

Report on Evaluation of the Provision of Accommodation by the National Department of Public Works as Guided by the GIAMA ACT 19 OF 2007

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Akwethu

Engineering & Development

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public works
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Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

This report has been independently prepared by Akwethu Engineering and Development Pty LTD. The Evaluation Steering Committee was comprised of the Department of Public Works and Infrastructure, National Treasury, Department of Home Affairs and the Department of Planning, Monitoring and Evaluation. The Steering Committee oversaw the evaluation, commented and approved the reports. Committee members included Nox Chitepo, Sasa Subban, Nyeleti Makhubele, Florence Rabada, Mandla Sithole, Imtiaz Fazel, Morris, Lwazi Mahlangu, Nkosana Kubeka, Molatelo Mohwasa, Vukani Nxasana, George Tembo, Sekamotho Mthembu, Joyce Nyoka, Nkanyezi Msimango, Peter Chiapasco and Ronny Mosalo.

Submitted by: Musa Pepu

Managing Director, Akwethu Engineering and Development

Akwethu Engineering and Development
5 Pamela Place
Glenadrienne, Sandton

Tel: 011 453 0733
Fax: 086 677 87 95
Email: musap@akwethu.co.za
Web: www.akwethu.co.za

Submitted to: Nox Chitepo

Director: Evaluation

Department of Planning, Monitoring and Evaluation

Department of Planning, Monitoring and Evaluation
330 Grosvenor Road
Hatfield, Pretoria

Tel: +27 12 312 0204
Cell: +27 82 498 1354
Email: nox@dpme.gov.za
Web: www.dpme.gov.za

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Glossary

AP- Accommodation Provision
APOPS-Asset Procurement and Operationalisation Partnership Systems
APP-Annual Performance Plan
BEPs-Built Environment Professions
BMA-Border Management Authority
C-AMP-Custodian Asset Management Plan
CIDB-Construction Industry Development Board
CBE-Council for the Built Environment
DAC- Development Assistance Committee
DBE-Department of Basic Education
DEFF-Department of Environmental Affairs, Forestry and Fisheries
DHA-Department of Home Affairs
DoD-Department of Defence
DoJ-Department of Justice
DMS-Delivery Management Strategy
DPME-Department of Planning, Monitoring and Evaluation
DPSA-Department of Public Service and Administration
DPWI-Department of Public Works and Infrastructure
DRDLR-Department of Rural Development and Land Reform
FM-Facilities Management
GAAP-Generally Acceptable Accounting Practices
GIAMA-Government Immovable Asset Management Act
GPU-Government Property Unit (UK)
GPA-Government Property Agency (UK)
GTAC-Government Technical Advisory Centre
HRD-Human Resource Development
HPW-Department of Housing and Public Works (Queensland)
IA-Immovable Asset
IAM-Portfolio Inventory and Performance Analysis
IAR-Immovable Asset Register
IFM-Integrated Facilities Management
IFRIS-International Financial Reporting Standards
KAM-Key Account Management
KRA-Key Result Area
MTSF-Medium-Term Strategic Framework
NDP-National Development Plan
NIMS-National Infrastructure Maintenance Strategy
OAMF-Office Accommodation Management Framework (Queensland)
OECD-Organisation for Economic Co-operation and Development
OGP Office of Government Property (UK)
O&M-Operations and Maintenance
PFMA-Public Finance Management Act
PI-Procurement Instruction
P&L-Profit and Loss
PMTE-Property Management Trading Entity
PMP-Property Management Plan
PPM-Planned Preventive Maintenance
PPPs-. Public Private Partnerships
PSPC-Public Services and Procurement (Canada)
PSLVDC-Provincial State Land Vesting and Disposal Committee
PWGSC (Canada)
RDP-Reconstruction and Development Programme

RICS- The Royal Institution of Chartered Surveyors
RFB-Retail Property Services Branch Canada
SASSA-SA Social Security Agency
SARS-SA Revenue Service
SDA-Service Delivery Agreements
TAU-Technical Advisory Unit
TOC-Theory of Change
U-AMP-Users Asset Management Plan
UDM-User Demand Management

Executive summary

1 Introduction

Akwethu Engineering and Development was contracted by the Department of Planning, Monitoring and Evaluation (DPME) in June 2020 to conduct the evaluation of the Accommodation Provision Programme of the Department of Public Works and Infrastructure (DPWI).

The evaluation study aimed to assess the implementation of Accommodation Provision Programme (AP Programme), with specific reference to current patterns of operational performance, results (delivery), and immediate outcomes, and propose how implementation can be strengthened. DPWI is mandated to provide fit for purpose accommodation efficiently, effectively, and sustainably to the different arms of the state.

2 Background to the programme

The immovable asset portfolio under the custodianship of DPWI comprises 30 494 registered and unregistered land parcels on which 81 573 improvements (buildings and structures) are located. A deemed cost has been quantified for the entire portfolio at R127 billion as at 31 March 2019. In terms of categorisation, 59% of the portfolio comprises of buildings for specific departments' service delivery purposes (e.g. prisons, police stations, courts, etc.), 29% of structures are residential, whilst only 12% of structures are offices (DPWI 2020-2025 APP).

GIAMA defines immovable asset management as those management processes which ensure that the value of an immovable asset is optimised throughout its life cycle. The life-cycle is the period during which a custodian or user expects to derive benefits from the control or use of an immovable asset. Most importantly, the principal objective of a custodian is to provide immovable assets to users to meet their service delivery objectives. The whole life cycle approach advocates a holistic approach that should be applied throughout the asset management life cycle. Efficiency, effectiveness, value for money and surplus are key concepts. Best value for money" means the optimisation of the return on investment in respect of an immovable asset in relation to functional, financial, economic and social return, wherever possible. Surplus means that the immovable asset no longer supports the service delivery objectives of a user. Disposal means any disposal contemplated in the State Land Disposal Act, (No.48 of 1961). Disposal refers to the alienation of immovable property through either the selling, ceding, exchange or letting thereof.

The Royal Institution of Chartered Surveyors (RICS), 2008 in its asset management guidelines for the public sector refers to property management as "the activity that ensures that land and building matters are dealt with so that they operate efficiently and effectively". RICS considers asset management as a key part of business planning which connects at a strategic level, decisions about an organisation's business needs, the deployment of its assets and its future investment needs. Based on that it refers to strategic property asset management as "the process which aligns business and property strategies, ensuring the optimisation of an organisation's property assets in a way which best supports its key business goals and objectives". The South African National Treasury (2004) defines asset management as "a process of guiding the processes of acquisition up to disposal of assets, management of the related risks and costs of assets over the entire life cycle".

3 Background to the evaluation

The provision of state accommodation has experienced significant challenges ranging from high levels of unsatisfactory service provision to negative client feedback. It is in this context that the Department of Monitoring and Evaluation (DPME) and DPWI commissioned "an evaluation of the provision of accommodation as guided by the Government Immovable Asset Management Act 19 of 2007 (GIAMA)".

As previously indicated, the evaluation focuses on current patterns of operational performance, processes, results (delivery), and immediate outcomes related to accommodation provision. Focus is also on parts of GIAMA that deal with accommodation provision, in particular Sections 5, 6, 13, 14 and 19. These sections deal with the roles of users and custodians, powers and duties of the Minister, principles of immovable asset management, as well as functions of the custodian and user. Performance was assessed in line with the original programme goals, objectives and intended outcomes of the Accommodation Provision Programme.

4. Methodology

The evaluation covers accommodation provision over a five-year period; covering Financial Year 2013/14 to 2017/2018. The evaluation design process included the development of an analytical framework, which informed the information to be collected and the development of relevant data collection instruments. Information for the evaluation study was collected through the following research methods:

- a literature and document review,
- an international best practice study,
- focus interviews at head office,
- regional office group interviews,
- Key Account Managers workshops,
- case studies of selected user departments,
- user department interviews and
- stakeholder interviews with landlords and shareholder representative

Area of investigation	Method of analysis	Key result
GIAMA (Sec 5,6,13,14,19) Relevant policies and legislation	Literature and document review	<ul style="list-style-type: none"> • Legislative and policy overview
PMTE implementation approach	Document review Focus interviews at HO Regional office interviews Stakeholder interviews (users and landlords)	<ul style="list-style-type: none"> • PMTE strategy and practice focusing on , implementation, efficiency and effectiveness • Comparison study for best practice • Recommendations for improved property management and improved customer experience
Business process analysis	Business process review KAM workshop	<ul style="list-style-type: none"> • Inefficiencies identified • Recommendations to improve processes
Service delivery model	Client interviews Case studies Group discussions Workshops	<ul style="list-style-type: none"> • Stakeholder views on accommodation provision and value for money • Views on property management support and performance • Relevance and alignment to needs • User satisfaction on service quality • Recommendations for improved performance
Cost benefit analysis	Analytical review of income and expenditure	<ul style="list-style-type: none"> • Approach to quantifying value add • Sustainability model

Table 1: Elements of the evaluation framework

Data collection for the interviews and workshops was largely collected by Zoom in observance of COVID-19 protocols. The best practice component of the evaluation covered similar programmes in select countries for the purposes of extracting lessons. The choice of countries was informed by what is in place in the different countries, their approach to office accommodation provision and information accessibility. The following four were selected following discussions with DPWI: Canada, Australia (focus on Queensland) and United Kingdom and Botswana. The study concludes by proposing ways of improving performance and better utilisation of resources. Improved performance of the AP Programme is expected to improve client satisfaction and ultimately enhance their (user departments) ability to deliver services to citizens efficiently as envisaged in the Government Immovable Asset Management Act, 2007 (GIAMA). This is encapsulated in a sustainability model presented for the department to consider.

5 Key evaluation findings

The key concepts ingrained in the life cycle approach; efficiency, effectiveness, value for money and surplus do not drive the accommodation provision programme of Public Works.

There are lessons to learn from how the countries included in the evaluation study implement their accommodation provision programmes. There are similarities and differences in how the selected countries manage their portfolios. The United Kingdom uses a decentralised approach that is realising its intended benefits. Queensland has to compete with the private sector as government departments are not obliged to use its services. The United Kingdom and Botswana have established property asset management agencies to handle accommodation provision. Canada outsources maintenance to the private sector and has regional offices to oversee that. All countries have performance indicators in place to ensure that there is efficiency and effectiveness in the implementation of the accommodation provision programme. Cost containment is key to driving service delivery.

5.1 General views on service delivery

The case studies provided commonalities and threads which were echoed by user departments that participated in interviews. User departments expressed the most satisfaction where they were independent of DPW. This included SARS (SA Revenue Service), the Department of Basic Education and SAPS (South African Police Service) in the case of the police stations they manage themselves. None user departments were happy with the service that they were getting from DPW. There was a high level of frustration regarding DPWI bordering at times on suspicion. Leasing and maintenance are of major concern not only to user departments but to landlords as well. A breakdown in communication, rather than poor communication, was cited widely as an issue ranging from matters being ignored and unresolved for extended periods or escalation to DG and Ministerial level.

Regarding planning, the U-AMPs are by and large regarded as compliance documents. None of the departments reported receiving strategic portfolio management from DPWI. Where departments were looking for strategic or implementation advice, they typically went outside. Rolling condition assessment of all user assets is not done, not done jointly, not leading to joint strategy.

For some user departments the Public Works regional model does not reflect the way they (user departments) are set up. DPWI is a service department and should align its delivery to their users. Procurement is universally seen as a weakness. Almost every interviewee had advice on what could be done better within the government framework (PFMA).

Many departments claimed that the policies used by DPWI make it difficult for them as a government department to operate, impacting negatively on their service delivery. Several departments had disputes over what should be mundane activity such as billing, occupancy or the existence of buildings which have dragged on in more than one department for years and in some cases, decades. Landlords had similar concerns, including payments.

There is no portfolio assessment or lifecycle costing. It appears that a comprehensive project register such as the one the Department of Basic Education (DBE) has for projects, does not exist for DPWI. Almost all departments complained about project management taking too long and being too expensive. Activities cost too much with very little results to show. There is no value added. Several departments complained about maintenance issues dragging on unresolved for extensive periods.

Some departments are still looking to receive a better service from DPWI (e.g. DEFF) while others are intent on developing the capacity in house to enable them to take on some of the functions currently performed by the custodian. There isn't sufficient capacity in many of the user departments. Whether the service is managed in from DPWI, the CSIR, ACSA or the private sector, a user department needs the capacity to align the spatial requirements to delivery need and to manage the provider to the strategy.

5.2 Customer satisfaction

The findings indicate that no one is happy with the current level of service. From a user perspective very basic service is compromised with no adequate service level agreements. There is no annual satisfaction score by the user to assess happiness and satisfaction with quality of service, response times, and progress.

The parties do not work in concurrence; that includes customers, landlords, head office and the regions. User departments often escalate disputes to DG or Ministerial level and even then are dissatisfied with the lack of real action to resolve issues. Landlords have resorted to using the same escalation tactic. Communication has in many places broken down with phones and emails unanswered.

5.3. The business model

There doesn't seem to be a clear business model as to where DPWI makes money or adds value. There isn't a linking of the business model to priorities along the value chain. There does not seem to be a clear framework as to total cost of ownership, make or buy, acquisition or disposal, refurbishment or maintenance as well as capital and investment decisions.

The standard indicators which we would expect for each building and client are not being kept or monitored monthly. The performance of client portfolios is not being measured on a monthly basis and reported on a quarterly basis. There is no client profit and loss statement (P&L) or benefit tracker. Indicators such as surplus/deficit, return on capital, return on assets, return on investment, and amount and cost of capital raised are not being measured on a customer basis. DPWI is flying blind with regards performance and service delivery measures

5.3.1 Impact on the local economy

The impact of DPWI assets on local economies is not being measured. Anecdotal evidence is that the DPWI assets are compromising rather than enhancing neighbourhood value. The impact on the local economy is not considered when assessing the state of DPWI buildings.

5.3.2 Income and expenditure reporting

The custodian department is unable to provide reporting of income and expenditure at an asset and at a customer level. The inability to report on key variables including income and expenditure compromises the ability to put together a delivery model. A delivery model is needed for DPWI to provide accommodation effectively and efficiently and to continually improve its performance.

5.3.3 The basics of organisational management

DPWI is struggling on the basic ability to charge correctly for the space. The department is struggling to do the basic administration associated with space provision; it is struggling with providing space that is compliant with legislation, let alone fit for purpose. DPWI is unable to settle disputes amicably and within a reasonable time frame.

5.4 Core business of the custodian

Procurement is not seen as a core strength of the custodian. Clients believe that they can procure better, cheaper and safer and have supporting examples. Management of projects is not seen as a strength of DPWI. Clients believe that they can do projects, quicker better and faster. Where DPWI has gone to third party agencies, clients believe they can manage the third parties better and without an extra layer of cost.

Leasing and contracting is something DPWI is seen to do badly. Clients believe that they can do leasing and contracting better and faster than DPWI. Clients gave multiple examples of poor contracting, lack of agility and flexibility. Clients believe that they can do maintenance better, faster and cheaper than DPWI.

Managing landlords is something that DPWI is seen to do badly. Impediments are poor contracting and the inability to conclude leases. Terms and conditions in leases are not enforced. Hence, many client departments prefer to go directly to the landlord.

There is an inability to invest. DPWI is not seen to be investing with clear ROI (return on investment) measured and assessed at a regular interval. DPWI seems to work on government cash accounting and not on an investment approach.

The current systems don't offer the granularity to report accurately. DPWI does not bill at time level or even with accuracy at the level of a building. Property companies have systems that allow them to assign costs accurately down to routine maintenance. DPWI has many underutilised properties that are not disposed of.

6. Conclusion

Assessing the accommodation provision programme according to the Development Assistance Committee (DAC) criteria (efficiency, effectiveness, impact and sustainability) does not yield any positive result; all areas are of concern. This ultimately brings the sustainability of the programme into question.

To address identified challenges, a sustainability model was developed for workshopping with the department. The sustainability model provides the context for cost benefit analysis, the understanding of the causal links and some of the measures needed to provide such a service. It identifies the core skills that the department needs to excel at, the business processes to be reviewed and revised. This can only be achieved through ongoing, stable, consequential leadership. Most importantly, a new vision needs to be set out; a new organisation needs to be designed and filled; new skills, soft and hard, need to be commissioned or developed; and systems, management, financial and HR need to be developed to support that. Enhancing customer experience needs to be central to service delivery. Monitoring and evaluation needs to be strengthened to support these improvements and changes.

7. Recommendations

For PMTE to achieve sustainability, it will need to shift its focus to delivering value to its customer departments. This requires radical change in its positioning, resourcing and delivering services. Recommendations made are clustered into three key areas; Gearing up for change internally, Redesigning internal business processes, and Improving and strengthening service delivery to user departments.

Change requires full scale reengineering driven by quantifiable benefits and a value proposition which can be sold to user departments and against which they can be assessed. Documenting business processes and cleaning up the asset register are not enough.

Centralisation burdens the centre. There is a need to devolve some functions and lighten the load. This requires the custodian to build its internal capacity to provide strategic input and advice to user departments. Equally important is building the capacity of user departments to be in a position to take on the additional responsibility following devolution. This will go a long way in building the confidence of user departments in the custodian, re-establishing credibility

and ultimately enhancing customer experience.

GIAMA cannot continue to be compliance driven. With proper planning, maintenance challenges can be tackled with speed and cost effectively. Planning needs to be done jointly by the custodian and user in a manner that is coordinated and integrated.

State immovable assets are expected to contribute towards socio-economic objectives. What does not add value to the property portfolio should be disposed in line with the department's objective of increasing the number of black property owners to transform the industry.

These recommendations require that the custodian and user departments plan and work together with enforceable service level agreements in place as envisaged in GIAMA. The custodian should strive to measure client satisfaction as a way to monitor and improve service levels and meet user needs. Similarly, landlords cannot operate in isolation; terms and conditions in the lease agreements need to be enforced. SLAs and contracts should include dispute resolution clauses based on mechanisms put in place. The high number of disputes demands the establishment of a standing third party charged with the adjudication.

Such a radical shift almost certainly requires a direct report line to the Minister as envisaged previously rather than to the DG of the department. This is similar to what Social Development has with SASSA (SA Social Security Agency) and Treasury with SARS (SA Revenue Service). Consistency at political and executive level will go a long in ensuring that this transition takes place successfully and quickly.

1. Introduction

Akwethu Engineering and Development was appointed by the Department of Monitoring and Evaluation (DPME) to conduct “an evaluation of the provision of accommodation as guided by the GIAMA Act 19 of 2007”. The programme is implemented by the Department of Public Works and Infrastructure (DPWI) which is mandated to provide fit for purpose accommodation efficiently, effectively, and sustainably to the different arms of the state.

The objective of DPWI is to timeously provide and manage suitable accommodation in support of client needs to meet their service delivery objectives. The evaluation was commissioned because the provision of state accommodation has experienced significant challenges ranging from high levels of unsatisfactory service provision to negative client feedback.

