and the other roleplayers within the public works sector.

A myriad of new information technologies to drive innovation and productivity to efficiently manage the State’s asset portfolio will include:

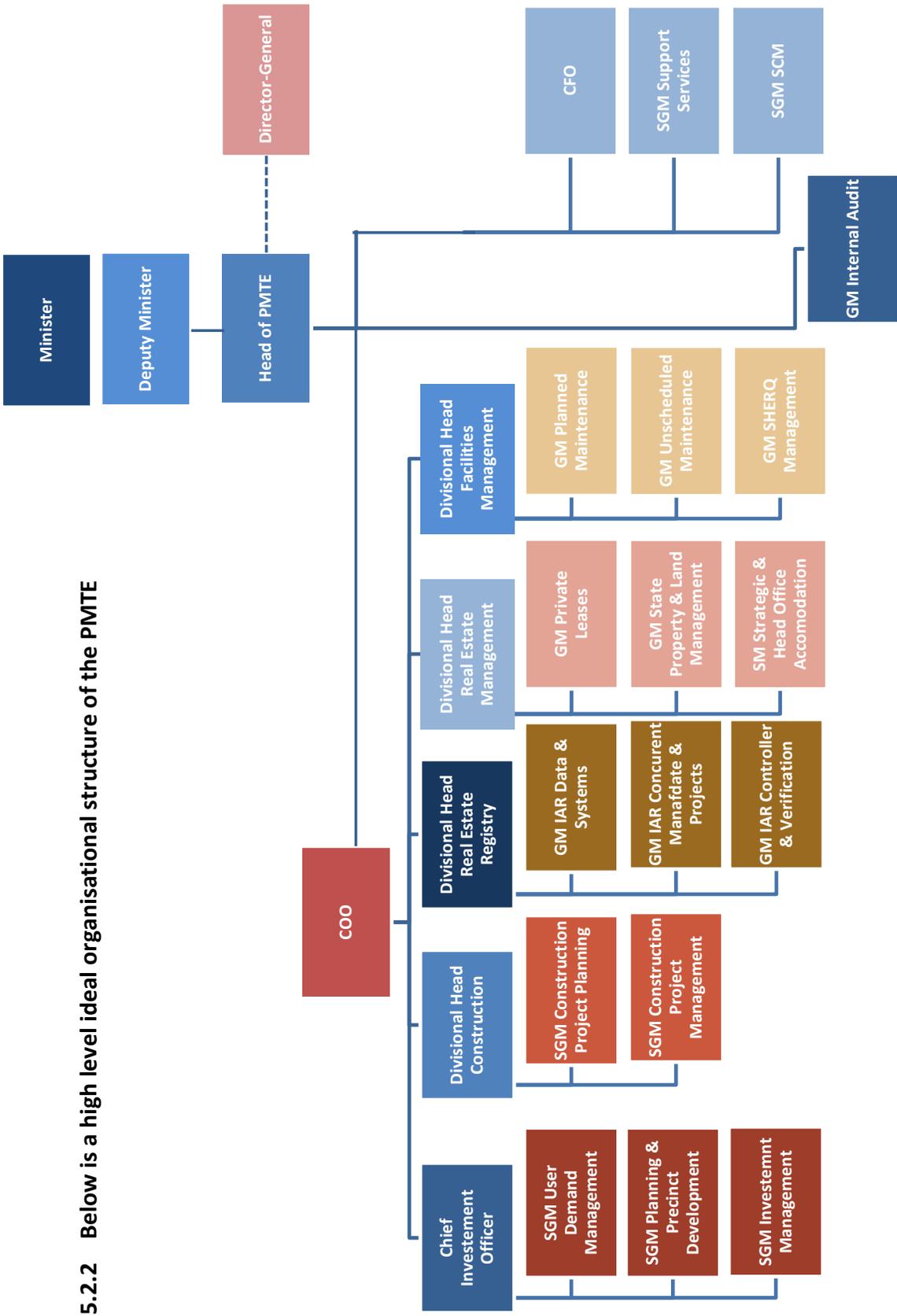
- **Building management systems** – becomes key to managing the large estate under control of the PMTE. The use of measuring devices on key components such as geysers, boilers, lifts etc. that report electronically directly to the operations nerve center provides control over maintenance requirements and the implementation and monitoring of maintenance activities. This can be achieved through cellular and telemetric communication.
- **Intelligent building systems** - allows for more effective energy management and building maintenance management. These systems allows for the integration of integrated voice, video, security, etc
- **Building. Information Model (BIM)** – becomes the standardized approach to document all information of building and exchange information between parties engaged in the design, construction, operation and maintenance of buildings. It forms the future keystone of building information.

5.2 ORGANISATIONAL ENVIRONMENT

5.2.1 Below is a high level organisational structure of the PMTE as it currently exists within the Department (Current shared services in red)



5.2.2 Below is a high level ideal organisational structure of the PMTE



The revised functional organisational structure of the PMTE which is aligned to the Public Works mandate depicts the following three distinctive focal areas:

- Core Business - consisting of Real Estate Investment, Real Estate Management, Facilities Management, Real Estate Information & Registry Services, and Construction Management.
- Enabling and Support services - consisting of Management, Financial Management and Accounting, Operations Support Services, and Supply Chain Management.
- Direct Reports - consisting Internal Audit.

The PMTE is being operationalised to undertake the functions of custodian and manager of immovable asset based on a revised operating model for the PMTE. The PMTE remains as a Trading Entity under the Accounting Officer of the Department (i.e. the Director-General) until such time as a Government Component is established (as per Chapter 19 of the Treasury Regulations)

This transition will be supported by an appropriate organisational design, with an envisaged longer term review once the PMTE is fully operational and prepared to modify services and relevant operating models.

The structure for the PMTE has been developed in line with the new business requirements benchmarked from the property management industry. New job descriptions and profiles are being developed for job evaluation to determine salary levels. Critical positions will then be identified for filling within the MTEF period in line with baseline allocations. The PMTE has a current vacancy rate of 24%.

Table 2: Property Management Trading Entity - staff establishment

Staff Establishment					
Salary Level	Filled posts	Vacant posts	Total establishment	Posts additional to the establishment	Vacancy Rate
1	164	0	164	164	0,00%
2	1186	483	1669	115	28,94%
3	800	10	810	0	1,23%
4	111	81	192	1	42,19%
5	237	86	323	7	26,63%
6	240	61	301	12	20,27%
7	561	149	710	79	20,99%
8	333	104	437	11	23,80%
9	115	19	134	0	14,18%
10	243	79	322	7	24,53%
11	154	78	232	32	33,62%
12	280	115	395	12	29,11%
13	41	16	57	1	28,07%
14	21	4	25	3	16,00%
15	3	2	5	0	40,00%
16	0	0	0	0	0
Total	4489	1287	5776	444	22,28%

The PMTE has a 40% vacancy rate on the critical occupations resulting from limited investment in human capital development on critical skills, leading to shortages of skills in the construction industry which negatively impacts on the infrastructure delivery objectives.

Table 3: Employment and vacancies by critical occupations in the PMTE

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Architects, town and traffic planners	53	42	20,8	13
Chemical and physical science technicians	13	8	38,5	0
Civil engineering technicians	31	9	71,0	1
Electrical and electronics engineering technicians	12	4	66,7	0
Engineers and related professionals	271	149	45,0	18
Mechanical engineering technicians	15	3	80,0	0
Quantity surveyors & related professionals	37	26	29,7	2
TOTAL	432	241	44,2	34

5.3 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

In November 2011, the newly appointed Minister requested assistance from the Technical Assistance Unit (TAU) of National Treasury to provide a rapid diagnostic on the state of affairs within the Department. The report and findings presented in January 2012, comprehensively detailed failures, problems of mismanagement and misalignment, and pointed to the need for fundamental reorganisation, and immediate interventions to stabilise the Department of Public Works (DPW).

Amongst others, the TAU diagnostic findings related to the Property Management Trading Entity (PMTE) were mainly:

- Failure to operationalise the PMTE as per the 2006 National Treasury approval and conditions.
- Asset Management - Asset Register incomplete and inaccurate; state assets undervalued; state assets' condition not reflected; and records were missing.
- Property and Facilities Management – state properties underutilised whilst private sector leasing-in expanding; below market rates for leased-out properties; over-expenditure on maintenance; maintenance backlog; aging properties; lack of professional property management skills; poor lease management systems; large number of bad debtors; and lack of client relations management.

In this regard, and due to the fact that the PMTE account constitutes a significant part of the Public Works account and it is the largest property portfolio in South Africa, the operationalisation of the PMTE was identified as one of the Minister of Public Works' five key priorities for the period of this Administration (2014-2019). Other priorities include transforming the Built Environment – including both construction and property sectors. Whilst this involves other branches, a key site of delivery is the PMTE.

Since 26 May 2014, significant progress has been made on the Turnaround, its Business Improvement Programme and the operationalisation of the PMTE.

The strategic planning process commenced on 20th June 2014 where the Minister of Public Works delivered the Policy Statement to MinTop members. The first urgent action emanating from the Minister's Policy Statement was the restructuring of the Programme Budget Structure for the operationalisation of the PMTE which resulted in the separation of Plans for DPW and PMTE.

A progress report on the Turnaround Strategy and the close-out of its first phase, namely the Stabilisation Phase, was submitted to and accepted by the Cabinet Committee for Economic Sectors, Employment and Infrastructure Development (ESEID). The committee further adopted the Seven-Year Plan on rebuilding the Department of Public Works on 16 July 2014.

With the operationalisation of the PMTE being an integral part of the plan, a progress report was submitted to and accepted by the ESEID Cabinet Committee on 2 July 2014. The committee further concurred with the case for establishing the PMTE as a Government Component under the Minister of Public Works.

This was followed by a DDG's Forum (24th June 2014) where each Branch Head presented the implications of the Minister's Policy Statement in each business area. Subsequently, the first PMTE Strategic Planning Session was held in Sandton from 06-08 August 2014.

A combined DPW and PMTE Strategic Planning Session was then held in Magaliesburg from 14-16 August 2014 to conduct departmental-wide planning, which was informed by the Policy Statement of the Minister of Public Works and a performance review by the Director-General. The objectives of the Strategic Planning Session were to highlight critical areas of the Department's and PMTE's performance, prioritise current activities, performance indicators and targets and to define future targets that will align to the newly defined focus areas in a collaborative manner.

On the 7th November 2014, a Budget Structure Meeting with National Treasury recommended certain terminology amendments.

The PMTE held its 3rd Strategic Planning Session on 26-27 November 2014 in Pretoria to develop the detailed plans for the SP and the APP. The Programme Budget Structure of PMTE was subsequently revised and was approved by EXCO on 17 December 2014.

The Strategic Plan (SP) and Annual Performance Plan (APP) were presented to the Special EXCO of 27 January 2015, Special MinTop of 30 January 2015 and Audit Committee of 03 February 2015 and recommendations were implemented.

The Department (through the Office of the Minister) had requested assistance from DPME, National Treasury, DPSA and Public Service Commission to conduct a peer review of the SP and APP for DPW and PMTE. All comments were given due consideration and were addressed accordingly.

6. STRATEGIC OUTCOME ORIENTATED GOALS OF THE PMTE

6.1. STRATEGIC GOALS OF THE PMTE

In executing its mandate, the PMTE has identified five strategic outcome orientated goals that define its direct service delivery responsibilities. These goals, which are linked to the mission, are:

Table 4: Strategic outcome orientated goal 1

Strategic goal 1	To effectively and efficiently manage the life cycle of immovable assets under the custodianship of Public Works.
Goal statement	Optimise the utilisation and value of the State's assets that fall under the custodianship of the Minister of Public Works and provide a client-centric professional property and facilities management services to meet user departments' accommodation requirements and save costs to the State.
Justification	The Property Management Trading Entity (PMTE) provides accommodation infrastructure, other social structures, professional services and expert advice to user departments for service delivery purposes.
Links	South Africa needs to invest and manage a strong infrastructure network designed to support the country's long term economic and social objectives as outlined in Outcome 6 and Outcome 12.
Related strategic objectives	<ul style="list-style-type: none"> • To ensure optimum utilization and increased value of state assets • To develop plans and strategies to meet service delivery accommodation requirements (UAMPS) of user departments • To optimally utilize freehold property for User Departments and National Strategic priorities • To compile and maintain a Real Estate Asset Register under the custodianship of Public Works • To create a single repository for all spheres of Government • To ensure the scheduled maintenance of freehold property

Table 5: Strategic outcome orientated goal 2

Strategic goal 2	Good corporate governance to support effectual service delivery
Goal statement	Provide strategic leadership in ensuring effective governance, sound resource management and integrity of the operations of the entity.
Justification	Effective arrangements for governance and accountability are an essential prerequisite in achieving the PMTE’s mission.
Links	The National Development Plan highlights the need for well-run and effectively coordinated State institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritizing the nation’s developmental objectives.
Related strategic objectives	<ul style="list-style-type: none"> • To provide leadership, strategic management, governance and support • To provide strategic operations support services • To ensure effective and sound financial management • To provide an efficient and effective Supply Chain Management services

Table 6: Strategic outcome orientated goal 3

Strategic goal 3	To promote economic growth through integrated infrastructure development in urban and rural areas.
Goal statement	Improved land administration and integrated planning for small harbour development and building government precincts in cities, small towns and rural areas.
Justification	The role of the PMTE is to unlock the potential of its collective asset base to stimulate local economy in meeting the accommodation requirements of its user departments through integrated development
Links	The strategic goal is linked to Outcome 7 in contributing towards Government’s objective to develop rural areas.
Related strategic objectives	<ul style="list-style-type: none"> • To provide built environment planning services for investment decisions on state accommodation • To ensure delivery of new and refurbished buildings through construction project management

Table 7: Strategic outcome orientated goal 4

Strategic goal 4	To create employment opportunities and develop skills in the provision of construction, property and facilities management services to the State
Goal statement	Lead and coordinate the creation of additional employment opportunities through labour intensive delivery methods (construction, property and facilities management) and skills development programmes for the participation of the unemployed in delivering needed services
Justification	The PMTE, through its Construction division provides for the National Youth Subsidy programme in all capital projects; and through its Real Estate Management and Facilities Management divisions bridges service delivery gaps by engaging SMMEs to provide property management services for unutilised state owned properties and Facilities Management services; and is reopening Facilities Management Service Centres (workshops) as key in both skills development and job creation.
Links	It is a strategic intervention by Government to deal with the challenges of unemployment, poverty, inequality and creating a more inclusive society as outlined in Outcome 4 (sub outcome 8) and skills development as outlined in Outcome 5
Related strategic objectives	<ul style="list-style-type: none"> • To ensure delivery of new and refurbished buildings through construction project management • To repair key components and undertake unscheduled maintenance for freehold property

Table 8: Strategic outcome orientated goal 5

Strategic goal 5	To leverage the State's property portfolio to contribute towards Government's broader transformation, empowerment and economic development goals.
Goal statement	Empower emerging black business and bridge service delivery gaps through meaningful engagements with small business and other relevant stakeholders in the property and construction sector by targeting and engaging SMME's to provide property and facilities management services for the unutilized and derelict state properties.
Justification	The DPW through the PMTE is responsible to transform the property and construction sector through initiatives like Contractor Development Programmes and other empowerment regulations such as B-BBEE Act and the PPPFA.
Links	Through the development of legislation and best practices, the PMTE contributes to Government-wide goals of transformation and skills development (Outcome 5 – Sub outcome 7 and 9) and outcome 14, a better South Africa.
Related strategic objectives	<ul style="list-style-type: none"> • To ensure delivery of new and refurbished buildings through construction project management • To ensure the scheduled maintenance of freehold property • To let out surplus freehold property for revenue

The strategic goals and strategic objectives of the PMTE are aligned to the following priority areas within the Medium Term Strategic Framework (2014-2019):

Table 9: Alignment to MTSF priority area:

MTSF priority Overarching Strategic Themes	National outcome	Strategic goal	Programme
Improving Service Delivery	12: An efficient and effective development oriented Public Service	1: To effectively and efficiently manage the life cycle of immovable assets under the custodianship of Public Works.	2, 4, 5, 6
		2: Good corporate governance to support effectual service delivery	1
	6: An efficient, competitive and responsive infrastructure network	3: To promote economic growth through integrated development in urban and rural areas.	2, 3, 4, 5, 6
	7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.		
Radical Economic Transformation	4 : Decent employment through inclusive economic growth	4: To create employment opportunities and develop skills in the provision of construction, property and facilities management services to the State	3, 4, 6
	5: A skilled and capable workforce to support an inclusive growth path		
	5: A skilled and capable workforce to support an inclusive growth path	5: To leverage the State's property portfolio to contribute towards Government's broader transformation, empowerment and economic development goals.	3, 4, 6
	14 : A better South Africa contributing to a better Africa and a better world		

6.2. LINKS TO GOVERNMENT-WIDE PLANS

The Constitution requires that all spheres of Government work together and participate in the development of programmes to redress poverty, underdevelopment, marginalisation of people and communities, and protect and enhance environmental assets and natural resources. It is clear that the implementation of the strategic agenda of Government and national priorities requires an effective National Government, as well as the smooth functioning and careful synchronisation of the three spheres of Government.

The National Development Plan (NDP) contains proposals for tackling the problems of poverty, inequality, unemployment and resource preservation in the country. It is a roadmap to a South Africa where all South Africans will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. Amongst the nine critical challenges identified in the NDP, of particular relevance to the PMTE are:

- infrastructure is poorly located, inadequate and under-maintained;
- spatial divides impede inclusive development;
- public services are uneven and often of poor quality; and
- corruption levels are high.

Part of the 9 priorities identified to boost the economy that directly affect the PMTE are:

- Resolving the energy challenge;
- Unlocking the potential of SMMEs, cooperatives, townships and rural enterprises; and
- Operation Phakisa which aims to grow the ocean economy - such as the shipping and storage of energy products.

In the context of the NDP, Cabinet adopted a National Infrastructure Plan in 2012 to transform the economic infrastructure landscape while simultaneously creating significant numbers of new jobs, and strengthening the delivery of basic services. This Infrastructure Plan also supports the integration of African economies. The Presidential Infrastructure Coordinating Commission (PICC) is mandated by Cabinet to plan and coordinate the National Infrastructure Plan. Government is investing R827 billion in building new and upgrading existing infrastructures. These investments will

improve access by South Africans to healthcare facilities, schools, water, sanitation, housing and electrification. On the other hand, investment in the construction and upgrading of ports, roads, railway systems, electricity plants and dams will contribute to faster economic growth. Eighteen Strategic Integrated Projects (SIPs) have been developed and approved to support economic development and address service delivery in the poorest Provinces. Each SIP comprises a large number of specific infrastructure components and programmes.