1.1. Purpose of the report

This report constitutes the completion of the evaluation study and its purpose is to present the results, provide the key findings of the evaluation and outline recommendations to improve accommodation provision for government departments in South Africa. More specifically, the report presents the:

- Background to the evaluation,
- Methodology employed to undertake the evaluation;
- Overarching findings from the literature and document review;
- International best practice study of four countries with lessons for DPWI,
- Key evaluation results from the stakeholder interviews
- An overview of eight case studies,
- Key findings of the study,
- Conclusions from the evaluation;
- Sustainability model, and
- Recommendations for improving accommodation provision going forward.

Once this report is finalised, it will form the foundation for the DPWI’s improvement plan for the accommodation provision programme

1.2. Background to the intervention

Suitable accommodation is a key enabler for the successful implementation of government operations and to achieve optimal service delivery. The portfolio of assets under the custodianship of DPWI consists of significant assets with potential for a meaningful impact on the macro-economic, socio-political and physical landscape of SA. This includes total land area under the custodianship of the PMTE equal to 4.5% of the total country’s geographic land area at 5.5 million hectares.

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 strategic planning instruments, the department provides accommodation that promotes integration, accessibility, sustainability, environmental sensitivity, economic growth and social empowerment. That is the intention as outlined in the strategic plan (2014-2019) of the custodian, “the department as the custodian of a significant portion of the state’s immovable assets ensures that immovable assets that are utilised for delivering government services yield functional, economic and social benefits to the state”

In 2006, DPWI was tasked with driving the establishment of the Property Management Trading Entity (PMTE) and act as a real estate manager for the public sector, managing government’s real estate portfolio from planning to the provision of accommodation. In 2007, the Government Immovable Asset Management Act 19 (GIAMA) came into law. GIAMA serves as a uniform framework for the issuing of minimum standards in respect of immovable asset

management and maintaining an Immovable Asset Register (IAR) for national and provincial departments.

1.3. Background to the evaluation

The provision of state accommodation by DPWI has experienced significant challenges ranging from high levels of unsatisfactory service provision to negative client feedback. Users have often expressed their dissatisfaction with the provision of accommodation and response times related to maintenance of facilities further affecting productivity of the client department. There seems to be a challenge from planning of accommodation (fit for purpose or in line with the client's needs) from various stakeholders (Custodian, Users and National Treasury) and the delivery mechanism within the department that affect the provision of state accommodation.

Some government departments have opted to look for alternative accommodation solutions, putting a strain on the department in terms of managing its portfolio. These deviations are said to infringe on the mandate of the department, with user departments executing the functions of DPWI. These challenging issues prompted the evaluation of the implementation of GIAMA and the delivery mechanism of state accommodation to ensure the realisation of the broader government objectives.

1.4. Purpose of the evaluation

The purpose of the evaluation is to assess the implementation of the DPWI Accommodation Provision Programme (AP Programme), with specific reference to current patterns of operational performance, results (delivery), immediate outcomes and propose how implementation can be strengthened.

The evaluation focuses on parts of GIAMA that deal with accommodation provision, in particular Sections 5, 6, 13, 14 and 19. These sections deal with the roles of users and custodians, powers and duties of the Minister, principles of immovable asset management, as well as functions of the custodian and user.

The evaluation covers accommodation provision over a five-year period; financial years 2013/14 to 2017/2018. Included in the scope are national government departments and regional offices of Public Works and Infrastructure. The evaluation covers current users using PMTE as the implementer and those considering seeking alternative accommodation.

2. Methodology

The evaluation approach was informed by three pillars namely; 1) the evaluation context, 2) programme objectives and 3) the OECD Development Assistance Committee (DAC) criteria. The evaluation combines three areas of focus:

- **Policy fit and strategic relevance** of the accommodation programme implementation as guided by GIAMA and how the programme is perceived internally and externally
- **Programme performance** and factors affecting performance while drawing on global practice
- **Customer views on service delivery** and recommendations for improved implementation of the accommodation programme

There are five interlinked units of analysis:

- Document analysis of the PMTE approach
- Comparison study of four countries to extract best practice
- National and regional level perspective of performance including
 - a view on business process and analysis thereof
 - value adding services
- Data collected from regional offices, client departments and external stakeholders including
- Case studies of eight client departments

The results of the evaluation have previously been reported in separate documents including:

1. A literature and document review including best practice
2. Case study report
3. An interview findings report
4. Findings and recommendations report
5. A Sustainability Model for the Provision of Accommodation

While these reports do contain findings, this document looks at the findings and the recommendations of the study as a whole. The above five documents are combined into this single final report.

2.1. Evaluation Framework

This section presents the analytical framework that was used to frame the evaluation, areas of investigation, research methods and key result areas. All these aimed to guide the researchers in responding to the questions posed in the evaluation of the accommodation provision programme implemented by DPWI.

As per the following table (Table 2), the analytical framework is informed by the different areas of the investigation (evaluation). These areas as depicted below have key result areas (KRA).

Area of investigation	Method of analysis	Key result
Mandate GIAMA (Sec 5,6,13,14,19)	Document review	<ul style="list-style-type: none"> • Legislative and policy overview
PMTE implementation approach	Document review Focus interviews at HO Regional office interviews Stakeholder interviews	<ul style="list-style-type: none"> • PMTE strategy and practice focusing on implementation, efficiency and effectiveness • Comparison study for best practice • Recommendations for improved property management
Business process analysis	Business process review KAM workshop	<ul style="list-style-type: none"> • Inefficiencies identified • Improvement potential
Service delivery	Client interviews Case studies Theory of change workshop	<ul style="list-style-type: none"> • Views on accommodation and value for money • Relevance and alignment to needs • User satisfaction on service quality • Views on property management support and performance • Recommendations for improved performance ito. service delivery
Cost benefit analysis	Analytical review of income and expenditure	<ul style="list-style-type: none"> • Approach to quantifying value add • Sustainability model

Table 2: Areas of investigation, methods and key result area

Evaluation Theme	Key questions	Investigation method
Effectiveness	<ul style="list-style-type: none"> To what extent has the implementation of accommodation provision been effective in achieving its goals, objectives and intended outcomes? What monitoring is happening of compliance at present (by users, DPWI and the Accountant General)? 	<ul style="list-style-type: none"> Document review Legislative and policy overview Focus interviews at HO Regional office interviews Client department interviews
Cost effectiveness	<ul style="list-style-type: none"> How cost-effective is the portfolio management model? To what extent is the provision of accommodation underpinned by the principle of 'Value for money'? 	<ul style="list-style-type: none"> Portfolio analysis based on document review, asset register and internal interviews Client department interviews
Efficiency	<ul style="list-style-type: none"> How was the AP programme designed? To what extent are user needs being met? What has been the biggest payoff? Are the steps involved in delivering a service efficient? Are resources to achieve results used in a timely manner? Which benefits exceed their costs? How can altering current patterns of expenditure maximise efficiency? Are timeframes reasonable and adjustable to changing demands and contexts? To what extent has GIAMA's implementation been efficient, with specific reference to administration and management arrangements? 	<ul style="list-style-type: none"> Business process review KAM workshop to identify key processes and inherent inefficiencies Client department interviews DPWI interviews Stakeholder interviews Document review
Relevance	<ul style="list-style-type: none"> How does Public Works in South Africa compare with other leading countries on provision of government accommodation? Are user needs being met? 	<ul style="list-style-type: none"> Comparison study of four countries Document review Focus interviews
Sustainability	<ul style="list-style-type: none"> Mandate: How do we strengthen advocacy of GIAMA as an Act and related tools and provide support to user departments to ensure implementation? Resources: Are departments budgeting sufficiently for maintenance? Are they planning properly for the medium and long term? 	<ul style="list-style-type: none"> Analytical review of income and expenditure Client department Interviews Focus interviews
Impact	<ul style="list-style-type: none"> What are the measurable results of the implementation of the GIAMA Act and evidence of the emerging impact of the accommodation provision programme, if any on performance of departments? 	<ul style="list-style-type: none"> Case studies Client interviews

Table 3: Aligning evaluation themes and questions to methods

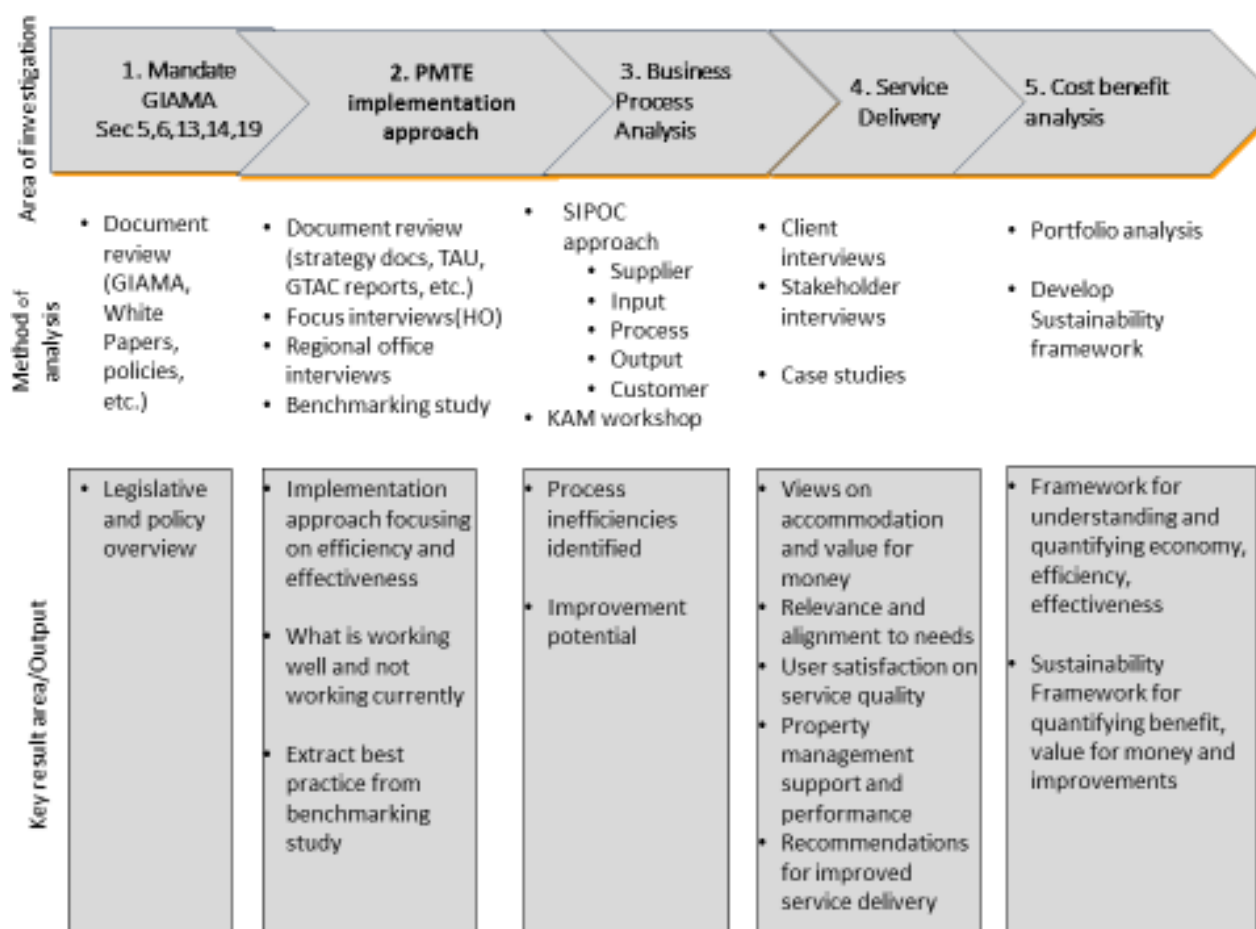


Figure 1: Evaluation framework ¹

2.2. Key evaluation questions

The evaluation is underpinned by the following key questions in line with DAC criteria:

Effectiveness:

- To what extent has the implementation of accommodation provision been effective in achieving its goals, objectives and intended outcomes?
- What monitoring is happening of compliance at present (by users, DPWI and the Accountant General)?

Cost effectiveness

- How cost-effective is the portfolio management model?
- To what extent is the provision of accommodation underpinned on the principle of 'Value for money'?

Efficiency

- How was the AP programme designed?
- To what extent are user needs being met?
- To what extent has GIAMA's implementation been efficient, with specific reference to

¹ See attached PowerPoint version for a clearer view (Annexure 2)

administration and management arrangements?

Relevance

- How does Public Works in South Africa compare with other leading countries on provision of government accommodation?

Sustainability

- Mandate: How do we strengthen advocacy of GIAMA as an Act and related tools and provide support to user departments to ensure implementation?
- Resources: Are departments budgeting sufficiently for maintenance?

Impact

- What are the measurable results of the implementation of the GIAMA Act and evidence of the emerging impact of the accommodation provision programme, if any on performance of departments?

2.3. Evaluation Methods

The study is largely qualitative with data collected mainly through Zoom interviews.

2.3.1 Data collection tools and piloting

The data collection tools were qualitative and their development was informed by the literature and document review. Tools developed for this evaluation include:

- Focus interview guideline for senior managers at head office
- Questionnaire for user departments
- Group discussion guideline for DPWI regional offices and
- Interview guide for landlords

2.3.2 Data collection methods

This evaluation drew on several data collection methods listed below and elaborated on in the remainder of this section.

- Literature and document review
- International best practice study
- Focus interviews with senior managers of DPWI based at the head office
- Group interviews with regional office managers and their senior staff
- Key informant interviews with property managers at various national departments and a limited number of landlords
- Case studies of selected user departments
- Business process review

2.3.3 The literature and document review

In conducting the literature review, the evaluation team provided the Monitoring and Evaluation with a list of the required documents to ensure that all relevant national policy documents and associated data were included. The list was informed by the Terms of Reference and the focus interviews held with the senior management team at the DPWI head office. Information obtained from this component was used to frame the evaluation within the internal context based on various programmes; and externally based on best practice. The legislative and policy review covers these documents amongst others:

- Current DPWI data on accommodation provision and annual reports focusing on current trends, quality, and implementation
- The 1997 and 1999 White Papers on Public Works
- GIAMA (The Act)
- Immovable Asset Register and Policies
- Turnaround Plan – 7 Year Turnaround plan
- National Infrastructure Management System (NIMS)

- Users Assets Management Plan (UAMP)
- Diagnostic Report by Government Technical Advisory Centre in 2012 on accommodation provision

2.3.4 International best practice study

The best practice component involved four country comparisons covering Canada, United Kingdom, Queensland in Australia and Botswana. The countries were selected in consultation with the department. The country studies focused on the portfolio, operating model, customer care approach, maintenance, sustainability, differences and similarities. The best practice study is also referred to as the benchmarking study in the document.

2.3.5 Interviews

Data collection was undertaken in three stages; targeting the DPWI national office, its regional offices, user departments and landlords. Interviews with the national office were undertaken in August 2020 while regional group discussions were undertaken between December 2020 and January 2021. There was one regional interview conducted in March. Case study and survey interviews with user departments were conducted between February and March 2021. Interviews with landlords were conducted last.

The interviews were used to provide primary data from three different perspectives; regional offices, client departments and private sector building owners from whom the department leases. Most of the interviews were conducted on Zoom because of COVID-19 protocols. The interviews aimed to provide the evaluation team with primary data from three different perspectives; regional offices, client departments and private sector building owners from whom the department leases.

All ethical considerations were observed. Participation was voluntary, no payment was made to respondents, and the purpose of the study was explained as well as how the results would be used. Anonymity and confidentiality were guaranteed and permission to conduct the interview was sought prior to interviews by a letter signed by the Acting DG, which was followed up by emails and telephone calls.

A summary of the different stakeholders that participated in the interviews is highlighted in the following table:

Focus interviews	Targeted various units internally (15)
Regional offices (DPWI)	Regional manager and senior managers (11)
User departments	21 interviews
Stakeholders	Property or Lease managers (3) and shareholder (Treasury)

Table 4: Stakeholder groups interviewed

A full list of departments that participated in the interviews is included in Annexure 4.

Focus interviews: Individual and group interviews were conducted internally with officials in various units at national level. Interviews were in the main conducted by Zoom due to COVID-19 regulations and the fact that most employees were working from different locations. Some officials self-completed the questionnaire.

The main aim of the focus interviews was to establish the context of the evaluation and to understand the various roles played by the different units. The interviews covered the following areas; views on service delivery and expectations of the project in terms of maintenance, supply chain management, processes, stakeholder roles and staff issues. Efficiency, effectiveness, impact, value for money, customer satisfaction, monitoring compliance to GIAMA, performance measurement performance. Successes and challenges of GIAMA implementation were also probed.

Internal functions covered in the preliminary include investment analysis, asset management register, user demand management, real estate services, PMTE strategic and operations support, user demand management, planning and precinct development and valuation services.

Data collection method	Respondents
Individual Zoom interviews	1) Chief Director, Investment Analysis 2) Director Investment analysis 3) Director, User Demand Management 4) Director, Architectural Services 5) Director, Planning & Precinct Development 6) Director, Valuation Services 7) Director, Real Estate Management 8) Project manager, PMTE Strategic and Operations Support 9) Chief Director, Asset Management Register 10) Director, Asset Management Register
Self-completed questionnaires (KAM/UDM)	11) Deputy Director: Key Account Management 12) Director: Key Account Management: 13) , Director: Key Account Management 14) DDG Real Estate Investment Services
Group interview Facilities management – Zoom	15) Director and Deputy Director

Table 5: National level focus interviews -

A total of 15 focus interviews were completed with internal staffers at senior management level. The interview schedule is attached at Annexure 3.1.

Regional interviews: Regions were informed of the evaluation by letter early in December 2020, followed by a telephonic brief to explain the purpose of the project and their participation. The discussion guide was piloted face to face in one region leading to some modifications. The number of participants in the regional discussions ranged from four to sixteen. Interviews were conducted by Zoom with the 11 regional offices.

Regional office	Number of participants
1. Gauteng	14
2. Kimberley	7
3. Mthatha	4
4. Durban	10
5. Port Elizabeth	6
6. Pretoria	15
7. Polokwane	3
8. Nelspruit	6
9. Bloemfontein	5
10. Cape Town	6
11. Mmabatho	8

Table 6: Regional office discussion groups

Discussions focussed on the regional portfolio, major clients and their portfolio, challenges, dealings with head office and other regional offices, GIAMA implementation and views on improving performance of the accommodation provision programme. The interview schedule is attached at Annexure 3.2.

Preference was for regional managers to be interviewed with their teams, instead of individually. Participants were comprised of senior staff from the following units; Office of the Regional Manager, Real Estate Management, Facilities Management, Finance & Supply Chain Management and Project Management. The Mmabatho (2) and Cape Town (3) regional offices also provided written responses in addition to the group discussions.

User department interviews: A total of 37 departments were invited to participate in the study. The questionnaire was administered through Zoom or face to face as preferred by the client. The questionnaire has a customer focus, includes quantitative and qualitative questions and covers the following areas (See Annexure 3.3). This competent is referred to as the survey.

- Background information
- Dealings with DPWI
- Property management
- Accommodation provision
- Planning
- Acquisition
- Leasing and contracting
- Funding and rates
- Custodian/user roles and responsibilities
- User needs and AMPS
- Maintenance
- Condition assessments
- Views on staffing at the department
- Views on leadership changes
- Communication and engagement
- Improving service delivery

1. Department of Employment and Labour	2. Department of Social Development
3. Department of Health	4. National School of Government
5. Department of Higher Education and Training	6. Department of Women, Youth and People with Disabilities
7. Department of Small Business Development	8. Public Service Commission
9. Statistics South Africa	10. Government Communication Service
11. Department Tourism	12. Department of Science and Innovation
13. Department of Agriculture, Rural Development and Land Reform	14. Department of Public Service Administration
15. Cooperative Governance and Traditional Affairs	16. Department of Public Enterprises
17. Department of Sports, Arts and Culture	18. Department of Transport
19. Department of International Relations and Cooperation	20. Police Secretariat
21. Department of Trade, Industry and Competition	

Table 7: Departments included in the survey

Stakeholder interviews

Provision was made to interview five stakeholders in the private sector from whom government leases office buildings. The list included large players and smaller ones. In the end, three landlords participated in the interviews. The stakeholder questionnaire covered several dimensions as follows (Annexure 3.4):

- Background
- Portfolio
- Managing the government portfolio
- General feedback
- Contracting
- Services provided including maintenance
- Rates charges
- Provider/Customer interface
- Challenges
- Addressing challenges
- Recommendations to improve service delivery

2.3.6 Case studies

The case studies aimed to obtain a detailed view of the user department's experience of services offered by the custodian. Eight departments were included as case studies.

The same guide used for the user departments' interviews was adopted to guide case study discussions. However, the case study interviews were detailed and involved more participants while survey interviews primarily targeted the individual responsible for property and facilities management. Property managers were at liberty to invite others within their unit.

On average the case study interviews lasted three hours and in some instances involved more than one interview. The survey interviews were shorter, lasting about two hours and had fewer respondents.

User Department	Date	Respondents
1. SARS (2 interviews)	9 Dec 5 Jan Zoom	Two interviews at national office Property management executive and Facilities management executive
2. Defence (3 interviews) Face to face	8 Feb 15 Feb -2	Three interviews – National office Brigadier, Major General, Lt Colonel and team
3. SAPS (1 interview) Face to Face	9 Feb	One interview at National office Major General, Brigadier and two supporting officials.
4. Justice & Constitutional Development (1 interview)	12 Feb Zoom	Six participants - National office Property and facilities management staff
5. Border Management Authority (1 interview)	15 Feb Zoom	16 participants Representation: DoH, DHA, DPW, SAPS, Agriculture, Land Affairs and Rural Development
6. Home Affairs (1 interview)	16 Feb Zoom	National and regional offices
7. Environment, Forestry & Fisheries (1 interview)	18 Feb Zoom	One participant, Chief Director
8. DBE (1 interview)	3 Mar Zoom	Two participants, Director and Branch Coordinator

Table 8: Case study interviews**2.3.7 Business process review**

The purpose of the business process review was to look at key processes and to understand if there are interfaces, handovers that are ineffective which in practice impact on responsiveness, quality and cost. This evaluation looks at the economy, efficiency and effectiveness of accommodation provision.

The DPWI operating model is currently being overhauled as part of a comprehensive three year project. The operating model review has identified hundreds of processes and is systematically working through them with a view to documenting them and later integrating into the proposed IT system. In this, it has a different purpose; the purpose here is to understand if, as reported in the interviews, there is a link between the DPWI processes, service delivery and sustainability.

The steps taken are as follows:

- Workshop with the KAMs to understand the process which are most frequent, most expensive, have the biggest impact on client relations, and which might contribute to inefficiency, cost or delay.
- Identify actual examples of recently processes which are either underway or recently completed
- For the selected process/processes identify the supplier to the process, the customer of the process and the process owners
- Identify the start and the finish of the process
- Step the process through with the process owners examining the sources of inefficiency and delay
- Provide feedback on the result to the KAMs to understand the impact on economy, efficiency, effectiveness and service

We use a SIPOC approach which looks at suppliers and inputs to the process, the process steps themselves and the outputs and customers of the process.

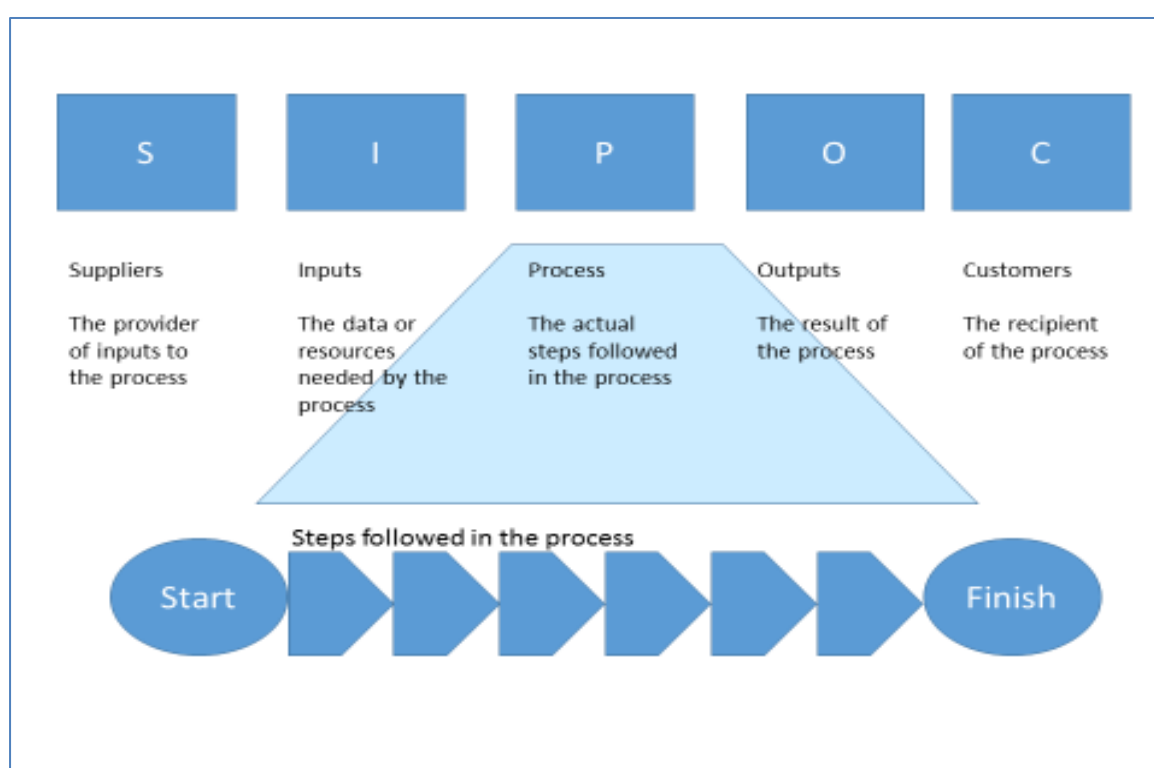


Figure 2: SIPOC approach for business process review

2.4 Challenges with data collection

In the main the challenges related to communication especially the delay in informing various participants of the evaluation. Case study respondents were formally informed of the evaluation in December 2020 and the majority (survey respondents) only in February 2021. With the survey letters dispatched only in February, departments took issue with how their participation in the evaluation was solicited and the haste with which appointments had to be set. Departments complained there was no indication of how the results would be used, how departments would receive feedback on the findings and how Public Works intended to improve service delivery. Several felt they were being coerced to participate in a process they were not informed of previously even though many communication channels exist such as the monthly forum meetings.

Communication delays impacted on the time it took to secure appointments as the researchers had to send emails, follow up by telephone and send text messages to elicit a response. The delay in informing the participants and the manner of communication impacted negatively on the time set for data collection and resulted in adjusting the project plan by one month.

Clear communication is required to ensure voluntary participation of user departments. The communication needs to provide sufficient information and make use of existing channels well in advance of the data collection process. Letters should be used as part of the communication chain to alert the departments and regions that data collection is about to begin and seek their participation. Findings of the evaluation and the recommended actions should be communicated back with the report easily accessible to all participants.

Improved communication is a prerequisite for establishing a conducive environment for a structured approach to collaborating with user departments, improving service delivery and building belief and trust that DPWI genuinely wants to improve its service offering and the satisfaction of its customers.

2.5 Limitations of the evaluation

It is standard to include a Theory of Change review in evaluations of government programmes. It is also important to consider the reasons of conducting such a review. A Theory of Change presents assumptions about how changes are expected to happen within a particular context and in relation to a particular intervention. In this case, the design of the accommodation provision programme has many gaps that need to be closed before any discussions on desired change can be started. It is within this context that the sustainability model which links the three key outcomes of the department (namely the financial sustainability of DPWI itself, the economic values from a user and citizen perspective and the enhancement that government assets add to the neighbourhood) with the outputs, activities and inputs of DPWI was chosen as an alternative. In addition to linking inputs and activity to outcomes, a sustainability model also provides indicators at each process step for best practice and benchmarking as well as a framework for cost benefit analysis.

The analytical review of income and expenditure could not be conducted due to lack of income and expenditure information for the period under review.

Capacity building objectives were not realised due to the difficulty of arranging workshops and to properly induct the identified staff members on the evaluation study. The plan was to conduct workshops with the identified DPWI staff members with an interest in research and evaluation. Those participating would also support data collection activities for the case studies. Due to COVID-19 restrictions the workshops and subsequent data collection could not take place.

3. Literature and document review

The document review begins by providing the legislative framework focusing on the White Papers and GIAMA, and proceeds to contextualise policies, strategic plans, performance plans, previous assessments, cabinet letters and memos relevant to accommodation provision. Reference is also made to external literature. Internal documents covered in this review include (see Annexure A for a full list):

- The 1997 and 1999 White Papers on Public Works
- GIAMA (The Act, 2007)
- GIAMA (The Policy, 2005)
- Immovable Asset Register and Policy (PMTE)
- Turnaround Plan – 7 Year Turnaround plan
- National Infrastructure Management Strategy (NIMS)
- Users Asset Management Plan (U-AMP)
- Custodian Asset Management Plan (C-AMP)
- Diagnostic Report by the Government Technical Advisory Centre (2012) on accommodation provision
- Deloitte Report on leases of 2013/14
- Departmental data: Reports on accommodation provision, presentations to meetings and parliamentary committee, strategic plans, annual reports, performance plans (APP) focusing on trends, implementation, and challenges
- DPWI Asset Lifecycle Management Methodology Operating Model
- Maintenance Challenges and Interventions, 2017

3.1 Legislative and policy framework

As evidenced in the review presented, South Africa has a well-documented legislative and institutional framework for managing public assets. However, implementation challenges have prevented the full realisation of the set objectives, with many instances pointing to a compliance driven approach rather than a strategic and value driven one.

The legislative mandate of DPWI is based on Schedule 4 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The mandate of the department is primarily governed by the Government Immovable Asset Management Act, 2007. This Act aims to ensure efficient and effective immovable asset management in national and provincial government to improve service delivery. Through GIAMA, the department is mandated as the custodian and portfolio manager of a significant portion of the national government's immovable assets. This includes the provision of accommodation; rendering expert built environment services to user departments at national government level and the planning, acquisition, management and disposal of immovable assets under its custodianship.

A review of the two White Papers reveals that the 1997 one had an internal focus while the 1999 paper focused on transforming the construction industry and setting the necessary regulatory agencies.

The department regulates the construction and property industries through a range of legislative instruments, including the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000), the Council for the Built Environment Act (Act No. 43 of 2000) and the six Professional Council Acts that regulate the six Built Environment Professions (BEPs).

The 1997 White Paper titled “Towards the 21st century” articulates DPW's mandate within the context of the Reconstruction and Development Programme (RDP), while the 1999 White Paper reflects government's vision for the construction industry within the RDP context and the future. The 1997 White Paper points out the challenges the DPW faced at the time and sets policy priorities for the department to transform itself and ultimately how it does business

with the aim of improving efficiencies and serving client departments better. The 1999 White Paper focused on creating an enabling environment for the construction industry to contribute strategically to social development and growth objectives of the country, enhancing industry performance, and building capacity. It resulted in the formation of several industry bodies that regulate the construction industry.

The department has been undertaking a review of the two White Papers for a number of years with the ultimate goal of promulgating a single comprehensive Public Works Act that would define and strengthen the department's regulatory role in a developmental state and to reinforce the department's mandate in driving transformation in the construction and property sectors (Parliamentary briefing, . 27 February 2018 <https://pmg.org.za/committee-meeting/25852/>. Accessed 1 Sept 2020). The review of the White Papers would also assess progress and achievements; identify gaps and challenges encountered during implementation, and provide recommendations to address the challenges; and clarify the national department's mandate and oversight of the provincial departments of Public Works, particularly because of the concurrent nature of the public works function, reflected in Schedule 4, Part A of the Constitution (Parliamentary briefing 31012017. <https://pmg.org.za/committee-meeting/23884/>). With the requisite team skills in place, the project should see accelerated delivery.

The White Paper review emanates from a 2014/15 Ministerial policy statement calling for “a thorough policy review resulting in a Public Works Act that would help clarify and refresh the mandate of the DPW”. Of direct relevance to this evaluation study is the thematic area that relates to Immovable Asset Management encompassing Investment Management, Property Management and Facilities Management. Consideration was to be given to models where the department would focus primarily on the setting of standards, best practice guidelines and monitoring and evaluation, whilst devolving more responsibilities in the execution of certain projects to selected departments. This policy statement was further boldened and prioritised in the 2014-2019 Strategic Plan with the review intent on the following:

- To define the department's role in a developmental State (through promulgation of a Public Works Act).
- To reinforce DPW's role in driving transformation in the construction and property sectors.
- To review and update policy goals and approaches to address current events within the context of the local and global construction and property sectors.

3.1.1 White Paper, 1997

The 1997 White Paper set out a strategic policy framework that provided a context for future and, more detailed policies of the department. Of the four areas covered, our focus is on property investment and property maintenance to the exclusion of other public works programmes and project management. The selected focus areas are aligned and of direct relevant to accommodation provision by DPWI.

The objective of the **White Paper 1997, Public Works towards the 21st Century** aimed to support SA broader socio economic agenda and was reflected as follows;

“This White Paper reflects DPW's intention to establish a durable strategy that not only sets out key departmental programmes for the next few years, but that demonstrates how South Africa's broader socio-economic objectives will be met in part through expanded investments in public works and dynamic changes in DPW's approach to:

- public works programmes;
- property investments;
- property and facilities management; and
- project management.

Consequently, the department's core functions were restructured to respond appropriately to government's service delivery mandate with a focus on property advisory services, property

development, property management and the national public works programme. The Paper envisaged a new way of operating based on international practice and this called for a fundamental departure from past practices in divisions responsible for "property holdings" and "property and facilities management (Section 2.1.2).

The acquisition of new property would be based on appropriate financial analysis, incorporating transparent calculations of direct and indirect social costs and benefits. These factors include job-creation, human resources development; redistribution of income, support for SMMEs, cooperatives and NGOs; labour-intensity methods for workers and community participation and control for beneficiaries; promotion of employment equity and affirmative action; environmental protection; energy conservation; better access to buildings for disabled South Africans, along lines suggested in the Integrated National Disability Strategy; and increased (appropriate) public access to South Africa's natural and built heritage (Section 2.14). Policy would be developed in partnership with provinces through consensus at established fora like MINMEC.

Meeting socio economic objectives: The manner in which the department addresses socio-economic objectives is reflected in the operational aspects of the department's key functions according to the White Paper:

- a. delivery of services and construction of facilities;
- b. providing an enabling environment that allows the construction industry to also realise socio-economic objectives; ensuring that such objectives are pursued in the Community Based Public Works Programme;
- c. maintenance and facilities management.

In line with the focus of the assignment, we reviewed sections related to (a) and (c). Delivery of services and construction of facilities focuses on training, making optimal use of local resources, promoting entrepreneurship, as well as capacity building for SMMEs, NGOs and cooperatives. Facilities management would prioritise labour intensive methods and alternative methods of delivery. Again, small enterprises would be given priority in undertaking the maintenance. Such contractors would receive the necessary support to enable their participation. While the Paper noted the skills deficit externally, it failed to recognise the same internally.

The Department of Public Works Property Advisory Services Division notes that investment decision-making includes establishing a strategy; establishing inputs, output and outcomes; establishing returns/risk objectives; forecasting expected costs and returns (financial and social); assessing investment risk and sensitivity; making risk-adjusted evaluations of the forecasted costs and returns, educating and communicating with the client; implementing accepted proposals; and auditing performance. In carrying these out, the DPW's property investment objectives are outlined in Chapter 4 of the White Paper as follows:

- to protect and enhance the state's resources through prudent acquisition, development, hiring and disposal of immovable property;
- to ensure that government's key socio-economic objectives are factored into property investment decisions: to make property investment decisions in a manner that is consistent with effective and efficient governance;
- to make property investment decisions in a manner that is consistent with effective and efficient governance;
- to effectively and efficiently meet the present and planned accommodation needs of client departments;
- to effectively and efficiently meet the present and planned accommodation needs of client departments;
- to provide sufficient, suitable land to various user departments tasked with meeting key developmental and transformational objectives of government;

- to manage the portfolio in a manner that contributes to the overall fiscal priorities of government; and
- to implement a "social and economic auditing" function by assessing the overall socio-economic impact of investment decisions.

Challenges: The White Paper notes some of the challenges including a backlog in infrastructure of at least R170 billion, and that innovative financial strategies and careful prioritisation would be needed if sufficient progress is to be made. This strategy envisaged a substantial acceleration in government investment spending, together with improved maintenance and operation of public assets (Section 1.1.10).

On the property investment side, the White Paper acknowledged the following: lack of guidelines for investment, fragmentation of the state's portfolio, the size of the portfolio, inefficiencies in the public works portfolio, lack of information management system, inadequate skills, and lack of accountability by client departments.

Lack of accountability was ascribed to the fact that departments were not paying rent which resulted in underutilisation of space and inadequate care of the asset. Adequate financial mechanisms to ensure financial discipline were lacking and client departments failed to communicate their needs properly. The absence of the MIS posed serious challenges with data described as incomplete, lacking integrity and strewn several asset registers. This deficiency in systems hindered decision making. Client dissatisfaction which resulted in negative feedback was also noted.

Challenges specific to facilities management included a maintenance backlog and inefficient management and administration systems for leaseholds which was said to be grossly inefficient and bordering on negligence. Leases were left to expire without renewal for years making it difficult for the department to negotiate favourable terms.