The Medium-Term Strategic Framework (MTSF, 2014 - 2019) builds on successes of the past 20 years of democracy and is the first five year building block of the NDP. The basic thrust of MTSF is to improve the living conditions of all South Africans and to build a better Africa and a better world. It is a statement of intent, identifying the development challenges facing South Africa and outlining improvements in the living conditions of South Africans for enhanced contribution to the cause of building a better world. The strategic focus of the MTSF (2014-2019) will not digress from the understanding that economic growth and development through sustainable job creation and investment in quality education and skills development, are at the centre of the Government's approach.

Directed by the mandate of Public Works and the Performance Agreement between the President of the Republic of South Africa and the Minister of Public Works, the PMTE has identified five outcomes based on DPW's contribution to the MTSF:

1. Efficient, competitive and responsive economic infrastructure network (Outcome 6),
2. Comprehensive rural development (Outcome 7),
3. Sustainable human settlements and improved quality of household life (Outcome 8);
4. Protected and enhanced environmental assets and natural resources (Outcome 11); and
5. Efficient, effective and development orientated public service (Outcome 12).

Table 10: Small Harbour Development

NDP Chapter & MTSF National Outcome	Chapter 3, 4 and 5: Outcome 6: An efficient, competitive and responsive economic infrastructure network
Description	PMTE as the State’s infrastructure development organ will play a pivotal role in the development and modernisation of small harbours in order to stimulate South Africa’s maritime economy. The PMTE in collaboration with the Department of Environmental Affairs, the Department of Economic Development, the Department of Agriculture, Forestry and Fisheries and the South African Maritime Safety Authority (SAMSA) will develop these harbours and state properties for economic development and revenue generation.
MTEF Budget	-
Related performance targets	<ul style="list-style-type: none"> • Percentage of investment decisions approved to support Operation Phakisa (mari/aquaculture projects) • Percentage of investment decisions approved on proclaimed fishing harbours • Audit of all state coastal reserves under the custodianship of Public Works

Table 11: Energy Savings

NDP Chapter & MTSF National Outcome	Chapter 4 and 5: Outcome 6: An efficient, competitive and responsive economic infrastructure network
Description	<p>Given the reality of South-Africa’s constrained Electricity supply; demand needs to be managed in a way that limits the impact of load shedding on Government’s economic and social priorities. The Property Management Trading Entity (PMTE), mainly through its Construction Project Management and Facilities Management Divisions, provides the opportunity to focus on electricity savings by ensuring electricity supply security by meeting its renewable energy targets and ensuring that all future construction and refurbishment projects are in line with DPWs Green Building Policy</p>
MTEF Budget	<p>MTEF allocation of R1 818 631 000.00</p>
Related performance targets	<ul style="list-style-type: none"> • Reduction in kilowatt-hour (Kwh) usage achieved on energy consumption • Percentage efficiency (turnaround time) for unscheduled maintenance on freehold property within 5 days

Table 12: Water Conservation

<p>NDP Chapter & MTSF National Outcome</p>	<p>Chapter 4 and 5:</p> <p>Outcome: 6 An efficient, competitive and responsive economic infrastructure network</p> <p>Outcome 11: 4. Protected and enhanced environmental assets and natural resources</p>
<p>Description</p>	<p>Given the reality of the scarcity of water in South-Africa; numerous initiatives need to be executed to educate South Africans on water saving as well as utilising water saving devices in their homes, workplaces and all other institutions. The Property Management Trading Entity (PMTE), mainly through its Construction Project Management and Facilities Management Divisions, provides the opportunity to focus on water savings by ensuring water supply security by meeting its water saving targets and ensuring that tender specifications include water saving equipment for all future construction, refurbishment and facilities management projects including unscheduled maintenance.</p>
<p>MTEF Budget</p>	<p>MTEF allocation of R 4 050 800.00</p>
<p>Related performance targets</p>	<ul style="list-style-type: none"> • Reduction in kilolitre -(kl) usage achieved on water consumption • Number of Building Management Systems installed

Table 13: Inclusive rural economy

<p>NDP Chapter & MTSF National Outcome</p>	<p>Chapter 6 : Inclusive rural economy Outcome 7: Comprehensive rural development</p>
<p>Description</p>	<p>Rural development is a cross cutting mandate that requires significant institutional coordination for maximum impact. The Department will be collaborating with sector departments and rural municipalities to coordinate infrastructure planning and ensure maximum positive impact in rural areas by making public services more accessible with a particular focus on public services that are provided by the South African Social Security Agency, Department of Home Affairs, Department of Labour, South African Police Service, Department of Basic Education and Department of Justice and Constitutional Development. The role of the Department is to unlock the potential of its collective asset base to stimulate the local economy in meeting the accommodation requirements of its user departments.</p>
<p>MTEF Budget</p>	<p>R6 Million</p>
<p>Related performance targets</p>	<ul style="list-style-type: none"> • Number of Precinct development proposals produced for local/rural municipalities • Number of vacant land (Land Parcels) let out towards economic development initiatives • Number of schools completed within planned construction period

Table 14: Transforming Human Settlements

<p>NDP Chapter & MTSF National Outcome</p>	<p>Chapter 8 : Transforming Human Settlements</p> <p>Outcome 8: Sustainable human settlements and improved quality of household life.</p>
<p>Description</p>	<p>The apartheid legacy of spatially marginalising the poor has meant that people live far from job opportunities and major services in “dormitory” type residential areas. Many South Africans continue to survive without basic services in informal settlements. Individuals who have jobs find it difficult to access subsidised houses on the one hand and mortgage products from commercial banks on the other.</p> <p>The Inner City Regeneration Programme of the Department ensures integrated planning of infrastructure and urban efficiencies by aligning and consolidating Government services to reduce costs associated with accessing public services, particularly by those who live in remote areas. By making public services accessible, in close proximity to rural areas, Government will positively contribute to the livelihoods of the poor. In addition, the Department will release well located land and properties for developmental purposes to the Department of Human Settlements.</p>
<p>MTEF Budget</p>	<p>-</p>
<p>Related performance targets</p>	<ul style="list-style-type: none"> • Number of Precinct development proposals produced for metros and district municipalities • Number of initiatives for social and economic development approved within 12 months • Number of projects completed within agreed construction period

Table 15: Building a capable and developmental State

<p>NDP Chapter & MTSF National Outcome</p>	<p>Chapter 13 : Building a capable and developmental State</p> <p>Outcome 12 : An efficient and effective development-oriented Public Service</p>
<p>Description</p>	<p>The PMTE as the custodian of a significant portion of the State’s immovable assets ensures that immovable assets that are utilised for delivering various Government services yield functional, economic and social benefits to the State. The Department provides office, functional and official residential accommodation and ensures optimal utilisation of immovable assets that contribute to improved service delivery. Through the development of the Custodian Asset Management Plan and the User Asset Management Plan as principle strategic planning instruments, the PMTE provides accommodation to user departments that promotes integration, accessibility, sustainability, environmental sensitivity, economic growth and social empowerment.</p>
<p>MTEF Budget</p>	<p>The medium term budget allocation for DPW infrastructure is R2.7 billion. The PMTE medium term budget allocation is R33 billion (Clients capital budget, repair and maintenance, cleaning and gardening, private leases, rates and taxes)</p>
<p>Related performance targets</p>	<ul style="list-style-type: none"> • Number of initiatives for social and economic development approved within 12 months • Number of projects completed within agreed construction period • Percentage occupancy rate increased for partially occupied property

PROPERTY MANAGEMENT TRADING ENTITY

STRATEGIC PLAN

2015-2020

PART B: PROGRAMME AND SUB-PROGRAMME PLANS



PMTE PROGRAMME STRUCTURE

PROGRAMME 1: ADMINISTRATION

Purpose: Provide leadership, strategic management, governance and administrative support to the Property Management Trading Entity (PMTE).

Sub-Programmes:

- 1.1 Management Leadership
- 1.2 Operations Support Management
- 1.3 Financial and Accounting Management
- 1.4 Supply Chain Management

PROGRAMME 2: REAL ESTATE INVESTMENT MANAGEMENT

Purpose: To optimise utilization and maximise the value of the State Property Portfolio.

Sub-Programmes:

- 2.1 User Demand Management
- 2.2 Planning & Precinct Development Services
- 2.3 Property Performance Management
- 2.4 Investment Analysis

PROGRAMME 3: CONSTRUCTION PROJECT MANAGEMENT

Purpose: To provide effective and efficient delivery of accommodation needs for DPW and Client Departments through construction.

Sub-Programmes:

- 3.1 Construction Project Planning
- 3.2 Construction Project Management

PROGRAMME 4: REAL ESTATE MANAGEMENT

Purpose: To timeously provide and manage suitable accommodation in support of Client needs to meet their service delivery objectives

Sub-Programmes:

- 4.1 Management of Freehold Property
- 4.2 Land Administration & Management
- 4.3 Surplus Freehold (Revenue) Management
- 4.4 Leasehold Management

PROGRAMME 5: REAL ESTATE INFORMATION AND REGISTRY SERVICES

Purpose: To develop and manage a complete, accurate and compliant Immovable Asset Register to meet service delivery objectives for the State, Department and Property Management Trading Entity (PMTE) business requirements.

To provide leadership, guidance and support to National, Provincial and Local Government custodians of State assets to ensure use of applicable standards in accounting for immovable assets and management of IARs.

To develop, maintain and report on a consolidated National database of State properties

Sub-Programmes:

- 5.1 Asset Registry Services
- 5.2 Conveyancing

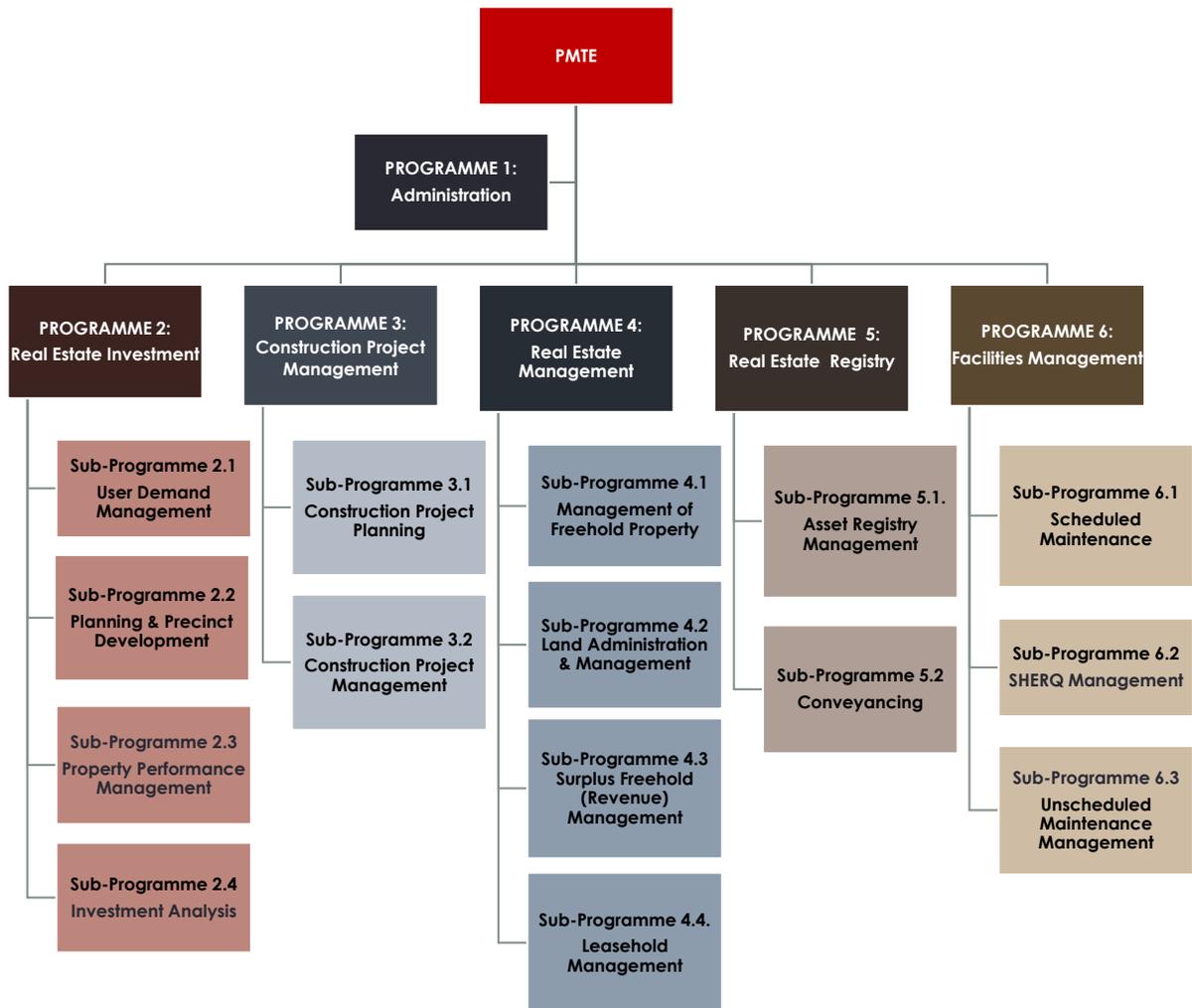
PROGRAMME 6: FACILITIES MANAGEMENT

Purpose: To ensure that immovable assets used by government departments and the public, are optimally utilised and maintained in a safe, secure healthy and ergonomic environment while contributing to job creation, skills development and poverty alleviation.

Sub-Programmes:

- 6.1 Scheduled Maintenance
- 6.2 SHERQ Management
- 6.3 Unscheduled Maintenance Management

Figure 8: Budget Programme Structure



PROGRAMME STRATEGIES

1. PROGRAMME 1: ADMINISTRATION

PURPOSE: Provide leadership, strategic management, governance and support to the Property Management Trading Entity (PMTE).

The programme ensures effective leadership in accordance with legislation and accountability through organizational strategy and performance driven management, strengthened by sound governance, and appropriate administrative systems to enable the PMTE through converged innovative best practice solutions and standards.

SUB-PROGRAMMES

This programme is constituted by the following four sub-programmes:

Sub-Programme 1: Management Leadership

Office of the Head of PMTE and related services providing strategic leadership, governance and administration support

Sub-Programme 2: Operations Support Management

Provision of operations support and enabling services

Sub-Programme 3: Financial and Accounting Management

Provision of effective and efficient financial management.

Sub-Programme 4: Supply Chain Management

Provision of effective purpose orientated Supply Chain Management to realize inclusive Economic Growth

ACHIEVEMENTS

- Functions and immovable assets transferred from DPW to the PMTE;
- GRAP compliant financial management systems and controls were developed and implemented;
- GRAP compliant itemised accounting & billing system procured;
- The PMTE Account progressed from a disclaimed to a qualified opinion;
- High Level Business Case for establishing the PMTE as a Government Component (SPMA) developed and approved by Cabinet;
- Enhanced ICT efficiencies by establishing the Public Works call centre

PROBLEM STATEMENT

- Shortage of suitably qualified experts to operationalise the PMTE;
- Initial lack-of buy-in from labour due to insufficient consultation, information sharing and change management;
- Insufficient funding for all Turnaround projects and the full operationalisation of the PMTE*.

IMPLEMENTATION STRATEGY

- Filling of critical vacancies within the PMTE executive management;
- Specific skills recruitment to address skills shortage within the core business;
- Finalisation and capacitation of the organisational structure in support of the new PMTE business model;
- Implement and re-engineer business processes with converged and innovative best practice solutions and developing a master system architecture plan aligned to the PMTE business requirements;
- Developing a proactive and responsive engagement model of operations within Support Services;
- Security enhancements and a responsive labour relations environment to mitigate against fraud and corruption;
- Rollout of the change management program to ensure sustainable business improvement;
- Implementation of the PMTE Operating Framework and PMTE business processes.
- Implementation of PMTE Governance Structures;
- Revision of SCM processes (NT & OCPO);
- Staff training programmes & skilling.

1.1 Strategic Objectives for Programme 1

Table 16: Strategic Objective 1.1

Strategic Objective 1.1	To provide leadership, strategic management, governance and support
Objective Statement	Ensure a high level of Agency performance by providing leadership in the areas of Strategic planning, management development, risk management, monitoring and evaluation, management of strategic partnership and communications management
Baseline	Establishing good governance and promoting exemplary leadership within the PMTE through effective communication and sound governance systems
5 Year target	<ul style="list-style-type: none"> Approved strategic plan and annual performance plans
Justification	<p>Strong and effective strategic leadership will ensure that the PMTE achieves its performance targets in line with its core mandate and government policy priorities at national and sector levels</p> <p>The PMTE will maintain high ethical standards that promotes state confidence in the PMTE</p>
Links	Minister of Public Works, Director General DPW; Portfolio Committee

Table 17: Strategic Objective 1.2

Strategic objective 1.2	To provide strategic operations support services
Objective statement	<p>Management of strategic enabling services through the:</p> <ul style="list-style-type: none"> design and application of staffing and skilling solutions including the management of the organizational structure, attraction, development and retention of skills, service benefits and employee health and wellness; provision of modern and appropriate information management systems and technologies; maintaining secured integrated systems, networks infrastructure, and relevant information and communication technologies; analysis of the existing international relations regime and the identification of business and other opportunities of strategic value to the PMTE; implementation of approved communications strategy for the PMTE; provision of efficient, effective and economical legal support and advisory services to the PMTE and the Ministry;

	<ul style="list-style-type: none"> • protection of Departmental assets by implementing approved state security measures; • mainstreaming of gender, disability and youth development in the core business of both the PMTE and its related industry (Construction and Property) and ensuring the promotion and the protection of children's rights.
Baseline	<p>Development of plans to support the core business of the PMTE through Human Resource planning, Skills Development, Security Management, Legal advisory services and Communications by ways of:</p> <ul style="list-style-type: none"> • An established Contact Centre; • An enterprise Resource Planning System; • Operationalised Multimedia specialised communication system • Revised contract forms for identified services
5 Year target	<ul style="list-style-type: none"> • 100% ICT infrastructure, network and services provided • 100% Legal services, advice, and support provided within the stipulated timeframes • Vacancy rate of less than 10%
Justification	<p>The Operations Support Services Branch is a key enabler of core business in ensuring that resources are assigned as and when required. Operations Support Services supports service delivery objectives in line with the operationalisation of the PMTE</p>
Links	<p>Compliance to the policy and regulatory requirements to ensure transparency and accountability in support of a service driven PMTE</p>

Table 18: Strategic Objective 1.3

Strategic objective 1.3	To ensure effective and sound financial management
Objective statement	<p>Ensure effective financial accounting, planning and management through:</p> <ul style="list-style-type: none"> • Implementing sound internal control measures; • Managing the expenditure of the PMTE.
Baseline	Improved audit outcome with 25 matters of emphasis
5 Year target	<ul style="list-style-type: none"> • Clean audit outcome
Justification	Improving the financial performance of the PMTE by ensuring compliance to financial frameworks
Links	Sound financial management and accountability to ensure effective and efficient governance and accountability within the PMTE and public sector.