Key policy interventions: To address these challenges, a set of policies for fixed property investment decisions were proposed to ensure that the provision on accommodation to government departments was informed by broader policies of government and that internal functions were aligned and responsive to the macroeconomic objectives. These included amongst others, the incorporation of socio economic development objectives in making investment decisions, creating employment and enhancing human resource development in the property sector, restructuring the department to meet the new transformational mandate, maximising returns and optimising the utilisation of assets in the current portfolio and acquisitions, and establishing an MIS and asset register.

For investment analysis, tools, mechanisms and guidelines were to be developed to ensure maximisation of returns and optimal utilisation of property. These were to include market related valuations, investment or feasibility analyses, life-cycle costing and value engineering. Such analytical tools would be utilised in all development, expropriation, acquisition, upgrading, maintenance, disposal and property leasing decisions. Investment analysis tools were at the time, being designed to take into account the functions of different property types, including specialist properties like police stations, jails and military installations, as well as market-related office buildings, etc. (Sec 4.5.6).

The department would operate differently; investigating a range of implementation models, investment (buying, developing, and leasing) and disposal decisions in a manner that increased the participation by black men and women in the property industry, apply innovation and best practice in servicing clients, be flexible in portfolio development, form public private partnerships and develop policy for government. Alternatives included establishing state owned special purpose vehicles; internal departmental implementation; public-private partnerships such as Asset Procurement and Operationalisation Partnership Systems (APOPS); joint ventures; and commercialisation (Sec 4.5.11).

In developing a uniform government-wide policy for SA, the department needed to establish a

property investment policy that would include the entire state portfolio irrespective of where it was housed (all tiers of government, parastatals). This would be comprehensive to cover principles, procedures and criteria for all users and would result in eliminating duplications and inefficiencies, cut bureaucracy and streamline procedures (Sec 7.1.3). The Property Advisory Services Division was envisaged to serve as a single point of reference for property investment decisions (Sec 4.5.14). The White Paper advocated for a **deep understanding of user needs** and consultation before taking investment decisions.

The White Paper noted that the envisaged transformation would require change in the structure itself; the DPW needed a new organisational structure appropriately staffed with the requisite skills. From the various reports and interviews, it appears the department is still experiencing challenges in this regard.

The establishment of an MIS and asset register were deemed necessary to provide timely and accurate information. Regarding flexibility in portfolio management, the idea was to encourage the use of flexible patterns in building design for multiple use. Frameworks for spatial planning, maintenance guidelines as well as space norms and standards have been revised. The extent to which these are adhered to currently is a concern within the department.

Partnerships with the private sector would for instance enable SA's integration into the global economy, foster greater competitiveness and "creative cooperation" within the property industry (Sec 4.5.9). PPPs would not be entered into solely for financial gain but for broader social returns on property. Regarding innovation and best practice, the department needed to apply these considerations to investment decisions: scientifically based investment analysis; space planning; flexibility of use; life cycle costing; value engineering; cost benefit/ analysis; quality, space and cost norms; highest and best use; and bench marking to international best practice (Sec 4.5.10).

Gradually, there would be devolution of responsibilities with user departments taking over financial responsibility for capital costs and management of accommodation paying their own capital costs, rent and maintenance fees. The White Paper saw this as a way of improving space utilisation by addressing the tendency for departments to make unrealistically expensive accommodation requests. In return, the custodian department would charge for rent and maintenance; fees for services; provide incentives for effective space utilisation; and/or eventual choice of service provider (Sec 4.5.16). The DPW had suggested that the devolution of accommodation budgets take place from the 1998/1999 financial year with the proviso that client departments be obliged to purchase property and facilities management services from DPW for a further three years (Sec 5.4.10). From 2002/2003 FY, clients would then be at liberty to source property and facilities management services from the most appropriate service provider; be it private or public (Sec 5.4.10). This view is not fully supported by the custodian department with some seeing this as having the potential to erode the mandate of the custodian. As it will become evident in the best practice study, in Queensland, the government property management company has to compete for government business.

Certain institutional arrangements needed to be in place for successful implementation. These included a review and amendment of legislation to eliminate duplications and increase efficiency, review of organisational support mechanisms such as staff capacity, systems, and structure as well as client knowledge in order to provide a better service to user departments and achieve the objectives of the White Paper (Sec 4.6.). Also key to this process was the enhancement of performance measurement within DPW with property investment analysis later becoming a stand-alone cost centre, maintaining relationships with all tiers of government and other departments, being aware of the implication of other departments' policies and operations on accommodation requirements. The relationships had to extend beyond government to include other players in the property industry. However, the White Paper narrowly limited to major property players for the purpose of sharing information, for developing the property industry and enhancing HRD capacity in training institutions. A lot has

changed since 1997 and external engagements to enhance investment analysis would need to be much wider to include small industry players, NGOs, international property groups and the academic sector.

Interventions specific to property and facilities management included restructuring the Property and Facilities Management Division that would see a clear delineation of roles and responsibilities at head office and regional offices, staffing the regional offices with portfolio managers, property managers and building supervisors, categorising the property assets by type (police stations, military bases, etc.), and multi-year budgets for individual properties.

On the information side, the system would have two broad categories for each property; functional and management information. The comprehensive plan to address the maintenance backlog needed to ensure the participation of small enterprises as well as NGOs and cooperatives. Cleaning and maintenance units within DPW were to be transformed into business units and in the end commercialised. Budgetary reform service level agreements and the principle of user charges for maintenance would be phased in. The decentralisation of property and facilities management to regional offices was undertaken to ensure better client focus.

3.1.2 White Paper 1999

The department's 1999 White Paper "Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry" reflects government's vision for an enabling strategy aimed at enhanced delivery, greater stability, improved industry performance, value for money and growth of the emerging sector in the construction industry.

Similar to the earlier paper, the 1999 White Paper also reflects government's commitment to the objectives of development, growth and the democratisation of society; as well as the vision of a construction industry policy and strategies that promotes stability, fosters economic growth and competitiveness, creates sustainable employment, and addresses historic imbalances as it generates new capacity for industry development.

The White Paper recognised that (a) there was no recognised national agency capable of coordinating the development and implementation of measures to promote best practice in the construction sector; and (b) measures to enforce compliance with minimum standards in the sector were inadequate. The White Paper recommended that a "Construction Industry Development Board" be established to:

- advise on policy and existing/proposed legislation;
- implement programmes to address the volatility of demand;
- improve construction industry performance;
- develop the capacity of the emerging sector;
- promote a streamlined regulatory framework;
- enhance government's capacity to manage delivery; and
- support and champion enabling environment programmes.

Further, the 1999 White Paper recognised the need for co-ordinated interaction among three parties; government, professional bodies and the contracting sector to ensure the appropriate development of all built environment professionals; and greater synergy in the training of such professionals to meet public sector objectives, industry needs and the promotion of existing and new professions. The White Paper thus called for the establishment of an overarching "Council of the Built Environment Professions". To that end, the 1999 White Paper gave rise to the enactment of the following:

- Construction Industry Development Board (CIDB) Act, 2000;
- Council for the Built Environment (CBE) Act, 2000,
- Built Environment Professions Architectural Profession Act, 2000,
- Engineering Profession Act, 2000,

- Landscape Architectural Profession Act, 2000;
- Project and Construction Management Professions Act, 2000;
- Property Valuers Profession Act, 2000; and
- Quantity Surveying Profession Act, 2000.

This was followed by establishment of the CIDB, the CBE and the Councils of the six Built Environment Professions.

3.1.3 GIAMA 2007

The 1997 White Paper paved the way for GIAMA which applies to organs of the state. GIAMA emanates from the GIAMA Policy of 2005 which aimed to establish a unified vision for the management of government-owned immovable assets. This Act provides 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 best practice guidelines and minimum standards in respect of immovable asset management by a national or provincial department.

Specifically, the Act aims to promote accountability and transparency within government and ensure effective immovable asset management within government (Section 3). Section 3 calls for optimising service delivery by:

- ensuring accountability for capital and recurrent works;
- the acquisition, re-use and disposal of immovable assets;
- the maintenance of existing immovable assets;
- protecting the environment and cultural and historic heritage; and
- improving health and safety in the working environment

As specified in the Terms of Reference of this evaluation study, the focus is on Sections 5, 6, 13, 14 and 19. Section 5 provides the principles of immovable asset management while the following section addresses the management plan associated with immovable assets. Section 13 and 14 articulate the functions of the custodian and accounting officer of the custodian and those of the accounting officer of the user respectively. Powers and duties of the Minister are contained in Section 19.

The Act clarifies the asset management principles to be used and the roles of users and custodians, ensures that an effective asset management system is in place and optimises the cost of service delivery by making sure that there are accountability measures in place and that there is better functional usage of assets, that assets are properly maintained. It imposes an accountability duty on those officers who are accountable and enables the Minister to make regulations.

In Section 4, GIAMA assigns functional responsibility to DPW in relation to its role as custodian of certain immovable assets within the national sphere of government, whilst the functional responsibility of the provinces is in relation to their role as custodians of immovable assets within the provincial sphere of government. GIAMA empowers the Minister to issue standards to facilitate benchmarking, condition assessment and performance measurement of immovable assets. Issuing standards does not oblige provinces to report on their progress or to provide the Minister with information as and when required. GIAMA empowers the Minister to implement government programmes that give effect to proper immovable asset management. Though not pertinent to the evaluation, these strategic and operational issues encountered within the public works functional area of concurrent legislative competence, have been flagged as of concern to implementation and are to be addressed in the “Public Works Bill” as the department seeks to strengthen the Minister’s position in this regard (Parliamentary Briefing 31012017, Fatyela presentation).

Section 5 covers the principles of immovable asset management: (a) An immovable asset

must be used **efficiently and becomes surplus** to a user if it does not support its service delivery objectives at an efficient level and if it cannot be upgraded to that level; (b) to minimise the demand for immovable assets, alternative service delivery methods that do not require immovable assets must be identified and considered; (c) in relation to an acquisition, it must be considered whether—

- a non-immovable asset solution is viable;
- an immovable asset currently used by the state is adequate to meet a change in its service delivery objectives; and
- the cost of the immovable asset as well as operational and maintenance cost throughout its life cycle justifies its acquisition in relation to the cost of the service

(d) immovable assets that are currently used must be kept **operational** to function in a manner that supports **efficient service delivery**; (e) when an immovable asset is acquired or disposed of **best value for money** must be realised; (f) in relation to a disposal, the custodian must consider whether the immovable asset concerned can be used (i) by another user or jointly by different users; (ii) in relation to social development initiatives of government; and (iii) in relation to government's socio-economic objectives, including land reform, black economic empowerment, alleviation of poverty, job creation and the redistribution of wealth. The Minister is given the power to gazette additional principles.

Section 6 deals with the immovable asset management plan which must be prepared by the accounting officer of the custodian for the immovable assets which are in its custody (custodian immovable asset management plan), and a user immovable asset management plan for immovable assets which the custodian uses or intends to use in support of its own service delivery objectives. The latter is required of all users. Further, the prepared plans need to be aligned to the objects (Sec 3) of GIAMA Act; associated principles (Sec 5), regulations (Sec 20) and standards (Sec 19).

Section 13 articulates custodian functions and those of the accounting officer of the custodian. The accounting officer of a custodian must, for all immovable assets for which that custodian is responsible— (a) compile custodian immovable asset management plan in accordance with the minimum standards in Section 7, and with due regard to the user immovable asset management plans submitted in terms of Section 9, that forms part of the strategic plan of that custodian and (b) submit it to Treasury as part of its strategic plan; (c) advise the relevant Treasury on the immovable asset management plans of users; (d) ensure that all activities that are associated with common law ownership are executed, including— (i) managing an immovable asset throughout its life cycle; (ii) assessing the performance of the immovable asset; (iii) assessing the condition of the immovable asset at least every fifth year; (iv) identifying the effect of the condition of an immovable asset on service delivery ability; (v) determining the maintenance required to return the immovable asset to the state in which it would provide the most effective service; (vi) estimating the cost of the maintenance activities identified; (e) establish and execute a performance measurement system as prescribed.

The accounting officer of a custodian must assist a user by making available information pertaining to an immovable asset used by that user as well as suitable alternatives, including analysing that information in a manner that would enable the user to make informed and effective decisions on the use and management of that immovable asset. A custodian may dispose of a surplus immovable asset— (a) by the allocation of that immovable asset to another user; or (b) subject to the State Land Disposal Act, 1961 (Act No. 48 of 1961), and any provincial land administration law, by the sale, lease, exchange or donation of that immovable asset or the surrender of a lease.

Functions of the accounting officer of the user are articulated in **Section 14**. (1) The accounting officer of a user or custodian in its capacity as a user must, for all the immovable assets that it uses or intends to use— (a) compile, in accordance with minimum contents of

the immovable asset management plan a user asset management plan that will form part of the strategic plan of that user; (b) jointly conduct the immovable asset strategic planning process with the relevant custodian; (c) submit its user immovable asset management plan to the relevant treasury and (d) submit a copy of the user immovable asset management plan to the relevant custodian; and (e) establish and execute a performance measurement system as prescribed. (2) The accounting officer of a user must surrender a surplus immovable asset under its control to the relevant custodian.

Section 19 deals with the powers and duties of the Minister who may in respect of assets that vest in the national government, by notice in the Gazette and with the concurrence of the Minister of Finance and the Minister for the Public Service and Administration, and in consultation with the relevant organ of state, designate that organ of state as the custodian of that immovable asset; (b) must provide guidelines for the management of immovable assets to be incorporated into the asset management guidelines issued by National Treasury in terms of the PFMA; (c) may, by notice in the Gazette, issue standards to facilitate benchmarking, condition assessment and performance measurement by determining, amongst others— (i) requirements in relation to cost and space; (ii) how the total and true cost of an immovable asset is reflected in a transparent fashion, including all expenditure in respect of property rates and municipal service charges; and (iii) the minimum information required to manage an immovable asset.

The Minister may prescribe minimum requirements in relation to, amongst others— (a) the content and format of and processes required to compile an immovable asset management plan; (b) the management of an immovable asset throughout its life cycle; and (c) portfolio management by a custodian. (3) The Minister may implement government programmes which are necessary to give effect to immovable asset management.

3.2 Alignment to national planning frameworks

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 other legacies of apartheid and discrimination. A few instruments are available to facilitate that.

The National Development Plan (NDP) contains proposals for tackling the problems of poverty, inequality and unemployment 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. The NDP refers to a more efficient and competitive infrastructure, to facilitate economic activity that is conducive to growth and job creation.

This evaluation is most aligned to Outcome 6 and Outcome 12 of the NDP. In its planning, the department paid attention to four sector outcomes articulated in the NDP (DPW Strategic Plan 2014-2019, p.16):

- 1. Decent employment through inclusive economic growth (Outcome 4),
- 2. Efficient, competitive and responsive economic infrastructure network (Outcome 6),
- 3. Comprehensive rural development (Outcome 7) and
- 4. Efficient, effective and development orientated public service (Outcome 12)

Amongst the nine critical challenges identified in the NDP, of particular relevance to the department are these five (DPW Strategic Plan, 2014/15):

1. Too few people work,
2. Infrastructure is poorly located, inadequate and under-maintained,
3. Spatial divides hobble inclusive development,
4. Public services are uneven and often of poor quality, and
5. Corruption levels are high.

In response to some of these challenges, 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 was followed by the National Infrastructure Management Strategy (NIMS) which is a framework for a co-ordinated programme of action to realise government's vision of delivering infrastructure services to all by all spheres of the government. Public Works is the main contributor to the achievement of this objective of NIMS through its various programmes.

The Medium-Term Strategic Framework (MTSF, 2014 - 2019) builds on the successes of the previous 20 years of democracy and serves as 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. The MTSF puts emphasis on sustainable job creation and investment in quality education and skills development to achieve economic growth and development.

Infrastructure provision is often seen as a means to achieve economic growth, create jobs and widen access to previously disadvantaged communities. Similarly, maintenance of existing infrastructure is seen as a tool to ensure that gains made by provision are not eroded. This requires appropriate planning, staff and budgets to maintain the operation of the asset (Wall, K, Progress with the National Infrastructure Maintenance Strategy). Thus, NIMS is one of the instruments aimed at achieving the infrastructure objectives articulated in the NDP, MTSF and GIAMA. It was developed as an overarching policy for sector wide initiatives that address maintenance challenges.

According to NIMS all spheres of government face the challenge of operations management and maintaining old and new infrastructure. Others include budgeting for maintenance and identified the shortage of skills that have a detriment effect on service delivery. Poor budget planning had also contributed to the increase of the maintenance backlog.

There are different categories of maintenance. NIMS defines **backlog maintenance** as "Any maintenance that should have been done during the previous maintenance cycles but was deferred, cancelled or not done as a result of a lack of funds or other reasons". **Preventive maintenance** is defined as the "actions performed to retain an asset in its required condition standard and to prevent failure by providing systematic inspection and monitoring to detect and prevent incipient deterioration or failure and includes testing to confirm correct operation". Others, (Hauer, J., Bombach, V., Mohr, C., Masse, A. 2000 In Ngobeni) define preventive maintenance as "a regular scheduled repair and maintenance needed to keep building components operational. **Emergency maintenance** pertains to actions performed to retain an asset in its required condition standard and to prevent failure by attending to emergency breakdowns of items with the building property fabric and it is conduct on ad-hoc basis. The occurrence of emergencies depends on the quality of the preventive maintenance, meaning the poor the preventive maintenance is, the higher the call for emergency interventions.

There are seven best practices for successful preventive maintenance. They are 1) inventory building components and assess their conditions, 2) build the capacity for ranking maintenance projects and evaluating their costs, 3) plan strategically for preventive maintenance in the long and short-term, 4) structure a framework for operating a preventive maintenance programme, 5) use tools to optimise the preventive maintenance programme, 6) enhance the competence of maintenance workers and 7) managers to involve appropriate maintenance personnel in decision making and in communicating building needs (Hauer, J., Bombach, V., Mohr, C., Masse, A. 2000 in Ngobeni). One underlying requirement is an asset register down to component and subcomponent level. The maintenance is influenced by various factors, like the age of building, labour sources, and the type of building. McDougall & Hinks (2003 in Ngobeni) advocate for models that integrate building performance into asset management and into budgeting of management and maintenance activities.

Building age is examined by analysing annual maintenance costs according to the life cycle of building components (Building Services Component, 2002 in Ngobeni). The annual

expenditure is determined by using the predicted costs for ongoing maintenance of various components of the building and for the replacement of components at the end of their life cycle (Jashpara, 2000 in Ngobeni).

3.3 Asset management – the operating model

Strategic asset management requires reliable information on public assets owned. Availability of such information facilitates accurate determination of asset value, proper budgeting for asset management activities and evaluating public asset portfolio performance. The asset life cycle approach needs to be considered and the Asset Register, at a component or subcomponent level, is viewed as critical in this regard.