Table 19: Strategic Objective 1.4

Strategic Objective 1.4	To provide an efficient and effective Supply Chain Management service
Objective Statement	<p>To timeously procure required capital and current goods and services in line with approved procurement plans and demonstrate effectiveness and value for money and reduce non-compliance through:</p> <ul style="list-style-type: none"> • the customisation of business processes, policies and operating frameworks in line with the core business of the entity; • establishment of effective contract management, inventory and asset control systems; • application of effective procurement planning and acquisition in order to leverage preferential procurement status; • effective application of relevant legislation which governs SCM within the public sector and the application of the principles and processes of SCM within the frameworks prescribed by the National Treasury and the CIDB; • Identify and implement key training and skills improvement initiatives to better equip officials to perform at their optimal capacity; • Reduction of procurement turnaround times.
Baseline	50% of all requisitions for acquiring resources to meet the service delivery objectives within the legislated prescripts
5 Year target	<ul style="list-style-type: none"> • Increased efficiencies in addressing requisitions for acquiring resources within the legislated time frames
Justification	Comply with Preferential Procurement Policy Framework (No 5 of 2000) and ensure effective use of budgeted resources and contribution to closing the gap between the first and second economies
Links	Promote Batho Pele principles through improved service delivery to client departments and contribution to a clean audit outcome for the entity

1.2 Resource considerations for Programme 1

1.2.1 Expenditure estimates for Programme 1: Administration

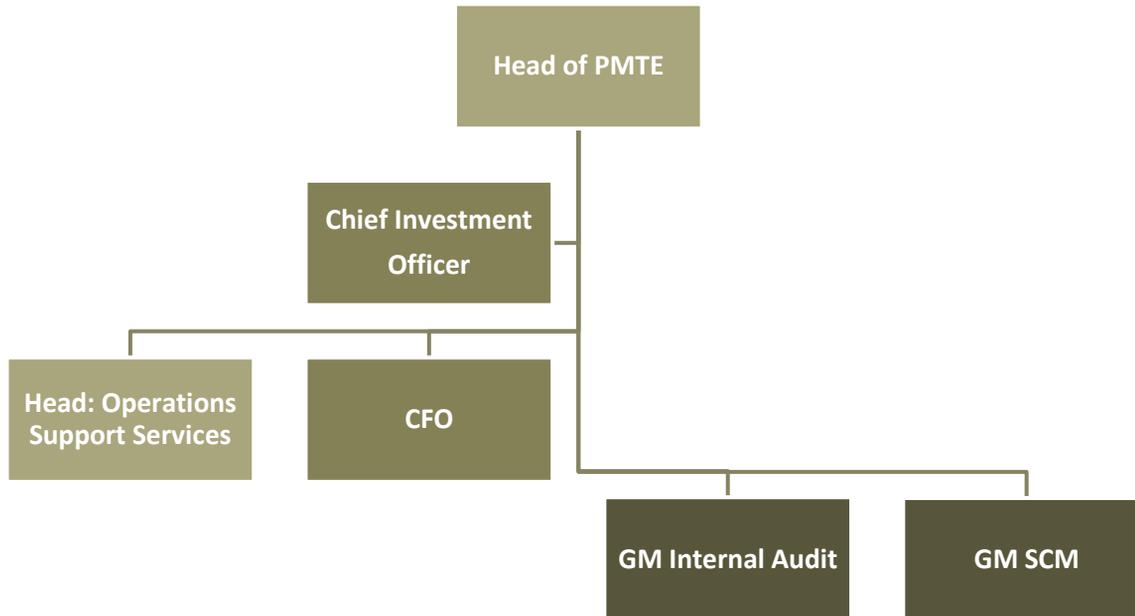
Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Management and Leadership							
Operations Support							
Financial and Accounting Management							
Supply Chain Management							
Total	15 331	4 357	2 871	1 027 644	1 014 662	1 065 403	1 114 969

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	15 331	4 357	2 871	1 027 644	1 009 137	1 058 668	1 108 073
Compensation of employees	12 893			318 212	333 595	366 653	395 022
Goods and services	2 438	2 477	132	707 432	673 426	689 776	710 682
Interest and rent on land		1 880	2 739	2 000	2 116	2 239	2 369
Transfers and subsidies							
Non-profit institutions							
Households							
Payments for capital assets							
Machinery and equipment					5 525	6 735	6 896
Payments for financial assets							
333Total	15 331	4 357	2 871	1 027 644	1 014 662	1 065 403	1 114 969

Expenditure Trends Analysis

1.2.2 Staff establishment for Programme 1: Administration

The macro-organisational structure which constitutes programme 1 is:



Staff Establishment For Programme 1 - Administration					
Salary Level	Approved establishment	Filled posts	Vacant posts	Current Vacancy Rate	Additional to the establishment
01	44	44	0	0,00%	44
02	3	1	2	66,67%	
03	18	16	2	11,11%	
04	92	60	32	34,78%	
05	95	63	32	33,68%	6
06	163	127	36	22,09%	8
07	229	188	41	17,90%	2
08	141	99	42	29,79%	
09	46	37	9	19,57%	
10	90	56	34	37,78%	5
11	4	4		0,00%	1
12	58	49	9	15,52%	
13	13	9	4	30,77%	
14	13	12	1	7,69%	
15	0			0,00%	
16	0			0,00%	
Grand Total	1009	765	244	24,18%	66

1.3 Risk management for Programme 1

Table 20: Risk Management for Programme 1

Strategic objective	Risk Description	Mitigating factors
To provide strategic operations support services	Inability to implement the proposed structure	<ul style="list-style-type: none"> • Approval of the draft Organisational structure
	Insufficient technical capacity to support PMTE	<ul style="list-style-type: none"> • Implementation of the approved HR plan • Filling of critical vacant posts • Enhancement of the Skills development programme
	Failure to integrate business information for proper planning	<ul style="list-style-type: none"> • Implementation of the following modules of the Property Management System: Asset register and lease management module
To ensure effective and sound financial management	Ineffective management of contracts awarded to contractors	<ul style="list-style-type: none"> • Enforcement of delegation of authority to dismiss non-performing contractors • Develop proper documented performance assessment process
	Uncertainty of Business Continuity resulting from change	<ul style="list-style-type: none"> • Effective Change Management Office • Development of the White Paper
To provide an efficient and effective Supply Chain Management service	Fraud and Corruption arising from failure to comply with legislative prescripts	<ul style="list-style-type: none"> • Monitoring and enforcing compliance to internal controls through consequence management. • Development of a Contract Management Framework • Development of new business processes for Leases.

2. PROGRAMME 2: REAL ESTATE INVESTMENT

PURPOSE: To achieve an efficient and competitive Real Estate Portfolio for the State through effective planning, analysis and informed investments.

Programme 2 aims at achieving an efficient, effective and competitive State Property Portfolio in order to provide cost effective accommodation to other State Departments so they derive costs savings, meet their service delivery objectives and to realise the preservation and growth of the State's asset portfolio. This is done through the optimal utilization and maximising (investment stock) the value of the State Property Portfolio. The programme further aims to integrate the planning and development of government infrastructure with the sector departments, provinces and municipalities to address historic spatial imbalances and to pursue future development.

SUB-PROGRAMMES

The Real Estate Investment programme is organised into three sub-programmes:

Sub-Programme 1: User Demand Management

To determine client needs develop comprehensive knowledge of client requirements in line with their service delivery priorities.

Sub-Programme 2: Planning & Precinct Development Services

To plan and develop integrated government precincts in urban and rural areas for improved government accommodation and enhanced service delivery.

Sub-Programme 3: Property Performance Management

To determine the strategy for each asset class and individual assets i.e. buy, hold and sell decisions.

Sub-programme 4: Investment Analysis

To execute asset management decisions in order to optimise utilization and maximise the value of the State Property Portfolio.

ACHIEVEMENTS

- Completion of annual Custodian Asset Management Plan (C-AMP) based on available User Asset Management Plans (U-AMPs);
- Annual infrastructure plans developed for capital and maintenance works;
- Land released for key strategic objectives of government e.g. land reform and human settlements;
- Pilot projects to generate revenue and improve utilisation.

PROBLEM STATEMENT

The Department is the custodian of a significant register of immovable assets. There has been an inability to optimise the portfolio owing to the absence of an integrated immovable asset management framework underpinned by clear investment guidelines, strategies, processes and capacity.

IMPLEMENTATION STRATEGY

Over the 5-year term, inadequacies in relation to policies, strategies, processes and capacity will be addressed to ensure targeted performance levels are achieved.

The Real Estate Investment Management Programme has been structured to deliver the Master Strategy for the State Asset Management Services that is informed by:

- Classification of assets into residential, office, functional, heritage and vacant land; and prioritisation thereof;
- Strategies for each asset class to optimise utilisation;
- A "rationalised" strategic maintenance plan; and
- A strategic (long-range) funding strategy.

Based on clearly developed service delivery plans and identified asset performance standards, the Asset Management Strategy will serve as the basis to evaluate and optimise existing processes and activities, current performance, costs and risk. In this regard, the plan will assist in identifying asset management processes or activities that need improvement, and set out the framework for the agency to allocate appropriate resources and make strategic decisions to support service delivery.

Therefore in developing the Master Strategy for Asset Management the following factors will be considered:

- new or changing service delivery requirements;
- different methods of service delivery;
- evolving technology;
- Population and nodal data.

The Master Strategy would identify:

- existing assets that are currently capable of servicing client departments' needs;
- existing assets that are identified but are below the necessary standards and need refurbishment to meet client departments' requirements;
- assets which are surplus to client departments' needs and can be disposed of or deployed;
- new assets that must be acquired and/or developed to meet future delivery needs.

Through the Needs Assessment Programme, Client Centric Multi-disciplinary teams will be deployed to client departments to develop comprehensive knowledge of the client and have an ability to meet client requirements. Therefore, the Client Centric Multi-disciplinary teams will provide on-site technical support to client departments primarily to assist with the development of U-AMPs, based on the clients' strategic plans and service delivery priorities. This approach will ensure client participation at all levels and identified clients will be allocated an executive who will manage the portfolio with an onsite client services team.

The Programme further aims to execute the State CAPEX projects to facilitate integrated Precinct development in cities, small towns and rural areas. Therefore this sub-programme will drive integrated planning in collaboration with various provinces, district and local municipalities to facilitate integrated Precinct Development in the targeted areas. The programme also ensures that property development is designed to support economic growth and investment within a framework that benefits the poor and underprivileged in the country.

The Planning and Precinct Development Unit will be responsible for providing built environment planning services to support investment decisions on state accommodation.

The spatial planning of cities, towns and rural areas is the responsibility of municipalities. In supporting integrated planning and development to address spatial imbalances as articulated in the NDP, the government asset portfolio will be utilized as a catalyst for development in identified towns and cities. Various efficiencies can be derived from a coordinated and integrated approach

The urban and rural renewal programme of government will further guide the location, development and rehabilitation of government buildings within the precinct context, thereby ensuring easy access to government services, promoting a “one stop concept”, whilst ensuring improved working conditions for state departments.

The Planning and Precinct Development Unit will perform the various functions in supporting Investment Management in producing accommodation solutions including the identification of precinct locations, alignment to IDPs, SDFs and other government sectors with site development plans, environmental and legislative impacts. Further taking into account bulk service infrastructure services and the building concept design with sketch plans and estimated cost.

The PMTE as the State’s infrastructure development organ will play a pivotal role in the development and modernisation of small harbours in order to stimulate South Africa’s maritime economy. The PMTE in collaboration with the Department of Environmental Affairs, the Department of Economic Development, the Department of Agriculture, Forestry and Fisheries and the South African Maritime Safety Authority (SAMSA) will develop these harbours and state properties for economic development and revenue generation.

2.1 Strategic Objectives

Table 21: Strategic Objective 2.1

Strategic Objective 2.1	To develop plans and strategies to meet service delivery accommodation requirements (UAMPS) of user departments
Objective Statement	Drive the development of User Asset Management Plans (U-AMP) for effective life cycle asset management through a Client Centric Multi-disciplinary approach.
Baseline	Information towards the development of the survey index researched and collated; 30 Service Level Agreements approved by identified user departments; 42 User departments' UAMP templates for FY 2016/19 completed by 31 December 2014.
5 Year target	<ul style="list-style-type: none"> 42 User Asset Management Plans (UAMPs) compiled annually
Justification	To comply with legislative requirements of GIAMA in maximizing and coordinating the management of immovable assets in relation to service delivery objectives of user departments
Links	Links to outcome 12: An efficient, effective and development-oriented public service.

Table 22: Strategic Objective 2.2

Strategic objective 2.2	To provide built environment planning services for investment decisions on state accommodation
Objective statement	Planning for the development of state accommodation including government precincts in cities, towns and rural areas.
Baseline	<ul style="list-style-type: none"> Head Office Accommodation proposals (DHS, DSD & DHET); Salvokop Township establishment application submitted to CoT; 1 Precinct proposal in Polokwane – 3 accommodation solutions produced for project implementation in Polokwane (DPW, SAPS and DoJ&CD); DPW infrastructure plans integrated with sector departments and IDPs of five rural municipalities.
5 Year target	<ul style="list-style-type: none"> 40 precinct development proposals integrated into municipalities spatial development framework (SDF)
Justification	The integration of development efforts in urban and rural areas aimed at improving the service delivery to communities/citizens as main beneficiaries.

Links	<p>Outcomes 6: An efficient, competitive and responsive economic infrastructure network;</p> <p>Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all; and</p> <p>Outcome 12: An efficient, effective and development-oriented public service.</p>
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Table 23: Strategic Objective 2.3

Strategic objective 2.3	To ensure optimum utilization and increased value of state assets
Objective statement	Manage property performance and provide investment decisions to ensure sustainable life cycle immovable asset management and a responsive and value driven property portfolio under the custodianship of the Department of Public Works
Baseline	<ul style="list-style-type: none"> • 56 properties assessed for investment decisions on refurbishments & redesign; • 10 projects assessed for investment decisions on new construction (green fields); • 40 properties assessed for investment decisions to purchase • 70 properties recommended for investment decisions on leasing-in; • 279 rentals reviewed for let out properties.
5 Year target	<ul style="list-style-type: none"> • 1389 investment decisions approved (to provide User Department's Service delivery accommodation) • 10 Land parcels and Land Portions Identified and approved for economic development and national priorities • 500 of vacant free hold properties approved for re development by BBBEE property developers • 10500 buildings performance measured
Justification	To comply with the legislative requirements of GIAMA in maximizing and coordinating the management of immovable assets in relation to service delivery objectives of user departments
Links	Effective asset life cycle management contributes directly to the delivery of an efficient, competitive and responsive infrastructure network that supports socio economic development imperatives (Outcome 12)

2.2 Resource considerations for Programme 2

2.2.1 Expenditure estimates for Programme 2: Real Estate Investment Management

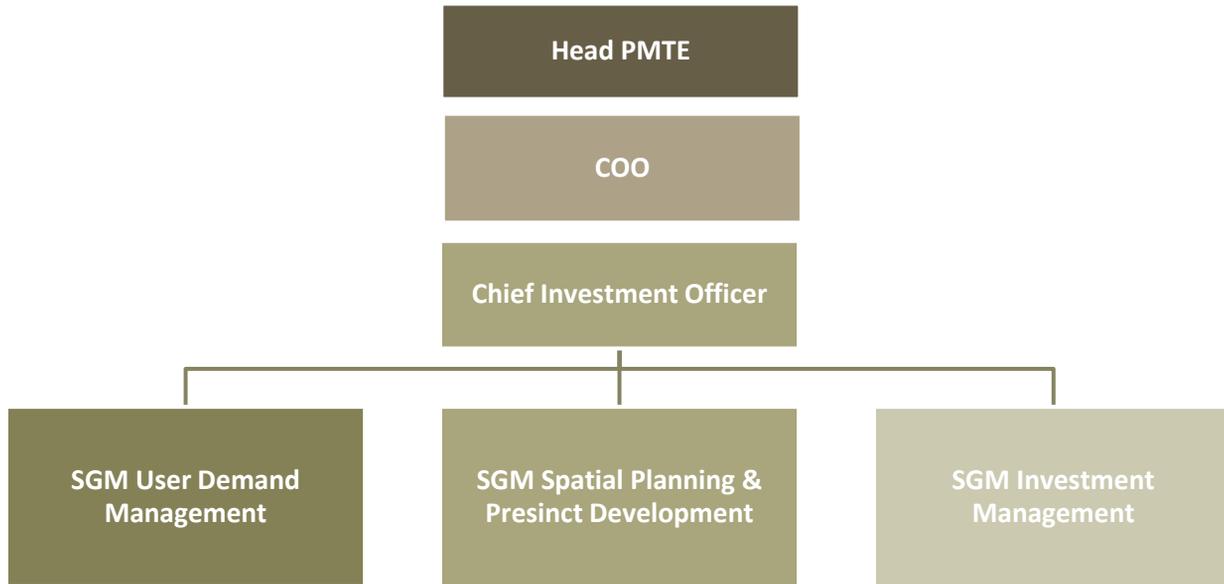
Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
User Demand Management							
Planning & Precinct Development Services							
Property Performance Management							
Investment Analysis							
Total	-	-	-	120 625	114 388	120 986	135 274

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments				120 625	107 021	112 007	126 080
Compensation of employees				94 292	97 081	101 528	115 214
Goods and services				26 333	9 940	10 479	10 866
Interest and rent on land							
Transfers and subsidies							
Non-profit institutions							
Households							
Payments for capital assets							
Machinery and equipment					7 366	8 979	9 194
Payments for financial assets							
Total	-	-	-	120 625	114 388	120 986	135 274

Expenditure Trends Analysis

2.2.2 Staff establishment for Programme 2: Real Estate Investment

The macro-organisational structure which constitutes programme 2 is:



Staff Establishment For Programme 2 - Real Estate Investment Services					
Salary Level	Approved establishment	Filled posts	Vacant posts	Current Vacancy Rate	Additional to the establishment
01	1	1	0	0,00%	1
02	0	0		0,00%	
03	0	0		0,00%	
04	1	1		0,00%	1
05	9	1	8	88,89%	
06	18	16	2	11,11%	
07	31	22	9	29,03%	10
08	47	41	6	12,77%	9
09	2	1	1	50,00%	
10	51	45	6	11,76%	
11	6	6		0,00%	1
12	52	41	11	21,15%	
13	18	13	5	27,78%	
14	4	2	2	50,00%	
15	3	2	1	33,33%	
16	0	0		0,00%	
Grand Total	243	192	51	20,99%	22

2.3 Risk management for Programme 2

Table 24: Risk Management for Programme 2

Objective	Risk Description	Action Plan
To develop plans and strategies to meet service delivery accommodation requirements (UAMPS) of user departments	Inability to perform Property Performance and Investment management	<ul style="list-style-type: none"> • Completion of U-AMPs to be fast-tracked • On-going training of Users on compilation of U-AMPs • Immovable Asset Register Enhancement programme to be completed by 31 March 2016 • Provide verified asset information to RERS Branch to update the Immovable Asset Register • Development of Immovable Asset Management policies • Review of the existing business processes • Procurement of integrated Immovable Asset Management system
To provide built environment planning services for investment decisions on state accommodation	Non-Integration of spatial planning activities with national, provincial and local spheres of government.	<ul style="list-style-type: none"> • Development of generic MOUs and SLAs • Signed agreements with sector Departments

3. PROGRAMME 3: CONSTRUCTION PROJECT MANAGEMENT

Purpose: To provide effective and efficient delivery of accommodation needs for DPW and User Departments through construction

SUB-PROGRAMMES

The Construction Project Management programme is organised into two sub-programmes:

Sub-Programme 1: Construction Project Planning

To plan for project delivery through project implementation planning, procurement of professionals, design development and appointment of contractors.

Sub-Programme 2: Construction Project Management

To programme - and project manage the delivery of construction projects.

ACHIEVEMENTS

179 Construction projects were completed out of a target of 300, in 2013/14 financial year.

PROBLEM STATEMENT

The CPM within the PMTE is currently facing challenges of insufficient professional capacity and skills, infrastructure backlog, under spending of capital and current budgets, non-compliance with laws and regulations and inability to deliver within time, cost and quality.

IMPLEMENTATION STRATEGY

Improving infrastructure delivery effectiveness and efficiency through business process re-engineering, technical and professional capacity development, improved ICT systems and commitment to time, cost and quality criteria.

3.1 Strategic Objective

Table 25: Strategic Objective 3.1

Strategic objective 3.1	To ensure delivery of new and refurbished buildings through construction project management
Objective statement	To meet the funded short and medium term building infrastructure needs of DPW and User departments through construction of buildings and refurbishment of properties in line with the agreed plans and budget allocations in compliance with the Infrastructure Delivery Management System (IDMS)
Baseline	Zero construction projects delivered in compliance with the IDMS
5 Year target	<ul style="list-style-type: none"> • 75 000 work opportunities created through construction projects (EPWP) • 60% of construction projects allocated towards BBBEE contractors • 50 construction projects delivered in compliance with the IDMS
Justification	To ensure that CPM within the PMTE constructs buildings to meet the accommodation requirement for the DPW and User Departments to deliver public services.
Links	<p>Outcome 4: Decent employment through inclusive growth.</p> <p>Outcome 5: A skilled and capable workforce to support an inclusive growth path.</p> <p>Outcomes 6: CPM will finalise the delivery of infrastructure projects associated with infrastructure requirements at the Land Ports of Entry that are currently in construction.</p> <p>Outcome 10: CPM will continue to align with the green buildings framework in line with Government’s transition to a low carbon, resilient economy to mitigate the effects of global warming through the use of energy efficiency, water efficiency and waste management programmes.</p> <p>Outcome 12: CPM is committed to in planning and delivery of immovable assets that are utilised for delivering various Government services in a way that yield functional, economic and social benefits to the State.</p>

3.2 Resource considerations for Programme 3

3.2.1 Expenditure estimates for Programme 3: Construction Project Management

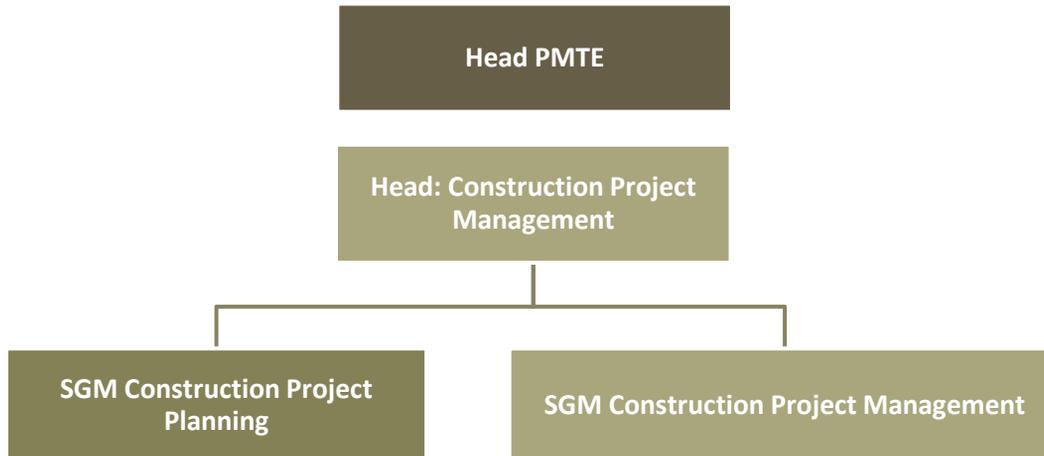
Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Construction Project Planning							
Construction Project Management							
Total	3 384 231	2 719 723	466 908	527 831	465 962	485 693	523 864

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	3 384 231	2 719 723	466 908	527 831	465 962	485 693	523 864
Compensation of employees	281 480	303 558	326 586	369 935	382 878	399 228	433 259
Goods and services	3 102 265	2 449 336	85 310	122 313	46 170	48 429	51 392
Losses	486	(33 171)	55 012	35 583	36 914	38 036	39 213
Transfers and subsidies							
Non-profit institutions							
Households							
Payments for capital assets							
Machinery and equipment							
Payments for financial assets							
Total	3 384 231	2 719 723	466 908	527 831	465 962	485 693	523 864

Expenditure Trends Analysis

3.2.2 Staff establishment for Programme 3: Construction Project Management

The macro-organisational structure which constitutes programme 3 is:



Staff Establishment For Programme 2					
Salary Level	Approved establishment	Filled posts	Vacant posts	Current Vacancy Rate	Additional to the establishment
01	5	5	0	0,00%	5
02	102	100	2	1,96%	
03	1	1		0,00%	
04	4	4		0,00%	
05	27	18	9	33,33%	1
06	29	27	2	6,90%	1
07	135	111	24	17,78%	11
08	40	22	18	45,00%	
09	9	6	3	33,33%	
10	36	24	12	33,33%	2
11	207	130	77	37,20%	19
12	221	139	82	37,10%	10
13	14	10	4	28,57%	
14	3	3		0,00%	2
15	1		1	100,00%	
16	0			0,00%	
Grand Total	834	600	234	28,06%	51

3.3 Risk management for Programme 3

Table 26: Risk management for Programme 3

Objective	Risk Description	Action Plan
<p>To ensure delivery of new and refurbished buildings through construction project management</p>	<p>Inability to plan and implement construction programmes</p>	<ul style="list-style-type: none"> • Develop a plan to insource professional capacity from Council for Engineering South Africa CESA and South African council for Project and Construction Management Professions (SACPCMP) • Establishment of Project Management Office
		<ul style="list-style-type: none"> • Alignment with planning and precinct unit to fast track signing of agreement with municipalities. • Implementation of Infrastructure planning (Strategic brief and Concept report)
		<ul style="list-style-type: none"> • Approved scope of works prior to project implementation. • Development of Business processes
		<ul style="list-style-type: none"> • Appointment of Departments own Site Staff to monitor the works of both Contractor/ Consultants

4. PROGRAMME 4: REAL ESTATE MANAGEMENT

Purpose: To timeously provide and manage suitable accommodation in support of Client needs to meet their service delivery objectives

The Real Estate Management division (REMS) is structured and capacitated to implement the asset management strategy by providing suitable and cost effective accommodation to State Departments, to facilitate service delivery objectives through the effective deployment of freehold properties, and the efficient acquisition and management of leasehold accommodation.

SUB-PROGRAMMES

The REMS programme is organised into four sub-programmes:

Sub-programme 1: Management of Freehold Property

To optimally manage the freehold portfolio to support service delivery.

Sub-Programme 2: Land Administration & Management

Management of land parcels.

Sub-Programme 3: Surplus Freehold Stock (Revenue) Management

To drive and create a funding stream for capital maintenance and improvements to extend the life-cycle of existing freehold properties.

Sub-Programme 4: Leasehold Management

To effectively and efficiently manage the leasehold portfolio.

ACHIEVEMENTS

The completion of the following:

- 1) Realignment of the Business Processes to strengthen payment of certified invoices within 30 days;
- 2) Co-ordinate and monitor Devolution of Property Rates Fund Grant to the Provinces;
- 3) Management of 2778 leases annually at the Regional Offices in accordance with the approved business processes and approved directives;
- 4) Verification of 10590 freehold properties for the payment of rates and taxes to municipalities for properties under custodianship of DPW 31 March 2014;
- 5) Verification of 7700 freehold properties for the payments of municipal services by 31 March 2014;
- 6) 1453 Property current rental debtors managed in terms of the signed contract terms and conditions, relevant legislations/ regulations and policy by 31 March 2014;
- 7) The Department has transferred the following assets to the PMTE:
 - 71 397 state owned structures that are leased out to 29 User Departments;
 - 1840 state owned structures that are privately leased out with 2 294 tenants;
 - 695 state owned prestige buildings leased out to 1062 prestige clients;
 - 2671 active leasehold portfolio
- 8) Lease Review project completed (phase 1);
- 9) Standard lease agreement finalized;
- 10) Business processes review;
- 11) Draft Lease Policy endorsed by EXCO.

PROBLEM STATEMENT

The freehold portfolio is underutilised and neglected. This has left numerous properties vacant, and susceptible to theft, vandalism, vagrants and illegal occupation. Services and security are still being paid for.

This has led to a disproportionate use of leasehold accommodation leading to excessive cost to the Department. Currently it is spending an estimated R3.7 billion for leasehold accommodation and utilisation.

There is no proper allocation for maintenance for freehold properties. Any income generated from the leasing of these properties was not necessarily retained by REMS, and therefore could not be utilised by REMS. In a normal business setting, portions of rental income are retained for payments of related operational cost (e.g.: maintenance, horticulture, municipal services, etc.), rates and taxes.

IMPLEMENTATION STRATEGY

Primarily, REMS will provide accommodation to National Government Departments to meet service delivery objectives. REMS further focus on the optimal utilization of freehold properties and reducing the utilization and/or dependency on leasehold accommodation. REMS will also drive improvements on freehold properties to become a viable alternative for private sector accommodation and to create a funding stream for capital maintenance and improvements to extend the life-cycle of existing freehold properties.

Programme activities include:

- Stakeholder management;
- Allocating and/or reallocating freehold properties, to meet existing and changing requirements;
- Managing property agreements, e.g., leases, occupancy agreements, tenant service contracts, managing relations with clients (tenants) and landlords on issues such as signage, access, health and safety;
- Routine performance monitoring of properties against legal or policy compliance requirements, and reporting of relating findings, details concerning increased or surplus demands, physical condition, etc;

- Defining and refining property requirements on a technical level, developing and setting related specifications;
- Selecting the best method for acquiring leases. Implementing the method for acquiring leases and managing the related client and landlord(s) in terms of lease agreement. Receiving, accepting and commissioning of leased properties, i.e., ensuring that all requirements have been met and putting the property into service; and evaluating application of the acquisition process in terms of performance against factors such as scope, time, and budget and reporting;
- **Property Payments** – includes payment of leased accommodation, rates and taxes for state owned properties;
- **Debt Management** – includes collection of debts from User Departments and private tenants
- Empower Small Black Property Developers and Agents to develop and market freehold properties through rapid re-development using the **Build, Operate and Transfer (“BOT”)** model. Therefore this sub-programme will collaborate with the Department of Small Enterprise Development to develop a structured programme for the development of small property businesses.

4.1 Strategic Objectives

Table 27: Strategic Objective 4.1

Strategic objective 4.1	To optimally utilize freehold property for User Departments and National Strategic priorities
Objective statement	To deploy freehold properties to provide suitable and cost effective accommodation to Government Departments and administer unallocated land to ensure that optimal value is derived.
Baseline	4% of identified freehold properties currently occupied by user departments confirmed
5 Year target	<ul style="list-style-type: none"> • Optimal Utilisation of all 77591 buildings • 2142 land parcels secured to let out for economic development initiatives
Justification	A reduction in leasehold accommodation and utilization costs, will result in savings for the State
Links	<ul style="list-style-type: none"> • National Treasury prescriptions; • All PMTE functions; • NDPW; and User Departments. • Outcomes 6: An efficient, competitive and responsive economic infrastructure network; • Outcome 12: An efficient, effective and development-oriented public service.

Table 28: Strategic Objective 4.2

Strategic objective 4.2	To let out surplus freehold property for revenue
Objective statement	Optimise deployment of freehold property to generate revenue and extend the life-cycle of the existing freehold properties Implement the Property Management Strategy through renovations of the specified freehold properties in order to maximise rental income, as well as restore the properties to usable conditions
Baseline	This is a new approach
5 Year target	<ul style="list-style-type: none"> • 3000 surplus freehold properties let out
Justification	This approach is in line with NDP Economic Development goals and Government’s prioritisation of developing small businesses. REAM Services in collaboration with Department of Small Enterprise Development will engage Small Black Property Developers and Agents to develop and market the leasing of freehold properties to the private sector
Links	Department of Small Enterprise Development, National Treasury

Table 29: Strategic Objective 4.3

Strategic objective 4.3	To procure and manage leasehold property for user department needs
Objective statement	Provide Real Estate Management services to User Departments for leased-in accommodation where their needs cannot be met by the State’s Freehold property
Baseline	500 lease agreements reviewed for rental reversion & benchmarked against market related rentals
5 Year target	<ul style="list-style-type: none"> • R300 million saved by revised rent (carry through cost)
Justification	Currently spending an estimated R3.7 billion for leasehold accommodation and utilisation
Links	<ul style="list-style-type: none"> • National Treasury prescriptions; • All PMTE functions; • NDPW; and User Departments. • Outcome 12: An efficient, effective and development-oriented public service.

4.2 Resource considerations for Programme 4

4.2.1 Expenditure estimates for Programme 4: Real Estate Management

Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Management of Freehold Property							
Land Administration & Management							
Surplus Freehold (Revenue) Management							
Leasehold Management							
Total	4 014 811	4 128 294	4 824 694	5 359 724	5 725 352	6 158 521	6 639 287

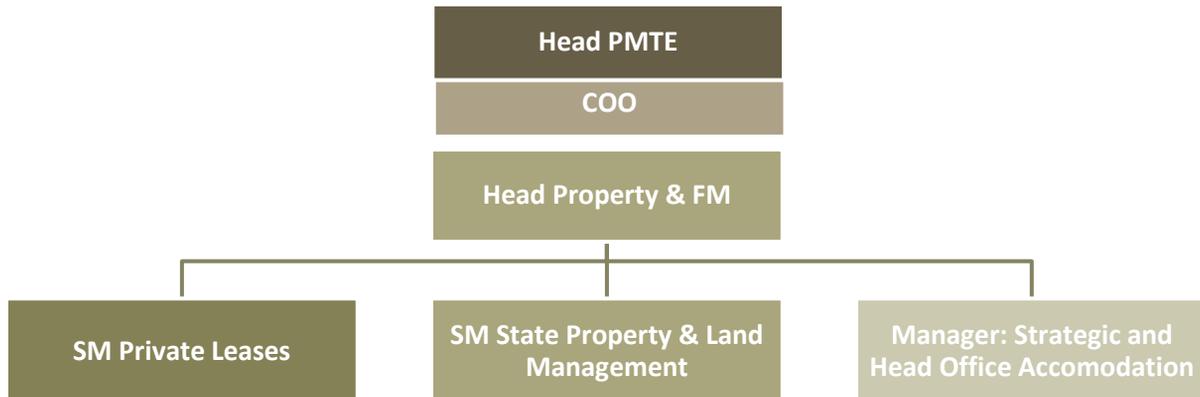
<u>Economic classification</u>	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	3 318 534	3 633 970	4 142 257	4 399 562	4 664 174	4 990 630	5 355 070
Compensation of employees				181 712	186 129	196 555	207 958
Goods and services	3 304 219	3 331 007	3 508 039	3 880 820	4 112 304	4 403 865	4 731 218
Losses from		290 742	621 518	323 314	350 928	374 212	398 616
Interest and rent on land	14 315	12 221	12 700	13 716	14 813	15 998	17 278
Transfers and subsidies	696 277	494 324	682 437	960 162	1 056 178	1 161 796	1 277 976
Non-profit institutions	696 277	494 324	682 437	960 162	1 056 178	1 161 796	1 277 976
Households							
Payments for capital assets							
Machinery and equipment					5 000	6 095	6 241
Payments for financial assets							
Total	4 014 811	4 128 294	4 824 694	5 359 724	5 725 352	6 158 521	6 639 287

Expenditure Trends Analysis

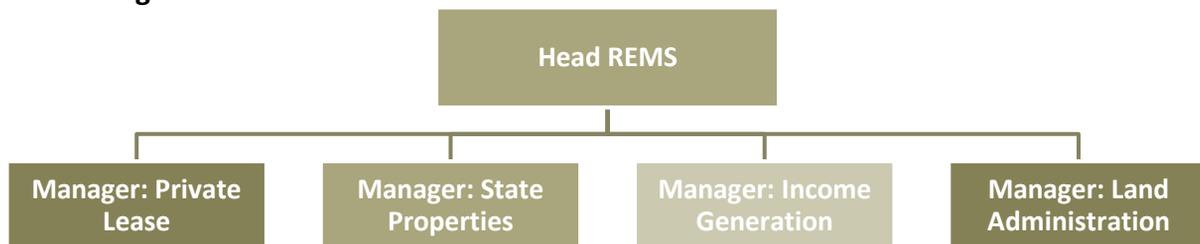
4.2.2 Staff establishment for Programme 4: Real Estate Management

The macro-organisational structure which constitutes programme 4 is:

A. Head Office



B. Regions



Staff Establishment For Programme 4 – Real Estate Management					
Salary Level	Approved establishment	Filled posts	Vacant posts	Current Vacancy Rate	Additional to the establishment
01	27	27	0	0,00%	27
02	171	99	72	42,11%	
03	176	173	3	1,70%	
04	40	16	24	60,00%	
05	109	94	15	13,76%	
06	79	59	20	25,32%	1
07	248	183	65	26,21%	26
08	189	155	34	17,99%	2
09	76	71	5	6,58%	
10	89	72	17	19,10%	
11	9	8	1	11,11%	5
12	49	39	10	20,41%	1
13	10	7	3	30,00%	1
14	3	2	1	33,33%	1
15	1	1		0,00%	
16	0	0		0,00%	
Grand Total	1276	1006	270	21,16%	64

4.3 Risk Management for Programme 4

Table 30: Risk Management for Programme 4

Strategic Goal	Risk Description	Action Plan
To optimally utilize freehold property for User Departments and National Strategic priorities	Inability to optimally utilize freehold properties for User Departments and National Strategic priorities	<ul style="list-style-type: none"> Review, align and implement current Business processes, policies and delegations
		<ul style="list-style-type: none"> Secure all state owned properties.
		<ul style="list-style-type: none"> Implementation of the new procurement reformed (Panel of Service Providers)

5. PROGRAMME 5: REAL ESTATE INFORMATION & REGISTRY

Purpose: To develop and manage a complete, accurate and compliant Immovable Asset Register to meet service delivery objectives for the State, DPW and Property Management Trading Entity (PMTE) business requirements.