The immovable asset portfolio under the custodianship of the DPWI comprises 30 494 registered and unregistered land parcels on which 81 573 improvements (buildings and structures) are located. A deemed cost has been quantified for the entire portfolio at **R127 billion** as at 31 March 2019. In terms of categorisation, 59% of the portfolio comprises of buildings for specific departments' service delivery purposes (e.g. prisons, police stations, courts, etc.), 29% of structures are residential, whilst only 12% of structures are offices (DPWI 2020-2025 APP).

3.3.1 Asset Life Cycle Approach

The life cycle approach advocates a holistic approach that should be applied throughout the asset management life cycle.

Efficiency, effectiveness, value for money and surplus are key concepts. Best value for money" means the optimisation of the return on investment in respect of an immovable asset in relation to functional, financial, economic and social return, wherever possible. Surplus means that the immovable asset no longer supports the service delivery objectives of a user. Disposal" means any disposal contemplated in the State Land Disposal Act, (No.48 of 1961) or a provincial land administration law. Disposal refers to the alienation of immovable property through either the selling, ceding, exchange or letting thereof.

The key components of asset management operate within a life cycle framework and National Treasury (2004) describes the key components of immovable asset management as:

- Asset life cycle management: This serves as a management control tool to guide the planning, acquisition, operational and maintenance and disposal.
- Immovable Asset register: The essential data pertaining to the status and condition of all Immovable Assets are to be recorded in the asset register. This is currently being done at a main component level to ensure financial compliance.
- Performance Management System: The performance management system records vital data pertaining to the performance of IA in terms of achieving its strategic goals.

The different phases in the cycle are:

1. Planning deals with the planning for service delivery that drives the need for assets. This phase includes asset management plans and input into the budget. Various acquisition options should also be considered.
2. Acquisition deals with the purchase, construction or manufacture of new assets such as building, letting and renovating.
3. Operation and maintenance phase concerns the operation of the assets, maintenance, refurbishment, enhancement, rehabilitation, depreciation and impairment. It includes activities of a capital and current nature.
4. Disposal deals with the timing of and disposal of the assets including the disposal costs and specific requirements for the assets, e.g. dismantling (demolishing) costs, legal requirements, etc.

3.3.2 National asset register

The department is compiling an integrated register of state immovable assets. The department together with the Department of Rural Development and Land Reform (DRDLR), as the main national custodians, have assumed leadership in the identification and correct classification of state immovable assets. Mechanisms have been devised to bring all the role players together to determine, amongst other things, the extent of state immovable assets. To this end an intergovernmental structure, the Provincial State Land Vesting and Disposal Committee (PSLVDC) has been created to coordinate immovable asset disposal processes and confirmation of vesting of all state immovable assets in the national and provincial spheres of government.

The national asset register is however aimed at the level of granularity to ensure identification, classification and valuation of state assets rather than with a view to constructing preventative maintenance plans.

3.3.3 Portfolio Inventory and Performance Analysis

GIAMA defines the development of Portfolio Inventory and Performance Analysis (IAM) Report as a custodian responsibility. The IAM Performance Report provides the data and information, which serves as the basis for Lifecycle Management Strategy decisions and should be an attachment to the IAM Plan (DPWI asset lifecycle management methodology Operating Model Description Document 20V01.00.pd). The purpose of the Performance Report is to state the 'gaps' between the 'demand' for and the 'supply' of infrastructure. The combined performance assessment enables classification of immovable assets into three groups:

- Group A: Immovable assets that are in an acceptable condition to the User;
- Group B: Immovable assets that are suitable to User's requirements, but require technical condition assessment, as the asset performance does not meet minimum functional requirements of the facility;
- Group C: Immovable assets that have been identified as unsuitable to the current User's requirements.

This information should form part of the Performance Report.

3.4 Service delivery planning

Infrastructure planning is an integral part of service delivery planning. This includes planning for equipment required in facilities, planning for the human resources to deliver services, financial planning and planning of the organisation and support required to plan, implement, monitor and control service delivery. Service delivery plans should be reviewed annually to ensure alignment to the budget and priorities. The department has access to various to planning tools that are deemed to be best practice. However, interviews conducted indicate that application of these tools seems to be a challenge.

3.4.1 The portfolio

The state's portfolio is seven times bigger than the largest private property portfolio in South Africa; however, the return on investment is much lower. If the PMTE effectively manages this portfolio by charging market related rentals and running the portfolio on more business-like and profitable lines, the income generated for the state will enable government to expand service delivery (2014/15 Strategic plan, page 3).

3.4.2 Asset planning

Asset planning involves confirming the service required from the customer and ensuring that the most effective solution is found to meet the identified need (an asset-based solution, demand management or a combination of the two). However, planning starts with the need for the service provided by the assets and is usually defined by analysis of:

- the organisation's strategic or business goals;
- the customers' level of service requirements now and in the future; and/or
- legislative and regulatory requirements (DPWI Operating Model Description)

3.4.3 Needs analysis and demand management

Organisational objectives that drive the Demand Management Strategy are closely linked to one of the key principles of Infrastructure Asset Strategic Planning i.e. “Public demand for Service delivery guides asset management practices and decisions” (DPWI Operating Model Description). The immovable asset management principles contained in the Government-wide Immovable Asset Management (GIAMA) Policy, further dictate that:

- To minimise the demand for immovable assets, alternative service delivery methods that do not require immovable assets, must be identified and considered;
- In relation to an acquisition, it must be considered whether a non-asset solution is viable; and if an immovable asset currently used by the state is adequate to meet the change in its service delivery objectives;
- A needs analysis needs to be carried out to understand all user requirements.

Demand analysis also considers the use of non-asset solutions, where demand may exceed both the supply demand and this needs to be managed to reduce the demand or reduce the required level of service. Typical non infrastructure solutions are PPPs, leasing of property, transport arrangements, technology, transfer of properties from other government institutions, etc.

3.4.4 Delivery Management Strategy (DMS)

The DMS is an important input into delivery planning at programme management level. Delivery Management Strategies are aimed at:

- Providing guidance on the management of the demand for infrastructure assets;
- Providing guidance on the management of strategic infrastructure risks;
- Ensuring the availability of funds for infrastructure delivery;
- Ensuring the timeous identification of suitably capacitated human resources for the design, construction and management of the infrastructure asset related projects and operational works.

The delivery management strategies must include the following:

- A demand management strategy which guides the consideration of non-infrastructure options, to minimise the need for the creation of new infrastructure assets;
- A funding strategy which defines the options available for funding capital expenditure and operational expenditure,
- A risk management strategy which describes the strategic infrastructure delivery risks and the strategic mitigation actions to be implemented; and
- A resourcing strategy to guide recruitment and training decision making, to ensure sufficient in-house capacity to manage the infrastructure delivery strategy, and to guide the procurement of service providers and contractors to plan and oversee the implementation of IAM Plans.

3.4.5 Asset management plans

The U-AMP is a planning tool that enhances uniformity on all conceptual planning of accommodation solutions. The streamlining of the U-AMP templates has enabled user departments to capture their infrastructure needs for planning of accommodation solutions including existing and future needs. The total demand from users stood at approximately 1

432 377 m² (2020-2025 APP). GIAMA describes the minimum requirements of the content of a U-AMP and these include:

- i. An introduction which summarises the long term immovable asset strategic intent.
- ii. The service delivery objectives.
- iii. The immovable asset requirements set out according to the user's annual strategic plan.
- iv. An acquisition plan, which contains a summary of all current and proposed new acquisitions as informed by the impact of service delivery objectives.
- v. A refurbishment plan with a summary of current and proposed refurbishments based on the need to extend the life-cycle of an asset and improve its condition, as informed by the C-AMP) and improve the functional performance and utilisation of an asset as informed by the U-AMP
- vi. A required repairs report to enable the re-instatement of the immovable assets to their original state. compiled by the custodian in point
- vii. All surplus immovable assets are to be surrendered to the custodian
- viii. Budget requirements to fund the identified needs

The U-AMP **preparation process** sets out ten processes to be followed. The U-AMP manual provides 13 templates to help with the organisation of information and the required reporting according to the ten processes, all of which are to be included in the final U-AMP report as annexures. The ten processes deal with two levels of information: higher level statement of strategic service delivery objectives, expressed in terms of the user budget and programme objectives, and the second level dealing with asset-specific information, feeding in from the templates and matrices.

To comply, DPWI provides support to user departments in developing the U-AMPs. The assistance extends to supporting the development of cash flow projections for rental costs for leased property and also for projects in planning and execution. Feasibility study reports are compiled to provide accommodation solutions in order to facilitate informed and effective decisions on the use and management of immovable assets.

The 2020-2025 APP reported 409 current requests for new accommodation from user departments. These requirements were to be procured using goods and service procurement methodology pending approval of the acquisition framework by National Treasury. In the same period, DPWI was reviewing its business processes for new acquisition of accommodation and finalising an Acquisition Framework that would allow for the efficient and seamless procurement of accommodation for user departments.

User activities and joint	Custodian activities and joint
<ul style="list-style-type: none"> • Users determine their service delivery goals and obligations; • Users determine their immovable asset requirements to meet their 12 month service delivery obligations; and 3 year strategic immovable asset requirements; • Users and Custodians jointly conduct strategic planning processes; • Custodians provide their Users with salient information to inform the determination of Users’ immovable asset requirements; • Users prepare U-AMPS; • Users submit U-AMPS to relevant Treasury and Custodian by the determined dates; 	<ul style="list-style-type: none"> • Custodians develop and submit their C-AMP to Treasury, comprising a portfolio strategy and management plan; a high-level management plan for each immovable asset throughout its lifecycle; a performance assessment of each asset; • A condition assessment of each asset (based on thorough condition assessment of all assets at least every 5th year); • An assessment of maintenance required and the projected cost of such maintenance activities; and • A disposal strategy and management plan. • Custodians advise relevant Treasury on U-AMPS received from Users; • Relevant Treasury determines and approves the budget for Users in terms of the MTEF; • Users revise their U-AMPS in line with the approved budget; and • Custodians revise their C-AMPS to align with revised U-AMPS

Table 9: Annual asset management plan activities by custodians, users and jointly

3.4.6 Operations and maintenance management

Operations and maintenance management includes hard and soft services. Hard services relate to the physical fabric of the building and cannot be removed. They ensure the safety and welfare of employees and are generally required by law. Hard services are required by law and include provisions such as: Heating, Lighting/electrical, Plumbing, Fire safety systems, Air conditioning, Mechanical and Planned Preventive Maintenance (PPM). These are the areas where government buildings experience most challenges due to their age and lack of planned maintenance.

Soft services involve a high degree of human interaction such as cleaning and hygiene as well as manned guarding. Soft services are directly used by the employees and can make the workplace more secure or pleasant.

A facility is responsible for preparing an Operations Management and Maintenance Management Plans as input into the facility’s Lifecycle Management Plan. The Operations and Maintenance (O&M) of existing infrastructure assets is an ongoing function that should be taken care of as part of day-to-day routine and through the implementation of scheduled pre-determined O&M activities

During the planning process, the performance and condition of an immovable asset must be assessed. Performance relates to the ability of the immovable asset to meet target levels of service while the condition of the immovable asset reflects the physical condition of the asset. Key to this assessment is information on financial, technical and operational performance of the immovable asset over time. Such information must be supplemented with physical

condition assessments. The purpose of condition assessments is to:

- Identify any defects, deterioration and deficiencies, either currently affecting the performance of the immovable asset or likely to do so over the planning period;
- Ensure that “it remains safe for continued use”;
- Identify the effect of the condition of an infrastructure asset on service delivery ability;
- Determine the maintenance required to return the immovable asset to the state in which it would provide the most effective service; and
- Estimate the cost of the maintenance activities identified.

Once the above assessment has been completed, maintenance priorities can be determined and scheduled. Key considerations in determining maintenance priorities are statutory requirements; health, safety and environmental considerations; financial and risk considerations; and resources (staff, equipment and material availability).

3.4.7 Infrastructure programmes

Infrastructure programmes include the upgrading of facilities to ensure access to people with disabilities; the upgrading and construction of departmental offices; the development of national government precincts; the refurbishment of infrastructure-related border post centres, correctional centres, and police stations; and the maintenance of existing facilities. In 2020 were approximately 2 800 infrastructure projects in various stages of implementation (DPWI 2020-2025 APP).

3.4.8 Service Delivery Agreements (SDA)

The purpose of the SDA is to set in place rules that will govern the relationship between the client organisation and the implementing organisation. The Programme Management Plans (IPMP/IPIP), in turn, define the nature and magnitude of objects and data that will flow in these conduits, and this will differ from year to year. The key elements that must be defined and agreed upon in an SDA are:

- The type of services to be performed and the performance measurement framework;
- The obligations both parties have, in respect of the delivery of information and services;
- Fees, payments and transfer of funds and obligations, such as mechanisms to transfer funds from client to implementer, to allow payment of contractors within time period stipulated in regulations;
- Mechanisms to allow for the orderly acceptance of completed projects back into the operations of the client organisation;
- Any on-going responsibilities in respect of guarantees, effects liabilities etc.; and
- Any cross cutting pre-conditions applicable to all projects, such as BBBEE participation or EPWP requirements, such as dispute resolutions; liabilities; or terminations.

The development of the SDA should be completed in parallel to the development or review of the Programme Management Plans. In most cases, once an SDA has been agreed to with a specific implementer, a few changes to the agreement are required annually. An SDA could also have a 3-5-year agreement lifespan. The Programme Management Plans (IPMP), on the other hand, must be revised annually to reflect the current situation.

3.4.9 Property management planning (DPW Operating Model)

Property management relates to the effective operation of an entity’s workplace and infrastructure and coordination with its business activities, officials and stakeholders. The range of property management responsibilities will vary across entities depending on size, diversity of operations and changing functions. However, property management will generally

encompass the following:

- acquisition (including leasing)
- repairs and maintenance;
- refurbishments (fit-out and capital improvements)
- lease management
- health and safety
- energy and sustainability management
- facilities management (including security and cleaning)

Property management plans are an important strategic planning tool for entities. A property management plan should enable the accountable authority to establish that the entity's property is appropriate for the size and nature of the entity's existing and future business needs. Property Management Planning requires the custodian to:

- Align property with overall strategy as approved by portfolio management
- Carry out the necessary ground work to enable the Portfolio Manager to make strategic decisions by:
 - Assisting with developing a short, medium- & long-term strategy for property
 - Identify areas of growth and risk
 - Analyse nodal and market trends
 - Develop a budget for the property for a short and medium term
- Measure the budget against actuals on a monthly basis.

A Property Management Plan (PMP) needs to be in place for each facility in one's portfolio. All PMPs must take into account the owner's objectives for the property, incorporating all anticipated project work over a period of 5-25 years and should provide an updated overview of the physical condition, operational, financial, and functional performance of the subject building. A management plan should recommend multi-year financial and performance objectives focusing on operational efficiencies, revenue streams and investments required to keep the subject building viable.

3.4.10 Client relationship management

Client Relationship Management is important to achieve a common outcome and is identified as such in the strategic plans of the department. Effective client relationships include: coordinated and structured governance arrangements, coordinating the planning, budgeting and procurement of work components or phases, as determined in the construction or maintenance of facilities, resolving resource constraints and/or conflicts that affect the users service delivery needs; mitigating risk activities that run across components, evaluating performance; and aligning the strategic direction. It is also about ensuring regulatory and legislative requirements are adhered to, utilisation and effective monitoring of client/user demands and needs that must be captured in the U-AMPs and C-AMPS as well as resolving issues and scope/cost/schedule/quality changes, within a shared governance structure.

Service providers are under increasing pressure to ensure that their services are customer focused and that there is continuous improvement. Managers need to understand the customer expectations, identify gaps in service quality, and find cost effective ways of addressing service quality gaps (Shahin, 2008 in Ngoben).

Quality as a service management tool plays a vital role in measuring the performance of service providers in the service sectors. One of the approach to measuring quality in service is to measure how satisfied the customers or service consumers are with the service result. Satisfaction is the result of interplay of a number of factors, which vary from one service category to another. Satisfaction is described as the balance of expectations and performance (Oliveira and Heineck, 1999 in Thontteh). Satisfaction is also not static but dynamic; it can

change with consumer needs and preference over a period. It is also subjective as it is based on perception.

Building performance is a key element of satisfaction in property management. There are three levels to consider in building performance (Preiser, 1993 and Vischer, 1999 in Thontehh).

1. Health, Safety and Security Performance;
2. Functional, efficiency and work flow performance; and
3. Psychological, social, cultural and aesthetic performance

In SA, **efficient and effective use of resources, responsiveness, accountability and transparency** are some of the key governing constitutional principles to be promoted. Linked to that, Batho Pele principles stress **consulting users of services, setting service standards**, increased **openness and transparency** and getting the **best possible value for money** amongst others.

Customer satisfaction is a key element of managing customer relations. Key to this evaluation is whether the annual User AMP is a sufficient tool to manage customer expectations. Maintenance is also critical as it has been found that in property management, some degree of user satisfaction is one of the indicators of the level to which a building has been maintained.

3.5 Transforming property management

Transformation attempts to get the agentification of the property management function go back several decades. This is despite the engagement of well-respected consulting firms. The challenges and difficulties associated with moving the process forward are not clearly articulated beyond changes in leadership. The latest transformation is divided in three marathon phases of about seven years each. The last two phases have been completed and the department is at crossroads; to be or not to be. Hence the current review.

3.5.1 Early transformation history

In the late 1990's perceptions of impaired efficiencies in the DPW led to a growing trend of client departments opting for private sector accommodation. In May 1999, Cabinet approved the creation of an agency with the expectation of optimising the state's property business, expediting and enhancing service delivery, introducing "new money", and bringing savings to the state. This PMTE is at the heart of the business of the department and seen as central to any successful turnaround as well as moving away from the disclaimer audit opinion.

Transformation started in 1995 when Deloitte & Touche was appointed to assist but the process was aborted towards end of 1996. Labat Anderson was then appointed in 1997, but once again the process was stopped about a year later, due to non-compliance with State Tender Board regulations in appointing.