This includes the provision of leadership, guidance and support to National, Provincial and Local Government custodians of State assets to ensure use of applicable standards in accounting for immovable assets and management of IARs and to maintain and report on a consolidated National database of State properties

SUB-PROGRAMMES

The REIRS programme is organised into two sub-programmes:

Sub-programme 1: Asset Registry Services

This Sub-programme will conduct physical verification and condition assessments and update information on the register for compliance with GIAMA and GRAP (depreciation, impairment, componentisation, review estimated useful lives, etc.) including accounting for Rental Debtors as well as Rates and Taxes.

Sub-Programme 2: Conveyancing

This sub-programme will provide conveyancing and vesting services for the State.

ACHIEVEMENTS

- Established the Asset Register Management Unit (ARM) in August 2009;
- Developed a Vesting Master Plan and Business Case in conjunction with DRDLR and Provinces;
- Improved on DPW's main vote Audit outcome from a disclaimer to a qualified opinion in 2012/2013;
- Unqualified audit opinion on IAR for 2013/2014;
- Developed an IAR Operating Model;
- Development of a data collection software tool;

- Implemented an action plan for National and Provincial custodians (execution of the concurrent mandate)

PROBLEM STATEMENT

- Vesting of all land parcels under DPW's custodianship;
- Alignment of IAR to DPW's business processes: IAR currently complete for reporting, however still inadequate for business needs;
- Lack of an appropriate IAR system;
- Produce a single inventory for State assets;
- Implementation of Operation Bring Back.

IMPLEMENTATION STRATEGY

Phase 1 of the Immovable Asset Register Enhancement Programme (IAREP) started in November 2011 up to November 2013 and focused on the completeness of land parcels. This milestone was successfully reached whereby the Department moved from an audit disclaimer to an audit qualification for immovable assets for the 2012/13 financial year.

Phase 2 of IAREP commenced in January 2014. The objective of Phase 2 IAREP is to achieve a Generally Recognised Accounting Practice (GRAP) compliant IAR for the Department. Key milestones in the IAREP Phase 2 include physical verification, vesting of land parcels and application of the fair value model to DPW's IAR.

Physical verification of identified immovable assets in the Department's custody commenced in October 2013 and is in the process of being finalised. The Department to date has verified 98% of the properties that were identified for the verification exercise. It is to be noted that the scope of the verification exercise excluded immovable assets utilised by the Department of Defence. These immovable assets were verified by the Council of Scientific Institute and Research (CSIR) and the results are incorporated in DPW's IAR. All information collected will be subjected to further comprehensive analysis to ensure GRAP compliance by 31 March 2016, where after the IAR will be maintained in alignment to the relevant prescripts and continued real estate operations.

DPW has cumulatively vested 15,483 land parcels in its custody to date, to ensure vesting of land parcels under DPW's custodianship is complete by 31 March 2016 through collaborative processes with various National and Provincial custodians of State immovable assets.

DPW applied municipal values on approximately 10% of DPW's vacant land in the 2013/14 financial year. This resulted in the disclosure of DPW's vacant land at R4 billion for the year ended 31 March 2014, as opposed to the R49 million in the 2012/13 financial year. DPW is continuing to apply municipal values to its portfolio and an alternative valuation methodology will be applied to determine fair values of immovable assets where municipal values do not exist.

5.1 Strategic Objective

Table 31: Strategic Objective 5.1

Strategic objective 5.1	To compile and maintain a Real Estate Asset Register under the custodianship of Public Works
Objective statement	<ul style="list-style-type: none"> • Accurate, reliable and compliant DPW/PMTE Immovable Asset Register; • Valuation of all DPW/PMTE immovable assets for IAR compliance with annual auditory requirements; • On-going verification of all immovable assets in the IAR to ensure effective, reliable, and accurate IAR for the DPW/PMTE.
Baseline	<ul style="list-style-type: none"> • Audited IAR for PMTE as at 31 March 2014; • Baseline valuation of Assets in AFS 2014 –10% of PMTE Portfolio valued at R10,3b;
5 Year target	<ul style="list-style-type: none"> • Complete Immovable Asset Register (IAR) for PMTE
Justification	<ul style="list-style-type: none"> • To meet service delivery objectives for PMTE business requirements; • To ensure applicable standards in the recording, accounting and reporting on all State immovable assets.
Links	<ul style="list-style-type: none"> • Outcome 4: Decent employment through inclusive economic growth - creation of work opportunities through on-going verification of immovable assets • Outcome 7: Comprehensive rural development Coordination of vesting and disposal of State Immovable Assets through the PSLVDC in the National and Provincial Spheres

Table 32: Strategic Objective 5.2

Strategic objective 5.2	To create a single repository for all spheres of Government
Objective statement	<ul style="list-style-type: none"> • A single integrated Immovable Asset Repository for National, Provincial and Local Government.
Baseline	<ul style="list-style-type: none"> • Audited IARs for Provincial Government as at 31 March 2014 and zero baseline for Local Government.
5 Year target	<ul style="list-style-type: none"> • 6 provincial and 3 Metropolitan custodian's IARs incorporated into the single repository
Justification	<ul style="list-style-type: none"> • To meet service delivery objectives for PMTE business requirements; • To ensure applicable standards in the recording, accounting and reporting on all State immovable assets.
Links	<ul style="list-style-type: none"> • Outcome 4: Decent employment through inclusive economic growth - creation of work opportunities through on-going verification of immovable assets • Outcome 7: Comprehensive rural development Coordination of vesting and disposal of State Immovable Assets through the PSLVDC in the National and Provincial Spheres

5.2 Resource considerations for Programme 5

5.2.1 Expenditure estimates for Programme 5: Real Estate Information & Registry Services

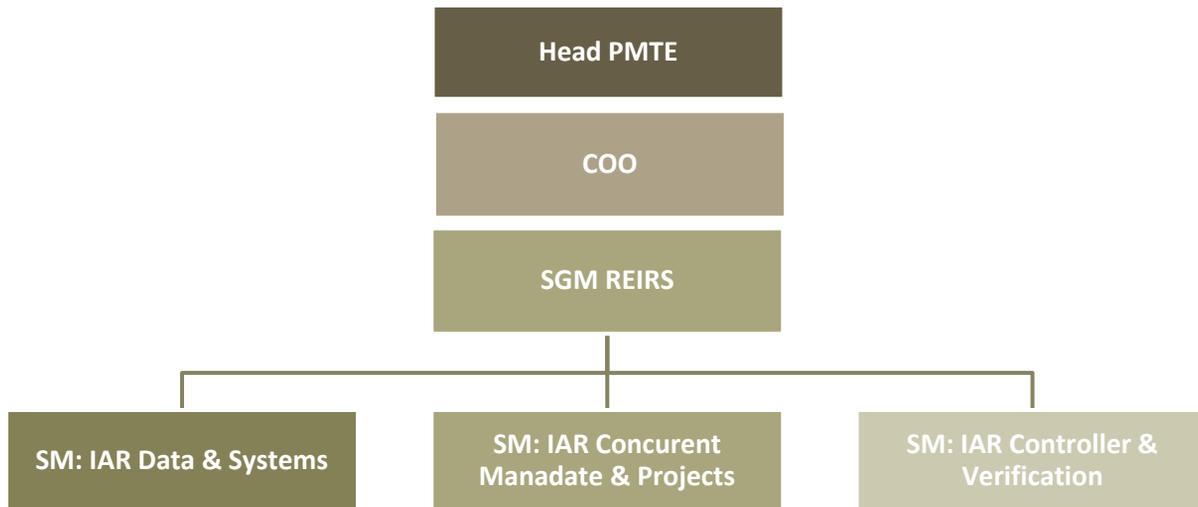
Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Asset Registry Services							
Conveyancing							
Total	412 454	-	1 837	738 648	1 665 231	1 668 116	1 673 773

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	412 454		1 837	738 648	1 662 469	1 664 749	1 670 325
Compensation of employees				12 820	13 199	13 924	14 620
Goods and services				5 828	29 270	30 825	35 705
Depreciation			1 837	720 000	1 620 000	1 620 000	1 620 000
Losses from	414 454						
Transfers and subsidies							
Non-profit institutions							
Households							
Payments for capital assets							
Machinery and equipment					2 762	3 367	3 448
Payments for financial assets							
Total	412 454	-	1 837	738 648	1 665 231	1 668 116	1 673 773

Expenditure Trends Analysis

5.2.2 Staff establishment for Programme 5: Real Estate Information & Registry Services

The macro-organisational structure which constitutes programme 5 is:



Staff Establishment For Programme 5 – Real Estate Information & Registry Management					
Salary Level	Approved establishment	Filled posts	Vacant posts	Current Vacancy Rate	Additional to the establishment
01	27	27	0	0,00%	27
02	171	99	72	42,11%	
03	176	173	3	1,70%	
04	40	16	24	60,00%	
05	109	94	15	13,76%	
06	79	59	20	25,32%	1
07	248	183	65	26,21%	26
08	189	155	34	17,99%	2
09	76	71	5	6,58%	
10	89	72	17	19,10%	
11	9	8	1	11,11%	5
12	49	39	10	20,41%	1
13	10	7	3	30,00%	1
14	3	2	1	33,33%	1
15	1	1		0,00%	
16	0	0		0,00%	
Grand Total	1276	1006	270	21,16%	64

5.3 Risk management for Programme 5

Table 33: Risk management for Programme 5

Strategic objective	Risk Description	Action plan
<p>To compile and maintain a Real Estate Asset Register under the custodianship of Public Works.</p> <p>To create a single repository for all spheres of Government</p>	<p>Inability to maintain complaint asset register and single repository for all spheres of government</p>	<ul style="list-style-type: none"> • Implementation of an operating model for Asset Registry
		<ul style="list-style-type: none"> • Procurement of an integrated asset management system (Archibus)
		<ul style="list-style-type: none"> • Reviewing the current business process to incorporate REIRS to the PMTE business model • Developing IAR operating procedures for HO and regions

*To engage DRDLR on their role with respect to the creation of a single integrated repository

6. PROGRAMME 6: FACILITIES MANAGEMENT

Purpose: To ensure that immovable assets used by government departments and the public, are optimally utilised and maintained in a safe, secure healthy and ergonomic environment while contributing to job creation, skills development and poverty alleviation.

Facilities Management will provide property maintenance and improvement service to the Real Estate Asset Management to meet the requirements of clients in order to comply with regulatory and other policy imperatives at an acceptable life cycle cost.

SUB-PROGRAMMES

The Facilities Management programme is organised into three sub-programmes:

Sub-programme 1: Scheduled Maintenance

To provide planned maintenance (preventive maintenance and refurbishment) on state buildings to extend their life and use based on client department's basic facilities management needs.

Sub-Programme 2: Safety, Health, Environment, Risk and Quality (SHERQ) Management

To monitor and enforce compliance with Safety, Health, Environment, Risk and Quality legislation.

Sub-Programme 3: Unscheduled Maintenance Management

To provide unscheduled maintenance (corrective, day-to-Day emergency maintenance), to promote technical and professional skills development through Service Centres.

ACHIEVEMENTS

- Needs assessment of key buildings have been conducted;
- Cost analyses of key buildings have been conducted in preparation for implementing maintenance;

- In green building fifty public buildings have been retrofitted with energy efficiency technology whilst twelve have been retrofitted with water efficiency technologies. The Pretoria region has recorded R52.8 million water savings in the past year alone culminating into R300 million over the past ten years.

Problem Statement

Government is the largest estate holder in the country. However, the condition of buildings is very poor and in most cases does not enable user departments to fulfil their service delivery mandate. The image of government buildings has become a cause for concern. Some buildings are an eye-sore while others are vacant and become nests for vagrants, a haven for criminals and a health hazard. If these buildings and equipment are not maintained it could endanger public safety. Some User Departments find it difficult to fulfil their service delivery mandates due to poor conditions of immovable assets.

High level condition assessments reveal a very daunting scenario indicating that the suitability, performance and functionality of these buildings is very poor and therefore requires millions of financial injection to restore them to habitable and reliable condition.

Research has proven that it is more cost effective to provide planned maintenance for an asset rather than wait for deterioration of the building and or equipment. Additionally, properties which do not comply with legislation or regulations may result in government being faced with litigation by communities due to accidents, hazardous substances or security breaches.

In 2006, the Department developed the National Infrastructure Management Strategy (NIMS) which recognizes major backlogs in relation to the maintenance of public infrastructure to ensure that efforts are harnessed to resuscitate immovable assets from further extinction. However, implementation has not yet set off the ground. Facilities management becomes a quick fix activity which is not planned or budgeted for. Legislation governing protection, safety and health is minimally applied thus posing negative exposure to both user departments and visitors of government facilities. A review of NIMS is underway to ensure that implementation occurs.

Facilities Management offers an opportunity for government to salvage further deterioration of immovable assets and loss of value. Currently, facilities management is applied in a fragmented approach and in some cases not in line with Supply Chain Management processes.

It is therefore crucial that a strategy be developed to direct future facilities management in the country. The strategy will prescribe uniform application of facilities management to ensure compliance with related legislation.

IMPLEMENTATION STRATEGY

The guiding principles for Facilities in the PMTE are to ensure that the needs of all User Departments are met as to enable them to have ample time to deliver services to the community at large. The PMTE seeks to build robust client relations to ensure that the operating environment exudes healthy relations which contribute to healthy government machinery.

In order to improve performance in the field of facilities management an analysis of the current situation has been undertaken in order to understand current reality and unlock impediments to service delivery. The main thrust of the facilities management conceptual framework is to optimally manage the government asset portfolio to ensure that it adds value to service delivery.

The strategy should aim at contributing towards poverty alleviation while bringing infrastructure development and investment to National Government. It will focus on maximizing job creation, enterprise development, skills development and income-generation through government programmes such as the Expanded Public Works Programme (EPWP), Property Incubator Programmes (PIP), and the Green Economy Built Environment Programmes egg, Retrofitting, Energy, Water, and Waste Efficiency.

The PMTE will enter into Facilities Management contracts with service providers and these will incorporate advancement of EPWP, small business and co-operatives. Other infrastructure initiatives such as NIMS, geared specifically at enhancing the financial; socio economic and functional value of the immovable asset portfolio will be driven through a model that seeks to increase return on investment throughout the life cycle of government immovable assets. Where opportunities exist, the Department will enter into Public Private Partnerships to maximise utilisation of buildings and adding value-add.