The department has undertaken several turnarounds to transform property management and the PMTE is central to all the transformation. Challenges to earlier transformation initiatives included bureaucratic red tape, silo effect and cumbersome business processes and systems hampering efficient and effective delivery of services, Resolution 7 and 8 of the PSCBC which prevented efforts to replace current managers and other staff not performing satisfactorily (DG James Maseko presentation to Parliamentary Portfolio Committee, 10 Sept, 2003)

Following the May 1999 in principle Cabinet approval for the establishment of a State Property Agency the following actions took place (Maseko presentation to Portfolio, 10 Sept, 2003):

- XKM McKinsey appointed in February 2001 to conduct "As-Is" or situational analysis, after Cabinet Secretariat inquired about the SPA
- In October 2001 Bluepeter Management Consulting appointed to develop a business case for the SPA – later changed to SPMC
- Draft SPMC Bill and business case submitted to G & A Cabinet Committee in March 2002

- Referred back to change SPMC back to SPMA, as this was Cabinet's mandate, and consultation with National Treasury and DPSA
- Joint DPSA/NT Technical Committee engaged from May 2002. NT wanted DPW to go through a trading entity process of about 2 years first. DPSA in favour of creating a public entity, the SPMA – but process not taken further
- In October 2002 all departments and provincial administrations had to implement PSCBC Resolutions 7 and 8 to restructure (Public Service...)
- NDPW decided on the "Greenfields approach, but due to employee dissatisfaction the Minister and new DG stopped the process in mid-February 2003 and asked for a DPSA investigation

Anecdotally, several of the consultants proposed to assist with the implementation of their proposals over a compressed time frame. However, they were deemed too expensive and DPW opted to rather implement internally. A technical committee drew up a business plan in 2005 (2005 Business Case Interim Mechanism Trading Account). National Treasury approved the establishment of the PMTE, devolved budgets and accommodation charges in 2006 and passed GIAMA in 2007. Treasury subsequently initiated several interventions aimed at getting the 1999 process back on track.

3.5.2 Cabinet and Treasury input

In December 2011, the Finance Minister sent a briefing note (Minister of Finance Briefing Note 7 December 2011) to the newly appointed Minister of Public Works about National Treasury's business relations with the DPW, to outline key reforms that have taken place within the DPW, point out critical issues and/or challenges within the DPW, make recommendations to the Minister on the way forward in addressing these challenges. It noted that Treasury had facilitated the setting up of a trading account for the PMTE and introduced reforms to ensure sound financial management in line with the PFMA.

The 2006 devolution of budgets was expected to promote the following principles: (a) transparency of costs pertaining to a department's usage of real properties, (b) attainment of re-usable savings as incentives for a given department's ability to bring down accommodation related expenses, (c) better strategic alignment between a department's accommodation requirements and the plan designed to achieve its mandate, and (d) greater accountability for the usage of immovable assets. It represented the government's intention see a more effective and efficient management of real properties. The report listed and then detailed 13 challenges:

1. an unstable strategic direction due to high turnover of political and executive leadership;
2. the need to develop and apply business-like principles of efficiency in the acquisition, usage and disposal of government immovable assets;
3. underspending of budgets ascribed to inefficiencies in the DPW;
4. failure by the DPW to develop the capacity required to efficiently manage its large real property portfolio;
5. declining capacity due to turnover of professionals;
6. an incomplete asset register;
7. corruption and fraud;
8. opacity of the budget;
9. exorbitant leases;
10. late submission and erroneous reconciliation of invoices;
11. outstanding debt owed to municipalities;
12. the need for the department to articulate and implement a consistent or stable strategic direction that takes cognisance of government's desired long-term property management arrangements;
13. the financial viability of the Independent Development Trust, one of the DPWI agencies.

With regard the PMTE the report noted that the department had failed to produce a business case for the establishment of such an entity.

Departments were expected to utilise accommodation more cost-effectively and help to reduce the cost of accommodation. The PMTE would charge clients market-related prices, which would result in quality enhancements over time through the gradual application of fully self-sustaining accommodation charges; additional capital amounts and proceeds of property disposals allocated for rehabilitation and new investments; and savings achieved through reprioritisation and more efficient use of available accommodation.

The envisioned key responsibilities of the PMTE included (a) becoming the custodian of national state owned immovable assets, (b) managing fixed assets on behalf of the Minister of Public Works in line with the provisions of the Public Finance Management Act, the Government-wide Immovable Asset Management Act, and the State Land Disposal Act, (c) managing state owned properties and leased accommodation by managing all leases of privately owned accommodation and rentals of state owned accommodation as well as any risks or liabilities associated with these agreements, (d) managing facilities including all related service contracts, (e) maintaining the immovable asset register which must include all state owned and leased accommodation, (f) managing all projects relating to capital works, repair and maintenance, upgrading of projects, and the refurbishment and maintenance of the state owned fixed asset portfolio, and (g) making sure that in conformity with section 40(1) of the Public Finance Management Act the public entity is compliant with Generally Acceptable Accounting Practices (GAAP). Treasury referenced international best practice, where for example the United Kingdom (UK) has moved from managing its government fixed assets through a single public entity, to each department managing its own real property portfolio requirements.

In 2012 the Technical Assistance Unit of Treasury (now GTAC) provided a diagnostic report (TAU NDPW Diagnostic Report 14 December 2012) with a view to implementing the PTME. It placed emphasis on the Infrastructure Delivery Management Toolkit, formalised into an Infrastructure Delivery Management System (IDMS) with a strong focus on outcomes, value for money and the effective and efficient functioning of the procurement and delivery management system in compliance with relevant legislation and analysed performance against the “should be processes”.

The report listed 89 critical findings in 8 subcategories and included

- limited information flow between DPW and the client departments with clients largely left alone to collect information that DPW should give,
- compliance driven processes,
- service delivery not meeting customer requirements,
- lack of requirements for integrating design with maintenance requirements,
- failure to adhere to the whole life cycle approach,
- no consideration given to alternative contracting strategies,
- focus on compliance rather than on managing risks and achieving best value outcomes,
- centralisation of leases resulting in a slow-down of accommodation delivery,
- no adherence to lead times, an extraordinary high number of variation orders, excessive cost,
- lack of real time reporting to the client, and
- unstructured reporting often characterised by misinformation and out of date information.

The report had some 54 recommendations based on the findings with target dates in 2013 and 2014. It concluded that some of the problems could be addressed by the application of the IDM Toolkit **while many issues could not be addressed by applying a toolkit, a system or a methodology**. These needed to be addressed as part of the overall turnaround strategy.

3.5.3 Operationalising PMTE

In 2014 (2014 PMTE Business Case & Feasibility Study to establish Government Component) a new turnaround strategy was put in place with a seven year plan (2014 Turnaround Strategy and Seven-Year Plan).

The study cited eight years of underperformance, evidenced by progressively worse audit outcomes, culminating in two successive years of disclaimers, indicated a clear and pressing need to restore the DPW to organisational health across all perspectives. Its view was that the department had failed to operationalise PMTE as a Trading Entity in line with the 2006 National Treasury approval, but that instead it was operated as an account. It stated that the audit outcomes in the past three years related mainly to unresolved matters in the property management business of the department. A seven year plan was produced, but appears to itself be compliance rather than performance driven. A large focus of the discussion centred around the institutional form of the PMTE, whether it would be an entity or a component.

In response the Cabinet asked (Comments to Minister on Cabinet Memorandum, Cabinet Memorandum No 2 of 2014) how the PMTE would bring down costs, stating the need for greater clarity and specificity on the strategy or method that the PMTE would use to bring down costs. It took exception to much of the analysis and effectively noted the compliance rather than business nature of the proposals. "It is not the negative audit reports that caused the department to fail to deliver on its mandates. Rather the opposite is true."

In May 2017 GTAC (PMTE Operationalisation and Status Quo report 29 May 2017), again produced a report as part of the technical advice provided to the DPW/PMTE. It has ten recommendations, again highlighting that operations are compliance rather than benefit driven. Indeed, a calculation of the benefit of PMTE is conspicuous by its absence. It does note that the establishment of the PMTE as a government component is "premature" and recommends steps to rectify this.

3.5.4 The current "three phase" turnaround

The department initiated a Turnaround Strategy in January 2012 to restore organisational health across all perspectives. A 7 Year Turnaround Plan was developed and a range of strategic priorities have been identified to be addressed over the short and medium-term. The 7 Year Turnaround Plan also outlines changes to structures, processes, policies and skills needed to be developed along with adequate capacity to deliver services at acceptable levels. The Turnaround Strategy was conceptualised into three distinct phases:

The first phase, ending 31 March 2014, comprising 23 key stabilisation projects, was conceptualised based on the desktop audit of National Treasury's Technical Assistance Unit (TAU). The Enhancement Phase, beginning 01 April 2014 was scheduled to be completed by the end of March 2019. This included amongst others, the development of a service delivery improvement plan and the operationalisation of the Operationalising the Property Management Trading Entity (PMTE). We have highlighted only of the 10 areas with most relevance to the delivery of accommodation to government departments.

The first Phase 2012 to 2014 was dedicated to stabilisation, the five years from 2014 to 2019 to efficiency enhancement and from 2019 to sustainability and growth. (DPW Annual performance plan 2014-2015). More recent documentation (PMTE Operationalisation and status Quo report 29 May 2017) gives the time line as Establishment (2014-2018), Optimising efficiencies (2019-2023) and Sustain (2024-2028).

In 2015/2016 the PMTE issued an annual performance plan and in 2017/18 an annual report. The reporting lines of the entity, as noted by GTAC, are however not clear.

Progress has been reported in the PMTE Operationalisation Document (December 2018). It notes that the objective of establishing a trading entity with its own operational and regulatory frameworks has been achieved through adequately meeting the conditions imposed by National Treasury's 2006 approval.

1. PMTE accounts separated from the main account (2006)
2. PMTE transacts from a separate PMG bank account
3. PMTE has a separate budget since 2006
4. New programme budget structure implemented 2015/16
5. Financial policies in place
6. Financial delegations in place
7. Internal Control Directorate established
8. PMTE Organisational Structure concurred by NT and DPSA and approved by EA
9. Separate PERSAL system implemented
10. Staff migrated to new structure
11. Critical vacant positions identified and in the process of filling
12. Delegations framework for the PMTE has been finalised and approved

It also indicates that the Full Operationalisation of the PMTE and the Conceptualisation of the End State were both close to completion. The full operationalisation of the PMTE would include; Trading entity state of compliance (May 2019), Delegations and Reporting Framework (March 2019), Establishment of Governance Structures for PMTE (March 2019), and Apportionment of support functions to the PMTE (March 2019). The Conceptualisation of the PMTE End State includes Research conducted on Solutions for SA dispensation (June 2019) and Efficiency Solution - Institutional Form (April 2020).

There has been discussion around the status of the Trading Entity and whether it should be a department, Schedule 3A, Schedule 3B, Schedule 2 or Company. A department fully adheres to government objectives but is overregulated, a Schedule 3A has no borrowing power, a Schedule 3B has limited bridging finance, a Schedule 2 is mainly self-funded, driven by commercial principles but regulated by the PFMA while a company is autonomous and free from policy constraints. (Towards Operational Efficiency Business Case Summary SPA 2001). It appears that this has not yet been fully resolved.

Within these broad policy directions there are numerous permutations. The PMTE appears still to be set up along traditional functional lines as six programmes with P1 being admin, P2 Real Estate Investment Management, P3 Construction Management, P4 Real Estate Management, P5 Real Estate Registry, and P6 Facilities Management. Further, a research unit was established with a focus on:

- Research and analysis of economic and social, industry, market and internal trends
- The development and implementation of analytical tools, models and best practice policies
- The provision of business innovation intelligence and strategy for the Trading Entity.
- Participation/ involvement in the property and construction industries • Provide advisory services to various stakeholders
- Portfolio and performance analysis

The asset register: The turnaround plan explicitly recognised the centrality of an accurate IAR to efficient and effective DPW/PMTE operations. The identified objectives were to account properly for registered properties, give clarity on property ownership and reporting, including deeds refresh, provide IAR valuations in line with the NT prescripts, formulate

clearly defined GIAMA powers & functions, analyse the properties alienated suspiciously or not in line with processes (operation bring back), and pursue automation and sustainability.

The vesting and endorsement of title deeds in the name of National Government would prevent misappropriation of immovable assets and resolve disputes regarding custodianship of State properties. Key milestones include develop and produce a complete, accurate and GRAP compliant IAR, conduct physical verification, valuation and condition assessments of properties, and develop and implement a business case for the vesting of land parcels and endorsement of title deeds. This process has been running over the implementation of the seven year plan and is some way to completion at a main component level. To achieve the efficiency expected of an integrated maintenance program, the asset register would need to go to a component or sub-component level and would link to the repair and refurbishment budgets.

Itemised user billing: PMTE customer-billing is required to issue invoices reflecting the total extent of accommodation occupied by a user department per facility type accompanied by the schedule of accommodation occupied. Since the inception of the PMTE, one of its major challenges has been the absence of such billing and accounting system to enable itemised billing to client departments and accounting for the business of the trading account on an accrual basis through integration with the existing business systems. The implementation of itemised billing depends on reaching agreement with client departments on their occupancy and obtaining Treasury approval for tariffs to be charged. For this purpose, a User Charges Model has been developed which calculates the tariffs to be levied per building in order to recover the capital and operational costs associated with each. These charges need to be converted to average charges per category, and per condition of buildings. When the occupancy is agreed to by clients and the average rates are approved by National Treasury.

The PMTE reports that it has experienced numerous challenges with the introduction of itemised billing. There was a need to determine new rates based on the updated IAR and occupancy and allow for clients to budget for any shortfall they might experience in the coming financial years. The following time line was agreed to:

- Invoicing client departments based on devolution (Year 2015/16)
- Invoicing based on detail confirmed by clients (Year 2016/17)
- Invoicing based on tariffs as approved by NT (Year 2017/18)

It is noted that itemised billing in this regard is simply mutual verification as to the space utilised by a client and the corresponding tariff.

Lease review: Phase 1 of the Lease Review Project focussed on the leasing in of private property. A comprehensive audit of 2 161 leased properties was completed including the physical verification of 2 143 leased properties. Also, an in depth diagnosis of the Lease Management System was done resulting in the design of a more robust lease management system. A proposed To-Be Functional Model, Business Processes and Lease Management Structure were developed. An agreement with National Treasury was reached on a streamlined process to fast-track the renewal of expired leases. Phase 2 of the Lease Review Project focused on the leasing out of state properties to the private sector which involves a desktop audit of lease files relating to leased out properties and a review of the leasing out business processes, policies and strategy. User departments and landlords were still complaining about expired leases at the time of this evaluation.

3.6 Implementation challenges

The intention to operationalise the Trading Entity dates back to a series of studies and recommendations from 2001. However, implementation has lagged with the following areas flagged as of great concern:

1. Low user charges and collections: There is a significant gap between the user

charges and what appears to be a market rate. Besides the gap there are issues around collection. Part of this relates to disputes around the integrity of data, tariffs and, critically, value for money.

2. **Maintenance:** There is a funding gap; not enough is being budgeted for maintenance and this is reflected in the poor state of many buildings. Budgets are limited and not aligned to the deterioration of infrastructure and extent of the portfolio.
3. **SLAs:** Despite having service level agreements with user departments, which specifically cover the procedure to be followed when vacating a government building, there are numerous instances of non-compliance, which points to lack of enforceability. Related to abandoning government buildings, the department has to deal with illegal tenants found it hard to deal with the occupiers because of the law dealing with evictions and similar issues (2018 briefing to Parliamentary Portfolio Committee).
4. **Capacity constraints:** Problems of mismanagement and misalignment in the department were identified at the onset of the turnaround process. The diagnostic reports indicated major capacity deficiencies within professional services which if not corrected, would impact negatively on the department's ability to deliver on its mandate. This pointed to the need to reorganise the management of the Immovable Asset Register, planning of infrastructure projects, financial management, supply chain management practices and lease management. These constraints still persist and were echoed in the interviews; internally and externally.

4. Benchmarking study

Four country government owned property management models are reviewed; these are Canada, United Kingdom, Botswana and Queensland in Australia. The review of property management practices in the selected countries focuses on specific elements related to the operational model and approach, maintenance, customer focus and challenges. The review is neither prescriptive nor meant to recommend one model over another. Rather, it is used to extract best practice.

Operational models are context specific and are based on the legislative and policy framework. They address the country objectives and the strategic direction of the organisation as per the set mandate. They also follow country specific procedures. Some countries opt for models that incorporate transformation objectives while others are informed by sustainability and a financial motive to ensure there is a return on investment. Still others combine both elements. Some models are clearly articulated and easily accessible, others are complex and confusing.

The four countries have on the face of it quite different models.

- In the UK asset management is fully devolved to client government departments with the Government Property Unit providing guidance and direction.
- The Canadian model is centralised in the Public Works and Government Services Canada, which in turn has the ability to leverage the private sector as a key strength through outsourcing.
- In the Queensland model, the Queensland Department of Housing and Public Works (HPW) delivers directly but on a commercial basis and in competition with the private sector.
- In Botswana the delivery of services is through a property management agency that falls under the Department of Lands and Housing. The agency serves office accommodation to government departments as well as deliver gap market and social housing to the public at a price.

There is a sense that any model can be made to work, provided the correct elements are in place.

While there is no single comprehensive definition used to explain the actual sense of property management implemented by the government, management activities such as planning, organising, leading and controlling are commonly undertaken to ensure that assets are managed efficiently and effectively to achieve set objectives at country and organisational level. Further, common processes relate to the acquisition, use and disposal of property. The use of an agency linked to the custodian department seems the preferred modus operandi for property asset management.

Reporting in some countries is detailed and based on set performance indicators. Some countries hardly have any information available online making comparisons difficult. Despite the presented differences, all countries have some asset management framework in place from which one can extract elements of best practice. There are also cases of what one should clearly avoid in managing public property assets.

Although the countries have on the surface different models, there are common threads. These include being competitive with the private sector, a bias towards client centricity and a focus on value for money rather than just reducing cost. All appear to work closely with their users to balance economy and efficiency with the elusive goal of effectiveness: delivering a more modern, more sustainable and more capable civil service.

4.1 Canadian model

The property management function falls under Real Property Services, one of eleven branches under Public Services and Procurement Canada (PSPC) under the Minister and Receiver General for Canada. The Public Services and Procurement Department serves as the central purchasing agent, real property manager, treasurer, accountant, pay and pension

administrator, integrity adviser and linguistic authority to federal departments and agencies. Services are organised under five categories with property and buildings being one.

Real Property Services is responsible for managing government real property holdings, offering professional and technical real property services, and providing safe, healthy and productive working environments. Though these functions fall outside Real Property Services, PSPC as government's manager of real estate, is responsible for bridges, docks and dams across the country. It is also responsible for the Parliamentary Precinct. It has an overarching Policy on Management of Real Property which ensures the sustainable and financially responsible management of real property, throughout its life cycle, to support the cost-effective and efficient delivery of government programmes. Through Real Property, PSPC manages one of the largest and most diverse portfolios of real estate in the country and is considered Government of Canada's real estate expert.

Extent of the portfolio: State owned property (office buildings, harbours, prisons, national parks and post offices) are managed by Public Works and Government Services through the Real Property Branch that had 3, 800 employees in 2012. The department is responsible for assets worth roughly CA\$6.5bn (R80bn, 2017 values). They manage 1, 500 leased buildings, 345 own properties and 10 lease purchase buildings with leased contracts of roughly CA\$1.1bn (R14bn).

The total PWGSC accommodation portfolio was in 2012/2013 approximately 7.4 million m², of which 3.5 million m² (47%) was government owned, 3.5 million m² (48%) is leased, and 0.4 million m² (5%) is under lease-purchase agreements. Of the total, approximately 6.5 million m² (87%) is office space, with the remaining 924,000 m² (13%) being comprised of common-use buildings (e.g. warehouses), special properties (e.g. training centres) and designated properties (e.g. the Parliament Buildings). The national portfolio also includes central heating and cooling plants, engineering assets (e.g. bridges and dams) and housing.

The federal government accommodates over 265, 000 public servants in 1, 855 locations across the six regions of the country.

Vacant space is tracked for the entire PWGSC portfolio of office and non-office (e.g. conference or training centres, storage) facilities in own, lease-purchase and leased buildings. PWGSC evaluates its performance based on "marketable vacancy" as opposed to "total unoccupied" (unsuitable for occupancy) space. The marketable vacancy rate of the own office portfolio in 2012-13 was 2.4%, a decrease from 3.0% in 2011-12.

Operating model: The portfolio is operated through the Retail Property Services Branch (RFB) of the department. It is involved in all aspects of property from initial investment strategies, construction, leasing, maintenance, repair and disposal. RPB acquires space on behalf of its clients and ensures the space provided is safe and adequate for the client's requirements, affords the maximum long-term economic advantage for government, and is consistent with environmental objectives and relevant government.

Since 1998 it has outsourced property management and project delivery services in most of its office portfolio. This is guided by a National Service Management Strategy which advocates that its employees manage the work rather than deliver it. Consequently PSPC develops strategic real property contract mechanisms designed to leverage private sector capacity, agility and expertise. While the private sector assumes a greater role in the delivery of real property services, PSPC remains accountable for the development, management and administration of the department's real property programme and continues to explore options that effectively leverage the private sector to respond to the current and emerging real property needs of the department and client departments. Cost-effectiveness, value for money and quality of work performed are some of the benefits derived from the use of the private sector through these real property services management contracts called RP-1.

The contracts awarded in 2014 through competitive bidding consist of six regional, performance-based contracts to provide a comprehensive range of real property services for federally owned and federally leased assets across Canada. The contracts allow PSPC the flexibility to add or remove assets during the term. The initial contracts are for seven years with an option to extend the period by three additional two-year options, as well as the additional contract initiation and close-out periods, which are approximately six months each. If all options are exercised, the total potential contract period is for up to fourteen years.

A key feature of the operating model is the strong emphasis on and investment in Key Account Management (KAM). There are KAMs for each major client and groups of small clients. The structure is reportedly set up around the KAM function. The KAM draws the required project management and other expertise from Centres of Expertise from the inception phase of the project.

Benefits of the operating model: Real Property Services Management contracts leverage the private sector's ability to build human resources capacity and have the private-sector contractor absorb the risk related to the fluctuation of demand for real property services. Leveraging from the private sector contributes to key government priorities like achieving value for money, realising efficiencies, eliminating duplication of efforts by the public and private sectors and fostering economic growth.

PSPC has identified savings of \$20 million per year as a result of the use of the private sector for the national delivery of real property services. The \$20 million in costs savings related to the first generation contracts awarded in 1998. An additional \$181 million for the first five years of the existing 2005 contracts was identified, bringing the total confirmed savings to \$521 million. The department estimates additional savings of \$181 million for the last five years of the 2005 contracts, to bring the total confirmed and estimated savings from 1998 to 2015 to \$702 million.

Stated mandate: The mandate for immovable assets is spread across several departments, including Public Works and Department of Infrastructure who have a wider responsibility than providing government accommodation. Under Section 6 of the Department of Public Works and Government Services Act, the department is responsible for the following amongst others:

- the construction, maintenance and repair of public works, federal real property and federal immovables;
- the provision of accommodation and other facilities for departments;
- the planning and coordination of telecommunications services for departments, boards and agencies of the Government of Canada;
- the provision to departments of advice on or services related to architectural or engineering matters affecting any public work, federal real property or federal immovable.

Thus Public Works mandate includes being a provider of office space to federal departments and agencies. Infrastructure Canada is responsible for:

- providing long-term, predictable support to help Canadians benefit from world-class, modern public infrastructure;
- making investments, builds partnerships, develops policies, delivers programs, and fosters knowledge about public infrastructure in Canada; and addressing complex challenges that Canadians face every day—ranging from the rapid growth of our cities, to climate change, and environmental threats to our water and land.

Investment decisions: Due to the vastness of Canada, regional offices handle the full business process – with no distinction made between major and minor capital and maintenance projects.

Approach to maintenance: The Canadian model provides for an integrated approach

throughout the whole lifecycle of the property; from conceptualisation of the project throughout the maintenance phase until demolition or disposal. A smart integrated maintenance system is at the heart of scheduled maintenance. The national portfolio's average operating and maintenance expenses were \$142/m² in 2012-13. As can be expected, heritage buildings which on average are 70 years old, are 3% more expensive to operate and maintain. Treasury Board policy requires that an economic and programme analysis be undertaken; it considers the full life cycle costs and benefits of real property options. Maintenance is central to the planning process.

Office accommodation indicators: In April 2012, PWGSC introduced new, more efficient office space standards based on industry best practice to ensure the most efficient and economical use of government facilities. The Real Property Branch monitors and reports on the following three core accountability indicators (2012 targeted in brackets):

- ✓ Square metres per employee (18.4)
- ✓ Cost of office space per employee \$5,918
- ✓ Cost of office space per square metre (\$321)

Customer approach: There is a single point of accountability and one-stop shop for clients through key account managers who focus on the client rather than functional expertise and functional efficiency.

Disposal: Departments acquire or occupy real property only if it is required to support the achievement of departmental objectives; maintain real property in a state that does not jeopardise their capacity to deliver programmes and services; and dispose of or vacate real property that no longer fulfils programme objectives.

Challenges: The decentral approach requires managers who are experts in all elements of property management at user department level.

4.2 Botswana model

The Department of Lands and Housing is the focal point for land governance, government immovable asset/estate management and conveyancing matters. The department is the custodian of immovable assets and is responsible for managing and disposing of government estate assets. It derives its mandate from the State Land Act. It is one of eight departments under the Ministry of Lands and Housing. Other departments are Department of Town & Regional Planning, Department of Surveys & Mapping, Department of Housing, Department of Technical Services, Land Tribunal., Deeds Registry and Department of Corporate Services.

In 1971 the government established the Botswana Housing Corporation by an Act of Parliament (CAP 74.03) of 1971 to act as the property manager. The Corporation reports to the Ministry and its mandate as outlined under section 14 of the BHC Act is as follows:-

- a) To provide for the housing, office and other building needs of the government and local authorities;
- b) To provide for and to assist and to make arrangements for other persons to meet the requirements of paragraph (a).
- c) To undertake and carry-out and to make arrangements for other persons to undertake and carry-out building schemes in Botswana.

The Corporation's implicit mandate is expressed through government policy pronouncements; directives; economic and business imperatives; public and other social considerations. With the agency falling under a Ministry with a housing mandate, the corporation's mandate was expanded in 2012 to include the implementation of all government housing programmes, thus taking care of public housing needs, both commercial and social. Its mandate also covers national government and local authorities. The main activities of the Corporation are:

- Property Development
- Property Sales
- Property Management
- Property Maintenance
- External Project Management Services and
- Social Housing

To execute its broader mandate (public housing), the Corporation has to raise money through the market to sustain itself as government does not provide loans to parastatals. In addition, the BHC had to diversify its income stream and reduce its dependence on government. BHC recognises that the achievement of its mandate is highly dependent on the financial sustainability of the business. However, with the two mandates (housing and property management) under one roof, the BHC performance reporting leans more to the housing side. Challenges such as land and water shortages for property development are at the top of the list. Other challenges relate to stagnant rentals against rising maintenance costs.

Extent of portfolio: The government had 350 buildings in 2012. On the social housing side, the Corporation had 9, 917 properties in its rental portfolio at the end of the 2016/17 financial year. Operating surplus for the period increased from P21.7 million to P40.4 million mainly because of decreased operating and administration costs. Revenues in the year had declined by 8.6% from the previous year, from P539.3 million in 2015/16 to P493 million. Income is largely from rentals and houses sales. Professional fees from management of third party (mainly government institutions) projects account for an insignificant proportion. Total assets were valued at P3.1 billion. Return on assets steadily declined from 2% in 2012 through to 0.3% in 2015 and picked up to 0.8% in 2016 and 1.6% in 2017 as a result of cost reductions resulting in increased profitability. Debt to equity ratio stood at 59% in 2017.

Operating model: The Property Development Department is the project implementation arm within the corporation. The department is responsible for acquisition, preparation of land, conception of viable housing schemes informed by project appraisals, architectural and engineering designs, project cost estimates, and monitoring and supervision of projects during construction. Other core duties include amongst others, maintenance and upkeep of the property asset register, leasing and rental revenue collection. The department also offers project management services to third party clients, mainly government institutions.

Lease management: The Department of Lands is responsible for the management of leases nationwide. Government as the only shareholder regulates the rental charges and reviews are not that frequent. This creates challenges due to increasing costs of repairing and maintaining the rental properties.

Maintenance: The Department of Buildings and Engineering Services maintains government office buildings. The corporation also has a property function which is primarily responsible for the maintenance of the 10, 000 housing units. It also generates income from chargeable maintenance paid by tenants for maintenance considered to be due to negligence. Other income is from third party maintenance carried out for other government departments. The maintenance strategy provides for cycle maintenance with each housing unit refurbished once in a period of not less than five years. In terms of reactive maintenance, the corporation has a 98% target to attend to queries. In 2017 the target was missed with only 89% attended to at a total cost of P19.67 million, against a budget of P12.08 million.

Customer care: The Customer Care function is responsible for customer relationship management and handles customer queries as well as escalated complaints. Its work is guided by customer service standards. The service standards are expected to ensure consistent and timely service delivery throughout the corporation. This includes a call centre which adheres to the agreed service level targets. The average service level achieved for the 2017 FY year was 98.2%.

Other functions: The Research & Development Unit is responsible for carrying out market feasibility studies and space needs assessments based on space allocation guidelines.

Challenges: An asset register is important; it reflects when a building was erected or acquired, history of maintenance, occupancy and how much space is still available within that property and the total portfolio for efficient utilisation. The asset register of properties occupied by ministries and departments is not readily available and the portfolio is not tracked properly. Further, information about occupancy is neither documented nor readily available for a majority of old buildings. Other challenges relate to vacancies being higher than the targeted rate and arrears. The department has a target to keep rental portfolio at an occupancy level of at least 99%. At the beginning of the 2016/17 financial year, the vacancy rate stood at 1.52%, and averaged to 2.03% during the year. The total arrears as at March 2017 were BW P46m with parastatals owing a large proportion of that.

4.3 The UK Model

In the mid-1990s responsibility for all aspects of government estate management passed from the then Property Services Agency to individual departments with a view to creating clarity and accountability. The Government Property Unit (GPU) was set up in 2010 as part of the Cabinet Office to strengthen central coordination of efficiency savings on property, to improve the management and performance of the government estate, and to get better value for money from the public sector's extensive property estate.

In 2014, a strategy designed to "create an efficient, fit-for-purpose and sustainable estate whose performance matches the best of the private sector by 2020" was launched. The key aims of the strategy were to: remove boundaries between departments, local authorities and other public bodies; minimise the need for office space; use existing land and buildings more efficiently and dispose of surplus assets in a way that maximises receipts while boosting growth and creating new homes.

The Government Property Agency (GPA) was established in April 2018 as an executive agency of the cabinet office and has been building a portfolio with GBP195 mil consisting of 80 buildings and floor area of 74, 000 sqm (March 2019). Its initial portfolio of 80 properties will grow to over 1,000 as more departments join GPA. The strategy sets out how government will use the estate as an enabler to deliver better outcomes for the public.

Extent of the portfolio: The public estate is the government's second largest asset class and a critical enabler for public services. Effective and efficient management of the estate means that it continues to outperform the private sector, having reduced by the largest margin in the last four years and accommodating employees in a more sustainable estate.

The core properties that are owned leased or occupied by government organisations include offices, front-of-house services such as job centres, passport offices, and courts. It excludes specialist property such as defence military estate or other specialist ports, museums, prisons, and royal parks. The central estate consists of some 4, 600 properties, with nett internal area of 7.5 million sqm. And a total cost of roughly GBP 2.6bn (R55bn).

Operating model/approach: The estate has been decentralised to 18 user departments who are responsible for their accommodation. Since 2010 there has been a very strong drive towards efficiency and effectiveness by the Government Property Unit. The Government Property Agency leads on management of the government's office estate across the UK. The agency aims to deliver the best commercial expertise in property and workplace solutions across government departments. It aims to be a commercially minded, customer service-focused and data-driven organisation. It also serves as an advisory body that works with departments to enhance efficiency and effectiveness. The size of the central estate has been reduced from 10.7 million sqm in 2010 with GBP52 mil in running costs saved in 2018-19 alone.

Key benefit/advantages of model: With a decentral model, departments are aware of the direct impact of their accommodation on their performance as well as its total and lifecycle costs. For this to work, departments need to commit to achieving difficult stretch delivery targets against a tight budget. Under these circumstances the interaction with an aggressive central coordination can be a driver to modernisation and efficiency. Despite an increase in civil servants the space needs decreased by 30% from 2010 and cost GBP1.6bn to run. This is captured by the phrase, “better estate, better services, better government” used in the 2018 strategy.

Mandate: The mission of the GPA is to deliver best in class property and workplace solutions across government. By doing so, GPA will become an enabler for the delivery of civil service transformation, local growth and government’s vision to strengthen the UK. The rationalisation has been driven by seven thrusts:

What they set out to achieve:

- Rationalisation - Maximise savings through rapid rationalisation of the estate.
- Modernisation - A fit-for-purpose and efficient core estate, which provides value for money for the taxpayer, increases sustainability and facilitates flexible working.
- Growth - Use the process of delivering the core estate and rationalisation to support economic growth.

How they set out to achieve it:

- Leadership - Ensure clear direction and coordination for the central government estate management community on property policy and strategy.
- Controls - The centre must have sufficient tools and targets to drive change where collaboration alone is insufficient.
- Property - Asset Management Estate management is organised to optimise performance and the property profession is skilled to perform its role.
- Management Information - Government understands the cost of its estate and accurate, complete and comparable Management Information underpins all estate-related decision-making.

Investment decisions: The cost savings over this period were driven largely by investment decisions. This included departments using smarter working conditions, moving operations from more expensive to less expensive locations, moving staff into government hubs, moving from “a large expensive office” into modern government hubs, letting excess space to other government departments and releasing land for low cost housing. It appears that the departments were able to make investment decisions against measurables that could be monetized and based on careful ROI calculations.

Approach to maintenance: Maintenance is carried out by individual departments. It is a key part of the efficiency drive. In 2018-19, the Office of Government Property (OGP) commenced a project to establish good practice across the government estate for maintaining property assets throughout their whole lifecycle. The first two phases of the project aimed to: a) review industry standards, and b) baseline departmental data to identify processes used, current levels of investment, and the investment gap between current programmes and good practice. Initial analysis showed further significant investment was needed to maintain the government estate in a reasonable condition.

The high level indicators are:

Indicators	Government	Private Sector
sqm/FTE	9.2	10.7
Cost/sqm	GBP532	GBP622
Cost/FTE	GBP4911	GBP6642

Other high level indicators include vacancy rates (1.4%), disposals and the efficiency benchmarks of the user departments. A case study of job centres indicate that over the year 2018 to 2019, while the number of properties decreased from 192 to 181 due to co-locations and divestments (-5.7%), the number of claimants per month increased by 25.5% and the property cost per claimant dropped from, GBP371 to GBP222. The delivery measure is a measure of effectiveness and is a key counterbalance to increases in efficiency. Environmental sustainability indicators are also closely monitored. The sustainability and maintenance indicators generally point to increased investment in modernisation.

Customer approach: User departments take charge of their own accommodation.

Disposal: There has been a strong drive to both use space more efficiently and to dispose of unneeded space. Space per employee has reduced from 13sqm to 9.2 sqm with a target of 8sqm. This has been achieved through modernisation and rationalisation. Between 2015 and 2019 GBP 4.62 billion was raised with the disposal of 1, 850 sites. The aggressive disposal policy reduces complexity, running costs, vacancy rates while freeing up assets for the economy.

Challenges: The devolution of responsibilities to individual departments had the advantage of creating greater clarity and accountability. The challenge was to achieve economies through the portfolio and to exploit synergies between departments.

4.4 Queensland model

Australia is made up of several federal states with Queensland being one of them and often cited for best practice. The information below has been compiled from information about Queensland with reference to the Australian national system in some places.

In Queensland office accommodation in the public sector is managed by the Department of Housing and Public works through the Building Policy and Asset Management Division. The division offers a comprehensive service package to other government departments that includes legislative services, asset and facilities management, building and construction and project delivery. Office accommodation is provided through the Queensland Government Accommodation Office located within that division.

Extent of the portfolio: The Queensland Department of Housing and Public Works (HPW) has 180 government-owned buildings and more than 550 individual private sector leases equating to a revenue stream of AU\$500bn (about R6bn) from letting out 1 million m² of space.. In contrast, nationally, the national Property and Construction Division (PCD) manages the non-defence portfolio of government which is 83 properties with a value of about AU\$1.04bn.

Operating model/approach: Accommodation provision operates in a competitive market as government agencies are not bound to lease from the division. The office is required to provide the buildings on a commercial basis on the one hand and on the other, contain its costs within market benchmarks and achieve a commercial return on investment. Acquisition, management and utilisation of office accommodation is guided by the Office Accommodation

Management Framework (OAMF) which supports the use of best-practice methodologies in accommodation management and establishes a structured approach to accommodation planning, space management, fitout, accommodation use and accommodation change. Further, it promotes consistency, equity, cost-efficiency, sustainability and accountability in all phases of accommodation management and aims to achieve the strategic and operational alignment of government accommodation with the delivery of government services to the community.

In certain circumstances, HPW can assist community-based organisations occupy space in government-owned buildings. This is limited to space that is currently surplus to requirements or is unsuitable for use by agencies at the time. Any such space is made available only for the period that the space is not required for government use or until the building may be required for redevelopment or disposal. Preference is given to non-commercial (not-for-profit) organisations.

Stated objectives: The HPWs stated objectives are:

- To ensure the effective management and cost-effective provision of government-owned office accommodation
- To maximise the utilisation of government-owned office accommodation
- To align government office accommodation use with public-sector and private-sector best practice for office accommodation use
- To facilitate auditing and benchmarking of government office accommodation by applying space and quality standards and performance indicators

In Queensland utilisation appears to be directly operationalised, tracked and measured. They have an iSpace system which measures building areas electronically and accounts for tenanted areas, common areas, vacancies and core areas. The electronically-measured areas are used to generate invoices for rent and other building services for owned office buildings and privately leased tenancies.