6.1 Strategic Objectives

Table 34: Strategic Objective 6.1

Strategic objective 6.1	To ensure the scheduled maintenance of freehold property
Objective statement	<ul style="list-style-type: none"> To provide planned maintenance and improvement of service excellence to meet requirements of clients, occupants, DPW and the public in a manner consistent with regulatory and other policy imperatives at an acceptable life cycle cost. To ensure compliance with SHERQ (Safety, Health, Environment, Risk & Quality) regulatory framework, by conducting proactive and re-active inspections at workplaces.
Baseline	129 facilities management fixed term contracts in place
5 Year target	<ul style="list-style-type: none"> 300 identified strategic buildings with Facilities Management contracts in place 11 Strategic buildings with management systems
Justification	The PMTE will develop maintenance plans to ensure that building infrastructure enable user departments to implement their service delivery mandates to ensure effective public service.
Links	<p>Outcome 6 - efficient competitive and responsive infrastructure network</p> <p>Outcome 12 - efficient and effective development-oriented public service.</p>

Table 35: Strategic Objective 6.2

Strategic objective 6.2	To ensure energy and water efficiency management in freehold property
Objective statement	To ensure rapid savings achievement on energy consumption and Government Immovable Assets compliance to Green Building Framework
Baseline	R52.8 million savings achieved on energy consumption
5 Year target	<ul style="list-style-type: none"> R 2 billion savings achieved on energy consumption R 500 million savings achieved on water consumption
Justification	Outcomes 4, decent employment through inclusive economic growth skilled and capable workforce to support an inclusive growth path through an efficient, effective and development oriented public service
Links	The Department will promote BEE and Cooperatives in line with Outcome 4 to deal with the challenges of unemployment, poverty and inequality. Through the Call Centres, the Department will ensure rapid and immediate response to line Departmental needs

Table 36: Strategic Objective 6.3

Strategic objective 6.3	To repair key components and undertake unscheduled maintenance for freehold property
Objective statement	To ensure rapid and immediate response to line departmental needs to enhance service delivery, create sustainable building skills transfer and technology development in Facilities Management
Baseline	80% utilization of Cape town and Pretoria.10% utilization for Kimberley, Bloemfontein, Port Elizabeth, Polokwane and 25% for Durban. 0% for Mthatha, Mmabatho and Nelspruit
5 Year target	<ul style="list-style-type: none"> • 95 %efficiency within a turnaround time of 24hours on emergency unscheduled maintenance for freehold property • 25000 job opportunities created (DPW's EPWP Targets) • 260 artisans trained
Justification	The PMTE will promote BEE and Cooperatives in line with Outcome 4 to deal with the challenges of unemployment, poverty and inequality. Through the Call Centres, the Department will ensure rapid and immediate response to line Departmental needs
Links	Outcomes 4, decent employment through inclusive economic growth skilled and capable workforce to support an inclusive growth path through an efficient, effective and development oriented public service

6.2 Resource considerations for Programme 6

6.2.1 Expenditure estimates for Programme 6: Facilities Management

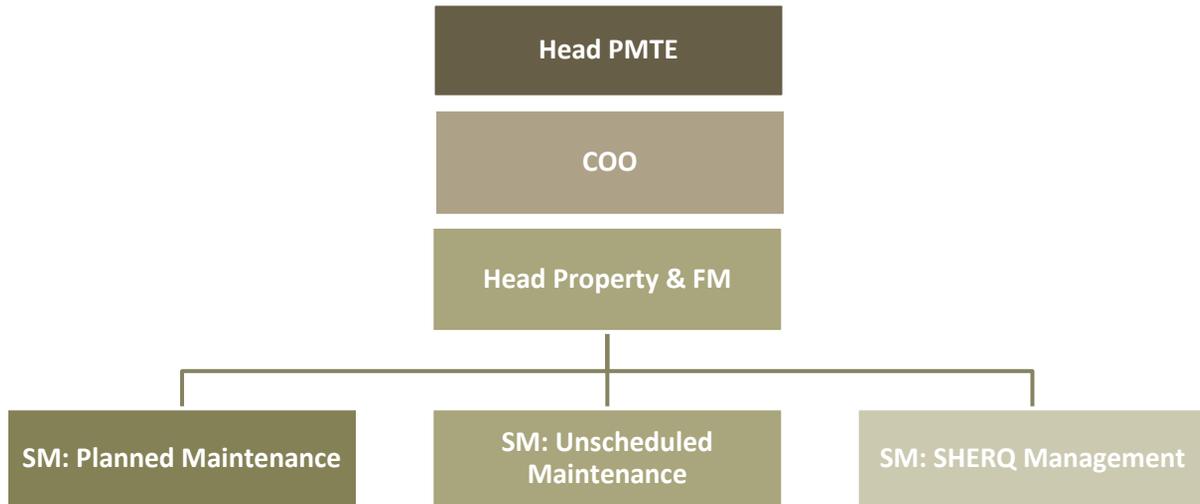
Sub programmes	Audited outcome			Adjusted appropriation	Medium term expenditure estimate		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Scheduled Maintenance							
SHERQ Management							
Unscheduled Maintenance Management							
Total	3 344 117	3 287 163	2 531 241	2 984 998	2 808 656	2 819 075	2 925 532

Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Current payments	3 344 117	3 287 163	2 531 241	2 984 998	2 803 656	2 812 980	2 919 291
Compensation of employees				270 509	275 891	291 346	308 277
Goods and services	3 343 576	3 287 163	2 531 241	2 714 489	2 527 765	2 521 634	2 611 014
Interest and rent on land	541						
Transfers and subsidies							
Non-profit institutions							
Households							
Payments for capital assets							
Machinery and equipment					5 000	6 095	6 241
Payments for financial assets							
Total	3 344 117	3 287 163	2 531 241	2 984 998	2 808 656	2 819 075	2 925 532

Expenditure Trends Analysis

6.2.2 Staff establishment for Programme 6: Facilities Management

The macro-organisational structure which constitutes programme 6 is as follows:



Staff Establishment For Programme 6 – Facilities Management					
Salary Level	Approved establishment	Filled posts	Vacant posts	Current Vacancy Rate	Additional to the establishment
01	87	87		0,00%	87
02	1393	986	407	29,22%	115
03	615	610	5	0,81%	
04	55	30	25	45,45%	
05	82	61	21	25,61%	
06	12	11	1	8,33%	2
07	37	27	10	27,03%	
08	19	15	4	21,05%	
09	1		1	100,00%	
10	56	46	10	17,86%	
11				0,00%	
12	14	11	3	21,43%	1
13	1	1		0,00%	
14	1	1		0,00%	
15				0,00%	
16				0,00%	
Grand Total	2373	1886	487	20,52%	205

Notes on staff establishment

The Facilities Management Branch is a new Branch still awaiting approval from the DPSA and Treasury. The current staff compliment consists of; one Acting Head PMTE, one Chief Director

Property and Facilities Management, one Director Statutory Compliance, One Deputy Director Green Building, three Deputy Directors Statutory Compliance, one Secretary for the Director S Statutory Compliance. There are several posts in the regions which fulfil the Facilities Management function. These have been incorporated in the above table.

6.3 Risk management for Programme 6

Table 37: Risk Management for Programme 6

Strategic objective	Risk Description	Action plan
To ensure the scheduled maintenance of freehold property	Ineffective maintenance of freehold and leasehold property	<ul style="list-style-type: none"> • Revision of the Facilities Management Policy and the Strategy with the current PMTE structure
To ensure energy and water efficiency management in freehold property	High consumption of water and electricity	<ul style="list-style-type: none"> • Development and implementation of the costing plan. • Implementation of Energy and water saving projects (Retrofitting programme)

PROPERTY MANAGEMENT TRADING ENTITY

STRATEGIC PLAN

2015-2019

PART C: LINKS TO OTHER PLANS



PMTE

Property Management Trading Entity
Public Works
REPUBLIC OF SOUTH AFRICA

1. Links to long-term infrastructure plan

Table 38: New, replacement, upgrades and additions

No of projects	Project description	Programme	Municipality	Output	Outcome			Main appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Estimates		
					2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
77	Various	Departmental	Various	Various	285 294 000	228 106 000	255 513 000	207 100 000	-	207 100 000	111 194 000	168 808 000	182 613 300
165	Various	Accessibility	Various	Various	11 386 000	4 992 000	7 098 000	11 369 000	-	11 369 000	9 005 000	9 482 265	9 956 378
31	Various	Dolomite Risk Management	Various	Various	32 167 000	32 355 000	24 717 000	73 000 000	-	73 000 000	141 000 000	148 473 000	155 896 650
114	Various	Land Ports of Entry	Various	Various	274 626 000	233 892 000	191 684 000	142 000 000	-	142 000 000	261 137 000	261 159 000	276 663 950
32	Various	Inner City Regeneration	Various	Various	42 059 000	94 838 000	36 199 000	6 900 000	-	6 900 000	101 000 000	106 353 000	111 670 650
46	Various	Prestige	Various	Various	365 876 000	118 820 000	57 626 000	70 000 000	-	70 000 000	150 000 000	139 540 000	146 517 000

Table 39: Maintenance and Repairs

No of projects	Project description	Programme	Municipality	Output	Outcome			Main appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Estimates		
					2011/12	2012/13	2013/14				2014/15	2015/16	2016/17
1961	Various	Various	Various	Various	1 431 984 234	1 633 977 586	1 154 476 110	1 478 931 941	-399 574 702	1 079 357 239	1 116 318 000	1 158 058 000	1 174 113 000

Table 40: Rehabilitation, renovation and refurbishment

No of projects	Project description	Programme	Municipality	Output	Outcome			Main appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Estimates			
					2011/12	2012/13	2013/14				2015/16	2016/17	2017/18	
1164	Various	Various	Various	Various	439 603	696	784	816	1 234 486	1 018	-215 567	1 224	1 480	1 622
					452 983	451 884	059	051	919 008	862 000	694 000	552 000		

Notes to the Long Term Infrastructure Plan:

The management of infrastructure under the custodianship of Public Works is currently aligned to a 3 year MTEF cycle which emanates from U-AMP's, where provided by User departments, and from the C-AMP which the Department develops as required by the Government-wide Immovable Asset Management Framework (GIAMA).

In order for the PMTE to provide a long-term infrastructure plan, the full operationalisation of the PMTE, its strategies and alignment of its organisational structure is currently underway. This will enable the PMTE, inter alia, to work more closely with its User departments in the compilation and submission of annual U-AMP's with 10, 20-30-year projected accommodation requirements.

As per the newly developed Business Model, priority has been given in establishing a robust client liaison and servicing model with a Client-Centric approach where expert teams will provide onsite technical support to client Departments primarily to streamline the U-AMP/C-AMP processes.

In order to respond to the need for a long-term infrastructure plan, the PMTE is finalising the enhancement of the immovable asset register and physical verification thereof, with a view to assess the conditions on a prioritised basis so as to inform rolling maintenance plans for assets within the portfolio with a short, medium and long term horizon.

2. High Level Risk Plan for the Property Management Trading Entity (PMTE)

The Risk Management processes are guided by the Risk Management Policy and Risk Management Strategy which are intended to provide a systematic approach and also create an environment that allows for risk taking while ensuring that public interest and investment is protected. The risk appetite and tolerance levels have been set for the PMTE which is aimed at improving actual business decision-making and revolves around the PMTE's strategic objectives.

The PMTE has integrated Risk Management principles and practices in its strategic and operational decision making. This will assist the PMTE in minimizing the negative impacts of events resulting from uncertainty, while maximizing opportunities to improve on service delivery and add value to the operations of our User Departments. The aim of Risk Management is to reinforce a risk based, informed and ethical decision - making culture into the department.

The PMTE faced a number of external and internal risks in 2014/15 financial year. The dominant external risks focused on the growing operational demands associated with major project initiatives such as National Infrastructure to the Government's National Development Plan.

For the PMTE to effectively deliver on its strategic objectives, attention and resources are being focused on the areas of most significant risk and concern to its stakeholders.

The Risk Management unit facilitates the process to assess both Strategic and detailed operational risk assessments with the aim to:

- Provide management with a basis for executing a formal and structured system of risk management for the PMTE, as mandated by the Public Finance Management Act, 1999 (Act No. 1 of 1999) and as recommended by the King III Report on corporate governance,
- Assist the Internal Audit activity in reviewing its strategic and operational risk-based audit plans as required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations.

PROPERTY MANAGEMENT TRADING ENTITY – STRATEGIC RISK REGISTER – 2015-16 FINANCIAL YEARS

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
To provide strategic operations support services	SR1	Inability to implement the proposed structure	<ul style="list-style-type: none"> Long consultation processes followed Insufficient funding by National Treasury 	<ul style="list-style-type: none"> Poor service delivery (Inability to perform) 	High	<ul style="list-style-type: none"> DPSA directives in place National Treasury directives in place Migration plan in place 	High	<ul style="list-style-type: none"> Approval of the draft Organisational structure 	DDG: CS	31/03/16
	SR2	Insufficient technical capacity to support PMTE	<ul style="list-style-type: none"> Limited pool of professionals Insufficient funding to fill critical vacancies Inability to attract and retain professional skills (market related salaries, stringent OSD requirements) 	<ul style="list-style-type: none"> Inability to deliver on the core business 	High	<ul style="list-style-type: none"> Utilisation of Specialised skills within Business Improvement Unit (BIU) Approved HR plan Skills development programmes in place DPSA Framework on Retention is utilised 	High	<ul style="list-style-type: none"> Implementation of the approved HR plan Filling of critical vacant posts Enhancement of the Skills development programme 	DDG: CS	31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
To provide strategic operations support services	SR3	Failure to integrate business information for proper planning	<ul style="list-style-type: none"> Lack of integration of IT programmes between business systems No clear alignment of IT Strategy to business requirements 	<ul style="list-style-type: none"> Fragmented business information Inadequate decision making 	High	<ul style="list-style-type: none"> Property Management System integrated to a new financial management system 	High	<ul style="list-style-type: none"> Implementation of the following modules of the Property Management System: Asset register and lease management module 	DDG: CS	31/03/16
To ensure effective and sound financial management	SR4	Ineffective management of the contract awarded to contractors	<ul style="list-style-type: none"> Lack of authority to put contractors on Mora and dismissal Lack of authority for Project Managers to dismiss 	<ul style="list-style-type: none"> Reputational Damage Financial Implications Appointment of Non performing contractors 	High	<ul style="list-style-type: none"> Mora letters issued Directives in place 	High	<ul style="list-style-type: none"> Delegation for the authority to dismiss the non performing contractors Develop proper documented performance assessment process 	DG CFO	31/03/16
	SR5	Uncertainty of Business Continuity resulting from change	<ul style="list-style-type: none"> Introduction of new ERP system Inability to operationalise PMTE 	<ul style="list-style-type: none"> Insolvency and liquidation upon change Client departments 	High	<ul style="list-style-type: none"> Change Management 	High	<ul style="list-style-type: none"> Effective Change Management Office 	DDG:CS	31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
			<ul style="list-style-type: none"> Introduction of change in accounting and IT supporting system in PMTE 	<ul style="list-style-type: none"> undertaking Public Works functions 						
To provide an efficient and effective Supply Chain Management service	SR6	Fraud and Corruption arising from failure to comply with legislative prescripts	<ul style="list-style-type: none"> Non-compliance to the SCM prescripts Ineffective management of contracts Inadequate Procurement process in leasing 	<ul style="list-style-type: none"> Irregular expenditure Litigation against the Department Compromised service delivery 	High	<ul style="list-style-type: none"> Checklists in place to verify compliance to the SCM processes Compliance unit in place to validate the SCM processes prior to tender award Updated SCM policy and delegations in place 	High	<ul style="list-style-type: none"> Monitor compliance through Consequence management Development of a Contract Management Framework Development of new business processes for Leases. 	CFO	31/03/16
To develop plans and strategies to meet service delivery accommodation	SR7	Inability to perform Property Performance and Investment management	<ul style="list-style-type: none"> Non submission and incomplete submission of U-AMPs Incomplete Immovable Asset Register 	<ul style="list-style-type: none"> Uninformed accommodation solutions Inadequately informed custodial planning and 	High	<ul style="list-style-type: none"> Population of Portfolio Strategies by Custodians Physical site inspection Use of 	High	<ul style="list-style-type: none"> Fast-track Completion of U-AMPs Finalisation of Immovable Asset Register Enhancement 	DDG: KAM ACT DDG: REIRS	31/03/16 31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
requirements (UAMPS) of user departments			<ul style="list-style-type: none"> Life cycle Immovable Asset Management policies not in place Out-dated business processes Non-existence of the Immovable Asset Management system 	<p>investment decisions</p> <ul style="list-style-type: none"> Projects managed on case-by-case basis Delay in implementation of investment decisions Under expenditure on allocated budgets Undesirable escalation of accommodation cost Poor quality reports on Immovable Asset Management 		<p>external property data information systems</p> <ul style="list-style-type: none"> Application of existing legislation, policies and circulars (PFMA, GIAMA, etc.) Application of improved business processes on a case-by-case basis Reliance on existing non-integrated property and project management information systems 		<p>programme</p> <ul style="list-style-type: none"> Development of Immovable Asset Management Policies relating to Property Performance and Investment Management Review existing business processes Procurement of integrated Immovable Asset Management system 	DDG:AIM	31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
To provide built environment planning services for investment decisions on state accommodation	SR8	Non-Integration of spatial planning activities with national, provincial and local spheres of government.	<ul style="list-style-type: none"> No signed agreements with Sector departments to enforce Spatial in the development of government infrastructure priorities. 	<ul style="list-style-type: none"> Inefficient infrastructure delivery leading to ineffective service delivery. 	High	<ul style="list-style-type: none"> Individual agreements with municipalities 	High	<ul style="list-style-type: none"> Development of generic MOUs and SLAs Signed agreements with sector Departments 	DDG:ICR	31/03/16
To ensure delivery of new and refurbished buildings through construction project management	SR9	Inability to plan and implement construction programmes	<ul style="list-style-type: none"> Insufficient technical and professional capacity Lack of Bulk Services on identified development sites Abuse of Variation Orders Incompetent and under resourced Contractors Inadequate contract management 	<ul style="list-style-type: none"> Non-delivery in terms of time and costs Fraud and Corruption Termination of Contracts Late delivery of project Poor workmanship Unclear job specifications Poor works quality control 	High	<ul style="list-style-type: none"> Operating with limited capacity Integrated development plan in place Variation Order Committee Sketch plan committee Risk Assessment delegated to consultants Site Technical Meetings 	High	<ul style="list-style-type: none"> Develop a plan to insource professional capacity Establishment of Project Management Office Alignment with planning and precinct unit implementation of Infrastructure planning (strategic brief and concept report) Approved 	DDG Projects	31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
To optimally utilize freehold property for User Departments and National Strategic priorities	SR10	Inability to optimally utilize freehold properties for User Departments and National Strategic priorities	<ul style="list-style-type: none"> Lack of effective systems (processes, policies and delegation) Unsecured properties Lack of buy in and cooperation of user departments Lack of requisite 	<ul style="list-style-type: none"> Fragmented delivery of services Compromised quality of service delivery Land invasion Fruitless and wasteful expenditure 	High	<ul style="list-style-type: none"> Business processes, policies and delegations in place Security in place for vacant buildings 	High	<p>scope of works prior to project implementation</p> <ul style="list-style-type: none"> Development of Business processes Appoint Independent panel of consultants Appointment of Departments own Site Staff to monitor the works of both Contractor/ Consultants 	CFO & DDG: Projects CFO & DDG: Projects	31/03/16
					High	<ul style="list-style-type: none"> Business processes, policies and delegations in place Security in place for vacant buildings 	High	<ul style="list-style-type: none"> Review, align and implement current Business processes, policies and delegations Secure all state owned properties. Implementation 	DDG: Real Estate	30/09/16 31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
			<ul style="list-style-type: none"> skills to perform complex analyses of property portfolio Lack of Revenue Recovery and Collection Strategy and plan 					n of the new procurement reformed		01/04/15
To ensure the scheduled maintenance of freehold property	SR11	Ineffective maintenance of freehold and leasehold property	<ul style="list-style-type: none"> Lack of scheduled maintenance plan 	<ul style="list-style-type: none"> High level of unscheduled maintenance 	High	<ul style="list-style-type: none"> Day to day maintenance guidelines and business processes in place 	High	<ul style="list-style-type: none"> Revision of the Facilities Management Policy and the Strategy 	DDG: Facilities Management	30/09/15
To ensure energy and water efficiency management in freehold property	SR12	High consumption of water and electricity	<ul style="list-style-type: none"> Lack of costed plan to rollout energy efficiency initiative Lack of integrated plan to rollout the Retrofitting programme 	<ul style="list-style-type: none"> Degradation of the natural environment Load shedding Missed investment opportunities 	High	<ul style="list-style-type: none"> Energy and water saving projects (Retrofitting programme) 	High	<ul style="list-style-type: none"> Development and implementation of the costing plan. Implementation of Energy and water saving projects (Retrofitting programme) 	DDG: Facilities Management	31/03/16

Strategic Objective	Ref	Risk Description	Root Cause / Contributing factor	Consequence	IR	Current Controls	RR	Action Plan	Responsible Person	Date
To compile and maintain a Real Estate Asset Register under the custodianship of Public Works. To create a single repository for all spheres of Government	SR13	Inability to maintain complaint asset register for PMTE and to create a single repository for all spheres of government	<ul style="list-style-type: none"> Inadequate internal capacity to maintain a compliant asset register Lack of an Information Asset Register (IAR) system and single repository for all spheres of government Lack of integrated REIRS business processes 	<ul style="list-style-type: none"> Loss of time, money invested in the creation of a baseline compliant asset register Reliance on consultants which becomes unsustainable No integration of asset registry for all spheres of government Failure to provide the required information to meet PMTE business requirements 	20	<ul style="list-style-type: none"> Use of consultants and contract workers Immovable Asset Register Programme with a Project Charter Use of Excel Spreadsheet and Static copy on IE-Works Usage of DPW business process Physical verification programme with a Project Charter 	16	<ul style="list-style-type: none"> Implementation of an operating model for Asset Registry Procurement of an integrated asset management system (Archibus) Reviewing the current business process Developing IAR operating procedures for HO and regions 	Act DDG: REIRS	31/03/16

3. Service Delivery Improvement Plan (SDIP)

In line with Chapter 1, Part 111 C of the Public Service Regulations, 1999 (as amended), the Department has developed its Service Delivery Improvement Plan (SDIP) which enables the Executing Authority to institute and support service delivery within the context of a comprehensive improvement programme. The focus of the SDIP is to promote efficient and effective service delivery based on the Batho Pele principles and seeks to achieve the following objectives:

- i. Identifies the services provided to its user-departments and stakeholders while improving service delivery;
- ii. Provides details of the strategies to remove barriers to access to services and meet user-department needs within improved response times;
- iii. Indicates the high standards that will be maintained for services to be delivered;
- iv. Outlines the Department's commitment to improve efficiencies; and
- v. Increase outputs and eliminate waste and related costs.

Accordingly, the SDIP lays out a detailed plan with targets to be achieved to improve the Department's performance going forward. These areas include the following-

- Provisioning of accommodation through construction (aligned to the IDIP);
- Provisioning of accommodation through private leases (aligned to IDIP); and
- Customer relationship management.

The SDIP, which has been widely consulted on with all relevant stakeholders, covers a 3-year period in line with the medium term planning cycle. During this three-year period, a detailed process of monitoring and evaluating the implementation of the plan will be undertaken, including the process of evaluating the impact thereof. The activities within the SDIP will be implemented by the PMTE as from the 2015/16. As a result, the Department will undertake a process of identifying a key services remaining with the Department that will form part of a revised three year SDIP. The DPW SDIP will then be approved by the Executive Authority for implementation on the 2016/17 financial year.

3.1 Service Delivery Improvement Programme (2014/15 to 2016/17)

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17	
Client relationship management									
User Departments	Active management of client relations (Consultation, Access, Courtesy, Openness & Transparency, Information, Redress and Value for Money)	<ul style="list-style-type: none"> Develop Key Account Managers: ¹⁰ Client target ratio Capacitate Key Accounts Management Develop and implement a CRM approach and system Train resources in KAM and CRM Agree minimum thresholds for number of client meetings Develop and implement client 	<p>Clear and shared expectations.</p> <p>Accessible DPW resources for issue resolution.</p> <p>Potential issues pre-emptively addressed.</p> <p>Improved client satisfaction.</p>	<p>Key Account Managers: user department ratio</p> <p>Number of customer relationship management meetings per user department</p> <p>Client survey index</p>	1:15	<p>1:1 (Big user departments)</p> <p>1:6 Other user departments</p> <p>2 per user department</p>	<p>1:1 (Big user departments)</p> <p>1:6 Other user departments</p> <p>2 per user department</p>	<p>1:1 (Big user departments)</p> <p>1:6 Other user departments</p> <p>2 per user department</p>	<p>Minimum rating of 3 out of 5</p> <p>Information towards the development of the survey index researched and</p> <p>Minimum rating of 4 out of 5</p>

¹⁰ Key Account Managers (KAMs) are presently under-capacity. A target ratio has been developed that takes account of client size and complexity and allocates sufficient resources to each to enable satisfactory relationships. Different targets apply to six big user departments and 46 in "other".

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
	Gate 1(a))	service survey/questionnaire ¹¹				collated.		
User Departments	Reduction of leasing backlog ¹² (Quantity and Quality) - DP1: Portfolio Management, DP1-1: Infrastructure Planning, U-AMP, Gate 1(a)) ¹³	<ul style="list-style-type: none"> • Clarify lease management policy • Develop three stratified lease agreements • Institute effective procurement planning • Re-engineer business processes • Sign SLAs with all lessees • Capacitate leasing/up-skill personnel 	Reduced levels of inconvenience, embarrassment and reputational damage.	Number of expired leases ¹⁴	1,303	expired leases	expired leases	expired leases
				Number of lock-outs	(New indicator)	0 lock outs	0 lock outs	0 lock outs
				% signed SLAs	52% signed SLAs	80% signed SLAs	90% signed SLAs	100% signed SLAs
				Ratio of leasing resources to leases	1:38 ¹⁵	1:25	1:15	1:10

¹¹ A client service survey goes beyond formal SLA compliance and measures client perceptions of consultation, access, courtesy, openness and transparency, information provision, information accuracy, redress and value for money.

¹² The DPW presently manages 2,771 private leases for client departments. Private leases are defined as leases contracted for properties not owned by the State. Backlog leases are those which are about to expire or have already expired and require renewal, extension or termination. In practical terms it is virtually impossible to have a zero backlog as leases are entered into at different times with different terms and anniversary dates. The intention is to focus on reducing expired leases as these result in significant inconvenience to clients potentially culminating in lock-outs. This reflected in the KPI.

¹³ As noted, this scope is presently limited to private leases. Scope will be expanded to include residential and other non-office leases from 2014/15 onwards.

¹⁴ This KPI relates specifically to leases that are not to be terminated.

¹⁵ Based on 72 staff and 2,771 leases at October 2013.

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
		<ul style="list-style-type: none"> Proactively analyse lease portfolio to avoid backlog 						
	Build sustainable and predictable leasing solutions (Quality) - (DP1: Portfolio Management, DP1-1: Infrastructure Planning, U-AMP, Gate 1(a))	<ul style="list-style-type: none"> Develop lease strategy Develop lease review prioritization process (need/value/size) Re-engineer leasing processes 	Enhanced interaction with the DPW as a reliable, predictable and professional leasing partner.	SLA compliance ¹⁶	(New indicator)	100% SLA compliance	100% SLA compliance	100% SLA compliance
	Deliver demonstrable Value for Money to clients - (DP1: Portfolio Management, DP1-1: Infrastructure Planning, U-AMP, Gate 1(a))	<ul style="list-style-type: none"> Establish market-related rates for property categories by region Adjust DPW rates Move towards price market leadership 	Improved client confidence in the DPW delivery of value for money.	Budget compliance ¹⁷	(New indicator)	100% Budget compliance	100% Budget compliance	100% Budget compliance
				DPW rates indexed to market variance %	(New indicator)	<15% (+/-)	<10% (+/-)	<5% (+/-)

¹⁶ SLA compliance measures the mechanics of service delivery, specifying service levels, lead times required for service, etc.

¹⁷ While availability of approved budget remains the client's responsibility, budget compliance in terms of disbursements made according to plan is a key indicator for the DPW Leases Branch.

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
Acquisition of new accommodation through construction								
National Government Departments 1. SAPS 2. DoD 3. Justice 4. Correctional Services 5. Arts & Culture 6. Home Affairs 7. Public Works 8. Labour 9. Agriculture, Forestry and Fisheries 10. Rural Development and Land Reform 11. Health	Improved planning (as a key driver for measuring delivery performance in relation to the provision of accommodation through construction)	<ul style="list-style-type: none"> The adoption of IDMS as a primary system for managing delivery Provisioning of training on the IDMS Re-engineering of business processes Provisioning of support to user Departments in formulating their U-AMPS Compilation of the C-AMP 	Clear and shared expectations	Number of user departments who have approved IPIPs	CWIP and PMIP	11 departments with IPIPs (DoA, DAC, DCS, DoD, DoH, DHET, DHA, DoJ&CD, DoL, DRDLR, SAPS)	11 departments with IPIPs	11 User departments with IPIPs
	Quantity and Quality <ul style="list-style-type: none"> (DP1: Portfolio Management, DP1-1: Infrastructure 	<ul style="list-style-type: none"> Effective project planning Improved procurement planning 	Shared understanding of the needs of the clients and how projects will be delivered	Number of planned projects completed (Works Completion Report – PEP 7) ¹⁸ % of new projects completed within	300 projects completed	440 projects completed	305 projects completed	167 projects completed

¹⁸ Dependent on effective procurement; Qualified suppliers; Improved planning

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
12. Higher Education	Planning, DP1-1: C-AMP, Gate 1(b), DP1-2: Programme Management, CPS - Gate 2 and IPMP) • DP2: Project Management, DP2-1: Implementation Planning, Gate 3, PEPV1, Gate 4, PEPV2, Gate 4, IPIP)	<ul style="list-style-type: none"> Management of SCM dependencies/ improvement in procurement processes Effective construction management Establishment of institutional structures to drive delivery (Acquisition Committee and PMOs) Roll out of the IDMS Investigate the need for establishing user department specific programme management offices 	Improved delivery of construction projects (within time, cost and quality requirements) Improved client satisfaction and perception of value for money	stipulated timeframes, cost and quality % of current projects with approved project scopes (Backlog) Number of Programme Management Offices established for all executing units	(New indicator)	50 % of current projects with approved project scopes	100% current projects with approved project scopes	100% current projects with approved project scopes
	Value for Money - DP2: Project Management, DP2-1:	<ul style="list-style-type: none"> Effective project planning Improved 	Improved delivery of construction projects within cost	% budget variance on completed projects	(New indicator)	<15%	<15%	<15%

¹⁹ Projects for one of six of the big user departments (DoD) and one of the remaining user departments should at least be in line with time frames and cost

²⁰ Projects for two of the remaining five big user departments and three of the small user departments should at least be in line with time frames and cost

²¹The DPW will explore the need to establish user department specific Programme Management Offices

SERVICE BENEFICIARY	AREA FOR SERVICE IMPROVEMENT	KEY IMPROVEMENT ACTIVITIES	CLIENT IMPACT OF IMPROVEMENT	KEY PERFORMANCE INDICATOR	CURRENT STANDARD (BASELINE)	TARGET 2014/15	TARGET 2015/16	TARGET 2016/17
	Implementation Planning, PEPv1, Gate 3, PEPv2, Gate 4, IPIP)	procurement planning <ul style="list-style-type: none"> Improvement in procurement processes Effective construction management 						
	Human Resources - DP2: Project Management, DP2-1: Implementation Planning, PEPv1, Gate 3, PEPv2, Gate 4, IPIP)	<ul style="list-style-type: none"> Staffing of organisational structure with appropriately qualified personnel Up-skilling and mentoring of existing staff 	Improved delivery of construction projects (within time, cost and quality requirements)	Number of project managers registered with the South African Council for Project Construction Management Professions (SACPCMP) ²²	(New indicator)	0 ²³	10	15
				Ratio of project managers to projects ²⁴	1:20 (plus)	1:10	1:10	1:10

²² Dependent on the approval of a fast track process for certifying the project managers.

²³ The fast track process will take no less than one year, delivery will commence in year two.

4. Public Private Partnerships

There are no Public Private Partnerships to report for the 2015-2020 period

PROPERTY MANAGEMENT TRADING ENTITY

STRATEGIC PLAN

2015-2020

PART D: PART D: ANNEXURES TO THE ANNUAL PERFORMANCE PLAN



PMTE

Property Management Trading Entity
Public Works
REPUBLIC OF SOUTH AFRICA

Annexure A: Technical Goal descriptions

Strategic outcome orientated goal 1

Goal title	To effectively and efficiently manage the life cycle of immovable assets under the custodianship of Public Works.
Short definition	Manage the life cycle of immovable assets under the custodianship of Public Works effectively and efficiently.
Purpose/importance	The Property Management Trading Entity (PMTE) provides accommodation infrastructure, other social structures, professional services and expert advice to user departments for service delivery purposes.
Source/collection of data	User Asset Management Plan (Functional Performance Assessment), Custodian Asset Management Plan (Life-cycle Management Plans), Project Reports (Project file), and funded projects
Method of calculation	Comparison between the works conducted/ concluded and the life cycle management plans
Data limitations	Inaccurate project information captured
Type of goal	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New goal	Yes
Desired performance	An efficient, competitive and responsive accommodation infrastructure network
Goal responsibility	Head of PMTE

Strategic outcome orientated goal 2

Goal title	Good corporate governance to support effective and efficient service delivery
Short definition	Provide strategic leadership in ensuring effective governance, sound resource management and integrity of the operations of the entity.
Purpose/importance	Effective arrangements for governance and accountability are an essential prerequisite in achieving the PMTE's mission.
Source/collection of data	Annual Performance Report, Auditor-General Reports
Method of calculation	None
Data limitations	None
Type of goal	Output indicator
Calculation type	Cumulative
Reporting cycle	Annually
New goal	No
Desired performance	Unqualified audit outcome
Goal responsibility	Head of PMTE

Strategic outcome orientated goal 3

Goal title	To promote economic growth through integrated infrastructure development in urban and rural areas.
Short definition	Improved land administration and integrated planning for small harbour development and building government precincts in cities, small towns and rural areas.
Purpose/importance	The role of the PMTE is to unlock the potential of its collective asset base to stimulate local economy in meeting the accommodation requirements of its user departments through integrated development
Source/collection of data	An integrated GIS database will store and illustrate research and status quo statistics from all contributing urban/rural planning initiatives and entities
Method of calculation	Integrated development frameworks, site development plans, UAMP's, project business plans, and building concepts will determine the nature, amount, and location of office bulk to be created within each precinct
Data limitations	The delivery of land for development is subject to client acceptance, legal compliance with local authority development guidelines and regulations, environmental compliance, and stakeholder engagement, all with its own complexities
Type of goal	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly; annually
New goal	No
Desired performance	Realisation of economic growth promotion through integrated infrastructure development in urban and rural areas
Goal responsibility	Head of PMTE

Strategic outcome orientated goal 4

Goal title	To create employment opportunities and develop skills in the provision of construction, property and facilities management services to the State
Short definition	Lead and coordinate the creation of additional employment opportunities through labour intensive delivery methods (construction, property and facilities management) and skills development programmes for the participation of the unemployed in delivering needed services
Purpose/importance	The PMTE, through its Construction division provides for the National Youth Subsidy programme in all capital projects; and through its Real Estate Management and Facilities Management divisions bridges service delivery gaps by engaging SMMEs to provide property management services for unutilised state owned properties and Facilities Management services; and is reopening Facilities Management Service Centres (workshops) as key in both skills development and job creation.
Source/collection of data	Information is based on the EPWP Business Plan as approved by Cabinet for EPWP Phase 3 (2014-2019), Reports on jobs created in other projects (maintenance; construction)
Method of calculation	The number of jobs created compared against the target number of jobs to be created
Data limitations	Poor reporting on work opportunities created
Type of goal	Output
Calculation type	Cumulative
Reporting cycle	Quarterly; annually
New goal	No
Desired performance	Creation of 100 000 work opportunities over a period of five years in terms of the Strategic Plan
Goal responsibility	Head of PMTE

Strategic outcome orientated goal 5

Goal title	To leverage the State's property portfolio to contribute towards Government's broader transformation, empowerment and economic development goals
Short definition	To contribute to the transformation, empowerment and economic development through construction and facilities industry by ways of control over the State's property portfolio.
Purpose/importance	To ensure transformation, empowerment and economic development in the construction and facilities management industries
Source/collection of data	Contractor Development Reports, SMME Development Reports; U-AMP's, C-AMP, Real Estate Asset Register, Market Research, applicable legislation and policy frameworks
Method of calculation	The number of targeted SMME's and contractors transformed, empowered and developed
Data limitations	Poor reporting on Development Programmes
Type of goal	Output
Calculation type	Cumulative
Reporting cycle	Quarterly; annually
New goal	No
Desired performance	Transformation, empowerment and economic development of contractors and SMME's in construction and facilities management
Goal responsibility	Head of PMTE

Annexure B Technical Objective Descriptions

1. PROGRAMME 1: ADMINISTRATION

Strategic Objective 1.1

Objective title	To provide leadership, strategic management, governance and support
Short definition	Ensure a high level of Agency performance by providing leadership in the areas of Strategic planning, management development, risk management, monitoring and evaluation, management of strategic partnership and communications management
Purpose/importance	Strong and effective strategic leadership will ensure that the PMTE achieves its performance targets in line with its core mandate and government policy priorities at national and sector levels The PMTE will maintain high ethical standards that promotes state confidence in the PMTE
Source/collection of data	Strategic Plan, Annual Performance Plan, monitoring and evaluation, Persal system, International and National targets for Gender, Youth and disabled persons, business processes, staff establishment, security clearances, legal contracts, Media reports, audit reports, Parliamentary comments, media enquiries and the findings of other forensic investigations, international partners and internal research and analysis.
Method of calculation	1 Service plan is developed and implemented per unit within the Corporate Services Branch
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	None
Desired performance	Full implementation of corporate services plans to support core business to achieve its mandate
Objective responsibility	Head of PMTE

Strategic Objective 1.2

Objective title	To provide strategic operations support services
Short definition	Management of strategic enabling services
Purpose/importance	The Operations Support Services Branch is a key enabler of core business in ensuring that resources are assigned as and when required. Operations Support Services supports service delivery objectives in line with the operationalisation of the PMTE
Source/collection of data	Strategic Plan, Annual Performance Plan, monitoring and evaluation, Persal system, International and National targets for Gender, Youth and disabled persons, business processes, staff establishment, security clearances, legal contracts, Media reports, audit reports, Parliamentary comments, media enquiries and the findings of other forensic investigations, international partners and internal research and analysis
Method of calculation	1 Service plan is developed and implemented per unit within the Corporate Services Branch
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	None
Desired performance	Full implementation of corporate services plans to support core business to achieve its mandate
Objective responsibility	Head of PMTE

Strategic Objective 1.3

Objective title	To ensure effective and sound financial management
Short definition	Ensure that effective and efficient controls are in place to obtain an unqualified audit report indicating that the financial statements are free from material misstatements
Purpose/importance	Improving the financial performance of the PMTE by ensuring compliance to financial frameworks
Source/collection of data	Audit report from the Auditor General of South Africa
Method of calculation	The audit outcome as per the audit report received from the Auditor-General South Africa is used.
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	No
Desired performance	Emphasis of matter paragraphs and non-compliance matters which is less than targeted performance is desirable.
Objective responsibility	Transversal indicator for the Department co-ordinated by the CFO.

Strategic Objective 1.4

Objective title	To provide an efficient and effective Supply Chain Management service
Short definition	To timeously procure required capital and current goods and services in line with approved procurement plans and demonstrate effectiveness and value for money and reduce non-compliance
Purpose/importance	Compliance with Preferential Procurement Policy Framework (No 5 of 2000) and ensure effective use of budgeted resources and contribution to closing the gap between the first and second economies
Source/collection of data	Audit report from the Auditor General of South Africa
Method of calculation	The audit outcome as per the audit report received from the Auditor-General South Africa is used.
Data limitations	None
Type of objective	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New objective	No
Desired performance	Timeous procurement of required capital and current goods and services
Objective responsibility	Head of PMTE

2. PROGRAMME 2: REAL ESTATE INVESTMENT SERVICES

Strategic Objective 2.1

Objective title	To develop plans and strategies to meet service delivery accommodation requirements (UAMPS) of user departments
Short definition	Drive the development of User Asset Management Plans (U-AMP) for effective life cycle asset management through a Client Centric Multi-disciplinary approach.
Purpose/importance	To comply with legislative requirements of GIAMA in maximizing and coordinating the management of immovable assets in relation to service delivery objectives of user departments
Source/collection of data	Strategic Plan, Annual Performance Plan, ENE, Annual Reports, WCS, PMIS, Immoveable Asset Register and Feasibility Studies
Method of calculation	None
Data limitations	Adequacy of information received from user departments and entities
Type of objective	Output
Calculation type	Cumulative
Reporting cycle	Indicator is reported quarterly
New objective	Yes
Desired performance	The desired performance should be the same as the targeted performance to ensure compliance to GIAMA
Objective responsibility	Head of PMTE

Strategic Objective 2.2

Objective title	To provide built environment planning services for investment decisions on state accommodation
Short definition	To provide built environment planning services for investment decisions on state accommodation
Purpose/importance	The integration of development efforts in urban and rural areas aimed at improving the service delivery to communities/citizens as main beneficiaries
Source/collection of data	Strategic Plan, Annual Performance Plan, ENE, Annual Reports, WCS, PMIS, Immoveable Asset Register and Feasibility Studies
Method of calculation	None
Data limitations	Adequacy of information received from user departments and entities
Type of objective	Output
Calculation type	Cumulative
Reporting cycle	Indicator is reported quarterly
New objective	Yes
Desired performance	The desired performance should be the same as the targeted performance to ensure compliance to GIAMA
Objective responsibility	Head of PMTE

Strategic Objective 2.3

Objective title	To ensure optimum utilization and increased value of state assets
Short definition	Manage property performance and provide investment decisions to ensure sustainable life cycle immovable asset management and a responsive and value driven property portfolio under the custodianship of the Department of Public Works
Purpose/importance	To comply with the legislative requirements of GIAMA in maximizing and coordinating the management of immovable assets in relation to service delivery objectives of user departments
Source/collection of data	Strategic Plan, Annual Performance Plan, ENE, Annual Reports, WCS, PMIS, Immovable Asset Register and Feasibility Studies
Method of calculation	None
Data limitations	Adequacy of information received from user departments and entities
Type of objective	Output
Calculation type	Cumulative
Reporting cycle	Indicator is reported quarterly
New objective	Yes
Desired performance	The desired performance should be the same as the targeted performance to ensure compliance to GIAMA
Objective responsibility	Head of PMTE

3. PROGRAMME 3: CONSTRUCTION PROJECT MANAGEMENT

Strategic Objective 3.1

Objective title	To ensure delivery of new and refurbished buildings through construction project management
Short definition	To meet the funded short and medium term building infrastructure needs of DPW and User departments through construction of buildings and refurbishment of properties in line with the agreed plans and budget allocations in compliance with the Infrastructure Delivery Management System (IDMS)
Purpose/importance	To ensure that CPM within the PMTE constructs buildings to meet the accommodation requirement for the DPW and User Departments to deliver public services.
Source/collection of data	Strategic Plan, Annual Performance Plan, ENE, Annual Reports, WCS, PMIS, Immovable Asset Register and Feasibility Studies
Method of calculation	None
Data limitations	Adequacy of information received from user departments and entities
Type of objective	Output
Calculation type	Cumulative
Reporting cycle	Indicator is reported quarterly
New objective	Yes
Desired performance	The desired performance should be the same as the targeted performance to ensure compliance to GIAMA
Objective responsibility	Head of PMTE

4. PROGRAMME 4: REAL ESTATE MANAGEMENT

Strategic Objective 4.1

Objective title	To optimally utilize freehold property for User Departments and National Strategic priorities
Short definition	To deploy freehold properties to provide suitable and cost effective accommodation to Government Departments and administer unallocated land to ensure that optimal value is derived.
Purpose/importance	A reduction in leasehold accommodation and utilization costs, will result in savings for the State
Source/collection of data	Policies & Procedures, Immovable Asset Register, Property Management Information Systems CAMPs, WCS and valuation reports
Method of calculation	Previous usage minus current usage divided by previous usage (year on year)
Data limitations	Lack of Immovable Asset Management system, and data integrity
Type of objective	Economy
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New objective	Yes
Desired performance	<ul style="list-style-type: none"> • Optimal Utilisation of all 77591 buildings • 2142 land parcels secured to let out for economic development initiatives
Objective responsibility	Head of PMTE

Strategic Objective 4.2

Objective title	To let out surplus freehold property for revenue
Short definition	<p>Optimise deployment of freehold property to generate revenue and extend the life-cycle of the existing freehold properties</p> <p>Implement the Property Management Strategy through renovations of the specified freehold properties in order to maximise rental income, as well as restore the properties to usable conditions</p>
Purpose/importance	The approach is in line with NDP Economic Development goals and Government's prioritisation of developing small businesses. REAM Services in collaboration with Department of Small Enterprise Development will engage Small Black Property Developers and Agents to develop and market the leasing of freehold properties to the private sector
Source/collection of data	Policies & Procedures, Immovable Asset Register, Property Management Information Systems CAMPs, WCS and valuation reports
Method of calculation	Previous usage minus current usage divided by previous usage (year on year)
Data limitations	Lack of Immovable Asset Management system, and data integrity
Type of objective	Economy
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New objective	Yes
Desired performance	3000 surplus freehold properties let out over 5 years
Objective responsibility	Head of PMTE

Strategic Objective 4.3

Objective title	To procure and manage leasehold property for user department needs
Short definition	Provide Real Estate Management services to User Departments for leased-in accommodation where their needs cannot be met by the State's Freehold property
Purpose/importance	Currently spending an estimated R3.7 billion for leasehold accommodation and utilisation
Source/collection of data	Policies & Procedures, Immovable Asset Register, Property Management Information Systems CAMPs, WCS and valuation reports
Method of calculation	Previous usage minus current usage divided by previous usage (year on year)
Data limitations	Lack of Immovable Asset Management system, and data integrity
Type of objective	Economy
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New objective	Yes
Desired performance	R300 million saved by revised rent (carry through cost) over 5 years
Objective responsibility	Head of PMTE

5. PROGRAMME 5: REAL ESTATE INFORMATION & REGISTRY SERVICES

Strategic Objective 5.1

Objective title	To compile and maintain a Real Estate Asset Register under the custodianship of Public Works
Short definition	<ul style="list-style-type: none"> • Accurate, reliable and compliant DPW/PMTE Immovable Asset Register; • Valuation of all DPW/PMTE immovable assets for IAR compliance with annual auditory requirements; • On-going verification of all immovable assets in the IAR to ensure effective, reliable, and accurate IAR for the DPW/PMTE.
Purpose/importance	<ul style="list-style-type: none"> • To meet service delivery objectives for PMTE business requirements; • To ensure applicable standards in the recording, accounting and reporting on all State immovable assets.
Source/collection of data	The source of the data to enhance the Immovable Asset Register is various immovable asset data sources such as the Deeds Web, Deeds data (Pub land data), Surveyor-General, Municipalities and Custodians' IARs (National and Provincial spheres of Government) and other business units in the PMTE
Method of calculation	Verified Immovable Assets
Data limitations	Incomplete data; inaccurate property descriptions; and the dependency on various stakeholders for the provision of data
Type of objective	Output Indicator
Calculation type	Cumulative
Reporting cycle	Quarterly
New objective	No
Desired performance	The actual performance to be higher than the targeted performance
Objective responsibility	Head of PMTE

Strategic Objective 5.2

Objective title	To create a single repository for all spheres of Government
Short definition	A single integrated Immovable Asset Repository for National, Provincial and Local Government.
Purpose/importance	To meet service delivery objectives for PMTE business requirements; To ensure applicable standards in the recording, accounting and reporting on all State immovable assets.
Source/collection of data	The data comes from various Provincial Custodians' Immovable Asset Registers as reconciled against the Deeds data and other Custodians IARs
Method of calculation	Total number of Provincial Custodians IARs incorporated into the single repository
Data limitations	IARs data integrity, incomplete/inaccurate property descriptions and different sources (electronic systems) and definitions that could have been used by Custodians
Type of objective	Output Indicator
Calculation type	Non-cumulative
Reporting cycle	Quarterly.
New objective	Yes
Desired performance	The actual performance to be higher than the targeted performance
Objective responsibility	Head of PMTE

6. PROGRAMME 6: FACILITIES MANAGEMENT

Strategic Objective 6.1

Objective title	To ensure the scheduled maintenance of freehold property
Short definition	To provide planned maintenance and improvement of service excellence to meet requirements of clients, occupants, DPW and the public in a manner consistent with regulatory and other policy imperatives at an acceptable life cycle cost. To ensure compliance with SHERQ (Safety, Health, Environment, Risk & Quality) regulatory framework, by conducting proactive and re-active inspections at workplaces.
Purpose/importance	The PMTE will develop maintenance plans to ensure that building infrastructure enable user departments to implement their service delivery mandates to ensure effective public service.
Source/collection of data	Maintenance plan for various user departments
Method of calculation	Scheduled maintenance efficiency
Data limitations	Lack of scheduled maintenance plan
Type of objective	Output
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New objective	No
Desired performance	Target efficiency on planned maintenance services
Objective responsibility	Head of PMTE

Strategic Objective 6.2

Objective title	To ensure energy and water efficiency management in freehold property
Short definition	To ensure rapid savings achievement on energy consumption and Government Immovable Assets compliance to Green Building Framework
Purpose/importance	To contribute towards reduction of energy, mitigate against Greenhouse gas emissions and to contribute towards water security
Source/collection of data	Data collection to be drawn from Municipal bills and Regions through Audits and baseline determination.
Method of calculation	Baseline determination through audits and determination of savings
Data limitations	Dependent on securing DPW building measurements and consistency of Municipal electricity & water bills
Type of objective	Output
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New objective	No
Desired performance	Target efficiency and savings on water and energy
Objective responsibility	Head of PMTE

Strategic Objective 6.3

Objective title	To repair key components and undertake unscheduled maintenance for freehold property
Short definition	To ensure rapid and immediate response to line departmental needs to enhance service delivery, create sustainable building skills transfer and technology development in Facilities Management
Purpose/importance	The PMTE will promote BEE and Cooperatives to deal with the challenges of unemployment, poverty and inequality. Through the Call Centres, the Department will ensure rapid and immediate response to line Departmental needs
Source/collection of data	Number and types of calls logged by various user departments
Method of calculation	Turnaround efficiency within 24 hours
Data limitations	Accuracy of data
Type of objective	Output- call center report- open and closed calls
Calculation type	Cumulative
Reporting cycle	Quarterly; annually
New objective	No
Desired performance	Efficient buildings- energy, environmental, health; safety
Objective responsibility	Head of PMTE

Annexure C: Legislation that the Department of Public Works administers

Table 41: Legislation the Department of Public Works administers

Short Title of the Act	Purpose of the Act
Before Union (prior to 1910)	
Cape Outspans Act 17 of 1902	To provide for the resumption of unused Outspans, and cancellation and delimitation of Outspan Servitudes.
Pretoria and Military Supply Ordinance, 1905	To render certain Crown Land to the Municipality of Pretoria upon certain conditions.
During Union (1910 – 1961)	
Rhodes Will (Groote Schuur Devolution) Act 09 of 1910	To provide for the surrender of the Groote Schuur Estate to the Government of the Union of South Africa in accordance with the Will of the late Cecil John Rhodes and for the release of the Trustees.
Agricultural Holdings (Transvaal) Registration Act 22 of 1919	To approve the division and registration of land in former Transvaal as an agricultural holding and to cancel such certificates at request for owner.
Bethelsdorp Settlement Act 34 of 1921	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors.
Mooi River Township Lands Act 05 of 1926	To provide for the grant of certain land to the Local Board of Township of Mooi River and matters incidental therefore.
Carnarvon Outer Commonage Sub-division Act 17 of 1926	To provide for the cancellation of the title issue under section 14 of Act No 19 of 1913 to the Committee of Management of the Carnarvon Outer Commonage, the sale of certain sowing lands on the said Commonage, the subdivision and allocation of the remaining extent of the said Commonage among the owners of 'opstallen' and persons having grazing and sowing rights thereon and the issue of individual titled to such owners and persons, the disposal of certain other lands owned by the said Committee, and matters incidental thereto.
Payment of Quitrent (Cape) Act 14 of 1927	To regulate the payment of quitrent by part-owner of land subject to payment of quitrent and situated in the province of the Cape of Good Hope.
Marburg Immigration Settlement (Social Board of Management) Act	To provide for the constitution of a local Board of Management for the Marburg Immigration Settlement, County of Alfred, in the Province of

Short Title of the Act	Purpose of the Act
43 of 1927	Natal and certain incidental matters.
Cape Outspans Act 17 of 1937	To provide for the issue of deeds of grant to divisional and municipal councils in respect of Outspans consisting of Crown Land situated in the Cape of Good Hope.
Municipal Lands (Muizenberg) Act 09 of 1941	To make better provision for attaining the object of certain lands adjoining False Bay are vested in the Council of the City of Cape Town.
Cape Town Foreshore Act 26 of 1950	To provide for the management, control and development of the Cape Town foreshore and to that end to establish a board in respect of the said foreshore and to define its functions and to provide for through the incidental matters.
Republic (1961 – 1994)	
State Land Disposal Act 48 of 1961	To provide for the disposal of certain State Land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription.
Paarl Mountain Act 83 of 1970	To provide for the transfer of the ownership of certain land to the Paarl Municipality for certain purposes and the expropriation of certain rights in such land; to empower the said Municipality to donate a portion or portions of the said land to the State for the purpose of a Language Monument, and to provide for other incidental matters.
Marburg Immigration Settlement Regulation Act 50 of 1971	To provide for the subdivision of commonages within the Marburg Immigration Settlement situate in the County of Alfred, province of Natal and the allocation of the relevant portions to, and the dividing of the other assets of the Marburg Immigration Settlement Board, among registered owners of lots within the said Settlement, for matters incidental thereto.
Church Square, Pretoria, Development Act 53 of 1972	To provide for the management and upkeep of Church Square in Tshwane.
General Law Amendment Act 102 of 1972	Section 34. Certain conditions of title applying in respect of immovable property owned by the State to lapse in certain circumstances.
The Lake Areas Development Act 39 of 1975	To provide for the establishment of lake areas under the control of a Lake Areas Development Board, and for matters incidental thereto.
Expropriation Act 63 of 1975	To provide for the expropriation of land and other property for public and certain other purpose and for matters incidental thereto.
Rating of State Property Act 79 of 1984	To repeal certain Acts granting exemption in respect of certain State property from rates levied on immovable property by local authorities; provided that such rates may, notwithstanding certain other exemptions, be levied on other State property, make provision for rebates in respect of such rates levied on State property, and provide for matters such rates levied on State property, and provide for matters

Short Title of the Act	Purpose of the Act
	incidental thereto.
Transfer of Powers and Duties of the State President Act 97 of 1986	To amend certain laws so as to vest certain functions presently assigned to the State President, in the respective Ministers of State who are charged with the administration of those laws; and to provide for incidental matters.
Land Affairs Act 101 of 1987	To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by the Department of Public Works for public purposes and the giving of advice with regard to the value of land and purchase prices or rent in respect of certain immovable property; for that purpose to make provision for the establishment of a Land Affairs Board; and to provide for incidental matters.
Commonwealth War Graves Act 08 of 1992	To prohibit the desecration, damaging or destruction of Commonwealth War Graves, to regulate the disinterment, removal, reinterment or cremation of Commonwealth war burial and the removal, alteration, repair or maintenance of Commonwealth War Graves and to provide for matters connected therewith.
South Africa (1994 to date)	
Parliamentary Village Management Board Act 96 of 1998	To provide for the establishment of a Parliamentary Villages Management Board and matters incidental thereto.
Construction Industry Development Board Act 38 of 2000	To provide for the establishment of the Construction Industry Development Board, and matters incidental thereto.
Council for the Built Environment Act 43 of 2000	To provide for the establishment of the Council for the Built Environment and matters incidental thereto.
Architectural Profession Act 44 of 2000	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Landscape Architectural Professional Act 45 of 2000	To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.
Engineering Profession of South Africa Act 46 of 2000	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.
Property Valuers Profession Act 47 of 2000	To provide for the establishment of the Council for the Property Valuers Profession and matters incidental thereto.
Project and Construction Management Profession Act 48 of 2000	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act 49 of 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.

Short Title of the Act	Purpose of the Act
Government Immovable Asset Management Act 19 of 2007	To provide for a uniform framework for the management of an immovable asset that is held or used by a national or provincial department to ensure the coordination of the use of an immovable asset with the service delivery objectives of a national or provincial department; to provide for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial department.