Investment decisions: The HPW is expected to achieve a commercial rate of return on the portfolio and contain its management costs within market benchmarks. It is expected to pay dividends from operations and to make equity repayments from the divestment of properties.

Approach to maintenance: The approach is driven by scheduled, planned maintenance. A structured Condition Assessment process is core to the condition-based maintenance strategy and part of the maintenance planning process. All Queensland government building assets must be inspected, as part of this process every three years as guided by the Capital Works Management Framework. Through the framework, Public Works provides services to other departments without charge. These can include:

- preparing select lists of contractors through the Prequalification (PQC) System
- maintaining the government's standard building contracts and building industry consultancy agreements
- providing advice on selecting the appropriate contract form for building projects

Customer approach: The Queensland Department of Housing and Public Works consults with its client departments to determine the following: Is the building relevant to future needs? How well does the building perform? What areas need improvement? How can performance be improved? And which options should be selected?

To do works with the client, the department has a full picture of the current status and is able to bill at an itemised level.

Disposal: Disposal of assets applies to assets that are not performing or coming to the end of their life. It is a rigorous disposal process with equity payments to government.

Challenges: Operating in a competitive market, providing buildings on a commercial basis containing costs within market benchmarks and achieving a commercial return on investment is in itself a big challenge.

4.5 Lessons for SA

- The performance of the portfolio is measured with clear indicators in place. Where a department or agency is responsible directly for maintenance, there is a customer care function responsible to handle and address customer queries and escalated complaints based on customer service standards to ensure consistent and timely service delivery.
- Key account managers are central to operations but they are property management professionals and not just liaison officers interfacing between customer departments and the organisation
- In the UK, the public estate outperforms the private sector and is considered a critical enabler for public service. The UK portfolio does not include specialist property such as defence military estate or other specialist ports, museums, prisons, and royal parks. This is different from the SA model where military installations, air force bases and ports are under the custodianship of Public Works.
- Asset managers strive to keep an accurate asset register to ensure billing can be itemised to the lowest level. Like SA, Botswana is struggling to keep a readily available to date asset register.
- In decentralised models, there is devolution to user departments to manage their portfolios (UK).

In the Canadian model, large regional tenders are issued to a limited number of asset managers with certain conditions in place; like outsourcing to locals. Cost-effectiveness, value for money and quality of work performed are some of the benefits derived from the use of the private sector through real property services management contracts. The performance-based contracts are long term and provide a comprehensive range of real property services. They have the flexibility to add or remove assets during the term. The initial contracts are for seven years with an option to extend the period by three additional two-year options, as well as the additional contract initiation and close-out periods. If all options are exercised, the total potential contract period is for up to fourteen years. In Canada, the National Service Management Strategy advocates that employees should manage the work rather than deliver it. This has implications on the type of employee hired to ensure they are accountable for the development, management and administration of the department's real property programme.

In Queensland, the property management division has to compete for government business like any other private asset management company as government agencies are not bound to lease from them. Thus, the division is not guaranteed business by virtue of being the “custodian”. So, departments can manage their core business at the same time as their property needs. In Queensland unused and surplus space in government-owned buildings can be leased to non-profits and community-based organisations occupy space only for the period that the space is not required or until disposal.

In Botswana the Housing Agency manages a large portfolio of public housing and is also responsible for new developments and rental collections from individual tenants. Income is largely from rentals and house sales rather than professional fees from management of third party (mainly government institutions) projects account. Total assets were valued at P3.1 billion. Similar to SA, the Canadian portfolio is largely leased (1, 500) compared to 345 government owned buildings, There is also an additional 10 lease purchase buildings.

The Queensland approach is driven by scheduled, planned maintenance. A structured Condition Assessment process is core to the condition-based maintenance strategy and part of the maintenance planning process. All Queensland government building assets must be inspected every three years in line with the Capital Works Management Framework. Botswana experiences similar challenges as Public Works with old stock needing reactive maintenance. In 2017 they managed to attend to 89% of maintenance queries against a target of 98%. Maintenance deemed to be a result of negligence is charged to the tenant.

In all countries, disposal applies to assets that are not performing or coming to the end of their life.

Best Practice Summary

	Areas of focus	Queensland	Canada	United Kingdom	Botswana
1	Extent of the Portfolio	180 owned, 550 leased buildings with revenue of R6bn.	1,850 buildings, predominantly leased with R14bn leased contracts. Approximately 6.5 million m ² (87%) is office space, remaining 924,000 m ² (13%) is common-use buildings.	The central estate consists of 4,600 properties, with net internal area of 7.5 million sqm. And a total cost of roughly GBP 2.6bn (R55bn).	350 office accommodation buildings and 10, 000 rental housing units. Portfolio valued at Botswana Pula 3,1 billion (2017).
2	Operating Model/ Approach	Offers accommodation provision in a competitive market. Costs against market benchmark with expected ROI	Division of Public Services and Procurement Canada. Decentral provision with a strong Key Account Manager emphasis	The estate is decentralised to 18 user departments who are responsible for their accommodation. There is a very strong drive towards efficiency and effectiveness by the Government Property Unit.	Botswana Housing Corporation reports to Ministry of Lands and Housing. Agency also involved in development of public housing and commercial transactions. Expected to be financially sustainable with powers to borrow from financial markets
3	Investment Decisions	Investment decisions made against expected return on investment	Due to vastness of Canada their Regional Offices handle the full business process – no distinction is made between major and minor capital and maintenance projects.	The cost savings largely driven by investment decisions. Departments were able to make investment decisions against measurables that could be monetised.	Investment decisions made against expected return on investment and achievement of social objectives for one part of the housing component
4	Approach to maintenance	Scheduled maintenance based on three year cycle for condition assessment	Canadian model provides for an integrated approach throughout the whole lifecycle of the property, from conceptualisation of project throughout the maintenance phase until demolition/ disposal of property.	Maintenance is done by individual departments. It is a key part of the efficiency drive.	Maintenance carried out by a different department, Department of The Department of Buildings and Engineering Services is responsible for the maintenance However, the corporation is primarily responsible for the maintenance of the 10, 000 housing units and charges for maintenance considered to be a result of negligence on the part of the tenant. Other income is from third party maintenance done for other government departments.
5	Customer Approach	Works closely with customers to determine relevance, performance, structural improvement, performance improvement and options. Full picture of current status and able to bill at itemised level.	Single point accountability and one-stop shop for clients through key accounts managers (KAMs). KAMs at high level with strong expertise through the full asset cycle.	The approach is a decentral one with departments taking charge of their own accommodation.	Reporting is more on the housing side with the research and marketing function responsible for stakeholder engagement. Aim is to ensure “the right product is delivered to the right market in execution of its mandate to offer affordable and sustainable housing to the nation”. Customer service standards in place to ensure consistent and timely service delivery. Call centre operational for client queries and complaints
6	Disposal Policy	Disposal of assets that are not performing or coming to the end of their life. Rigorous disposal process with equity payments to government.	Departments occupy real property to support the achievement of departmental objectives; and dispose of or vacate real property that no longer fulfils programme objectives	Between 2015 and 2019 GBP 4.62 billion was raised from disposals. The aggressive disposal policy reduces complexity, running costs, and vacancy rates while freeing up assets for the economy on the other.	Disposal is based on age and the condition expected at the end of its useful life. The useful life of an investment property is determined at the lower of the lease period or 40 years.
7	Challenges	Operating in a competitive market against the private sector.	The PWGSC runs a very decentral approach which requires managers who are experts in all elements of property management.	The devolution of responsibilities to individual departments created greater clarity and accountability. The challenge was to achieve economise through the portfolio and to exploit synergies between departments.	Combination of public and commercial mandate, requires entity to be to be sustainable. Asset register and rent collection present challenges. Land availability and water shortages affect property development decisions.

5. Business process review

Organisations deliver goods and services through their processes; the continuous improvement of its processes keeps an organisation competitive and able to deliver economically, effectively and efficiently. For this reason, the review targeted selected key processes to understand their impact on internal efficiency, and the effectiveness of accommodation from a user perspective.

5.1 Mapping the as-is process

The ongoing review of processes by management in an organisation comprises of 1) understanding the current processes, 2) critiquing the current processes, 3) designing the ideal process, 4) quantifying the intended benefit, 5) translating the benefit into budgets, 6) implementing and reviewing the realisation of improvement.

Despite COVID, the evaluation study, was able conduct a face-to-face workshop session. The new leasing process was prioritised by the project working committee. The end to end process and was mapped from client inception through installation and the set-up of ongoing facility management.

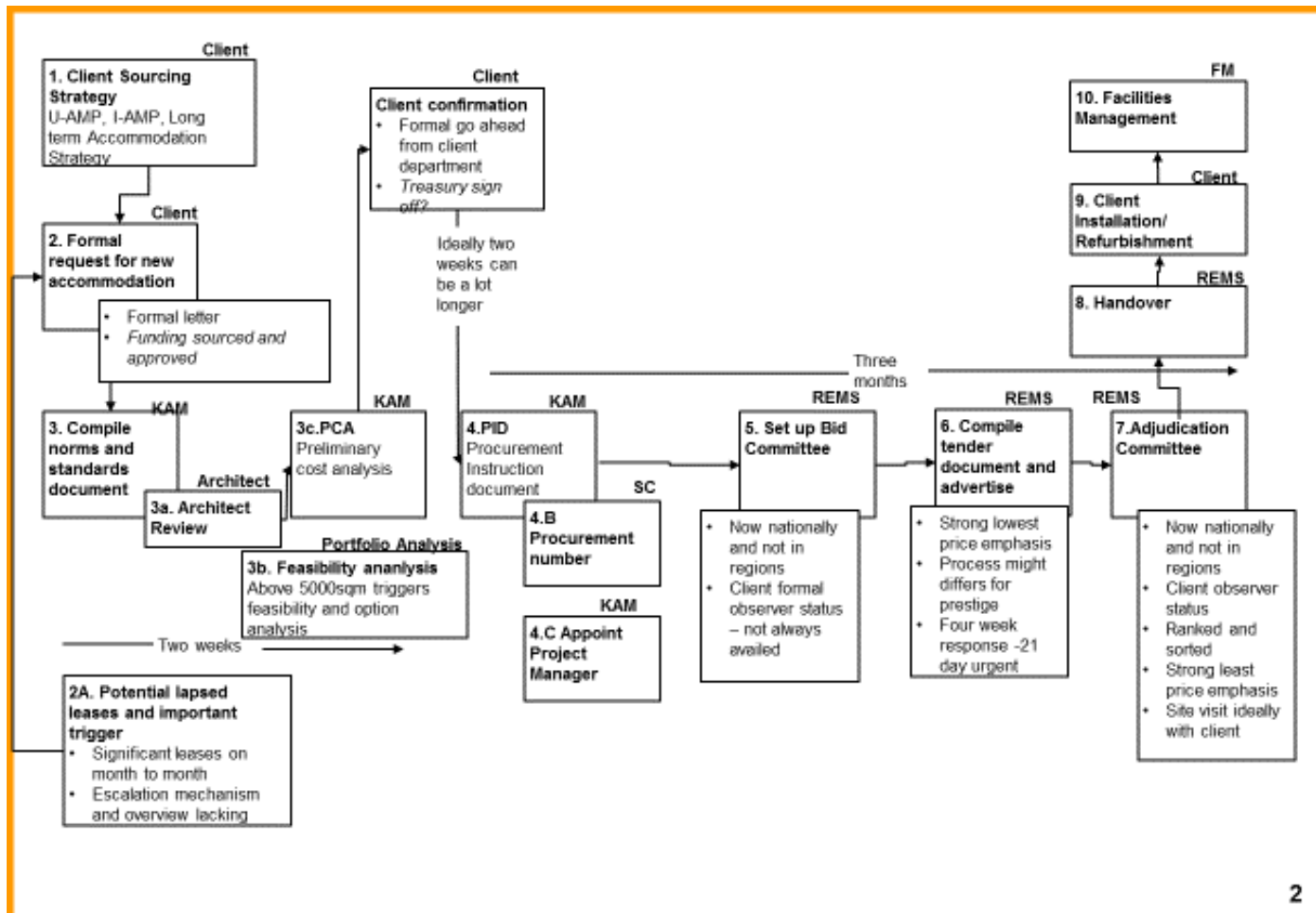


Figure 3: As is process map

5.2 Issues raised

The workshop raised the following issues emanated from the workshop, which were captured both graphically and in point format and circulated for comment:

- *The DPW involvement in the U-Amp and strategy is primarily the provision of data on prefilled forms and not the collaborative process envisaged in GIAMA*
- *Requests are often ad hoc and not triggered by the strategic documents.*
- *Requests come as a written request with insufficient early, interactive DPW involvement or context*
- *Large number of leases on month to month. Need transparent and systematic process to manage consequently and to ensure respected deadlines*
- *Many silos. The process is not sufficiently joined up to allow interactivity. It does not seem to be tracked with formal end to end statistics*
- *There are interfaces which need to be better managed and which sometimes cause significant delay*
- *The centralisation of the bid and adjudication committee is creating bottlenecks. On paper*
- *The process appears to be four months, but DPW wants an 18 month lead time.*
- *The optimum process time to both minimise exposure and maximise agility does not seem to be tracked or measured.*
- *GIAMA emphasises efficiency and effectiveness rather than economy.*
- *Insufficient attention to total life cycle costs.*
- *Emphasis appears to be on lowest price. Total cost of ownership is not monitored*
- *The ad hoc requests makes it difficult to plan from a programmatic approach*
- *Optimising efficiency and effectiveness requires tailored measurement and tracking systems that appear not to be in place.*
- *There are high profile cases of customers pulling out at the end of the process.*
- *The space costs responsibility and capex are not fully integrated. DPW is not responsible for installation and refurbishment.*
- *The process leaves it to the user to join the dots and to form the complete cost to user overview*
- *Examples of refurbished premises on property not owned by government. In cases it appears we are not refurbishing wisely.*
- *The biggest client issues appears to be the condition of the property and maintenance. This process is not optimally linked to ensuring that this is achieved*
- *Ten years since the last skills audit. What are the qualifications and skills needed for KAM and AM?*
- *No overarching performance assessment. The end to end process is not monitored and reported on*

From our understanding of the processes, they are inefficient, with badly defined interfaces, unnecessary delays, repeats, rework, wastage and lost time. While rework occurs to a large extent because of the multiple interfaces, the interface efficiency it is not explicitly measured or managed. The processes do not have key indicators at each step to help optimise efficiency.

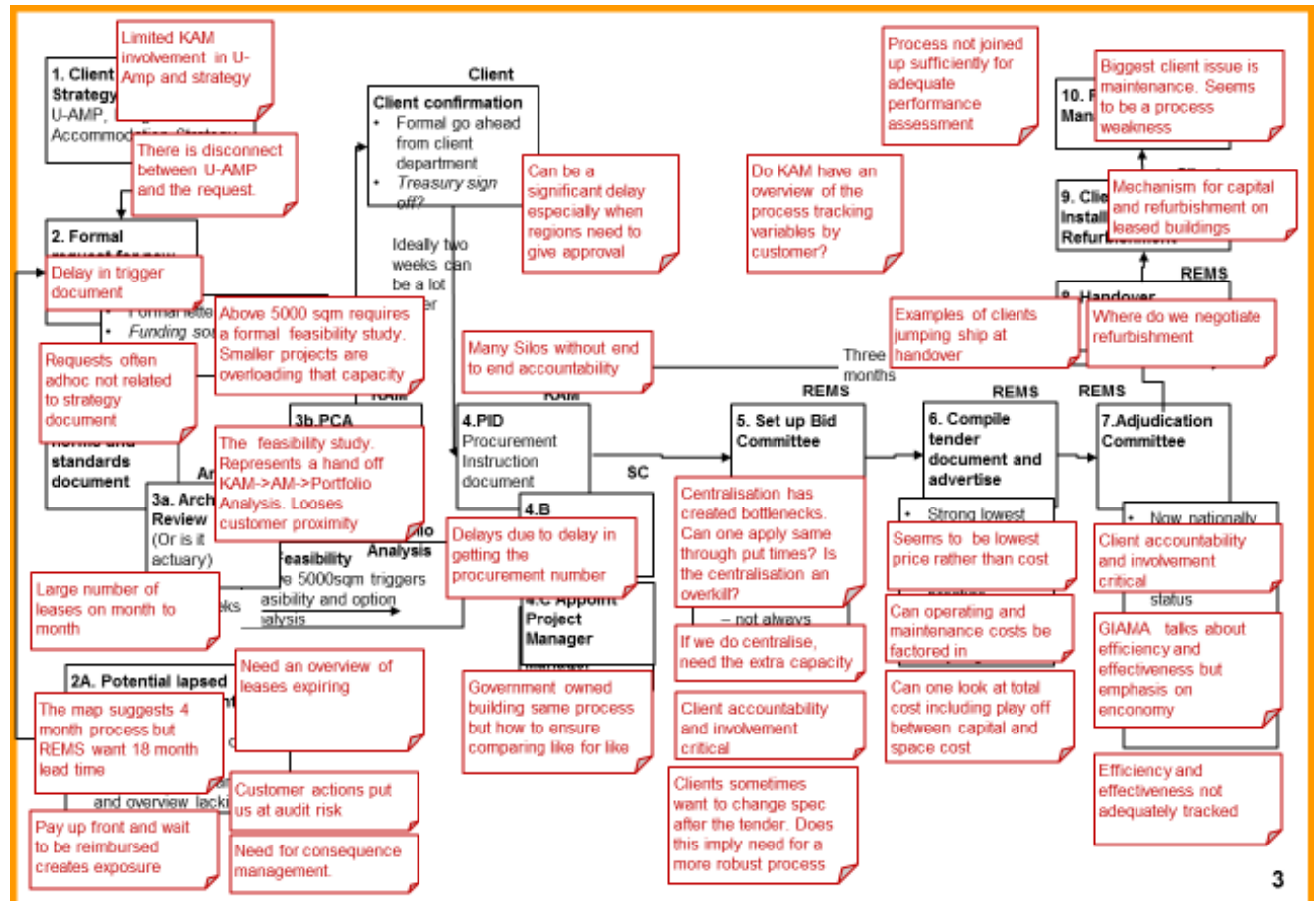


Figure 4: Critique of current process steps

6. Case studies

Case studies provide an up-close, in-depth, and detailed examination of a case as well as its related contextual conditions. A more detailed stand-alone document of the eight case studies provides detail and context of the eight case studies. This section summarises the critical features and the key takeaways of each case study.

6.1 Case study 1: SARS

SARS manages its own portfolio and also leases some accommodation from Public Works. SARS contracts directly with landlords. It has SARS-owned buildings directly in line with its Act of establishment which gives it custodial rights. It was chosen to allow for comparison with departments who have more limited options. It has roughly 490 000 sqm across the country consisting of private leases, state owned leases and SARS owned buildings. SARS is an agency of government, rather than a government department.

A big gap identified in the interviews was that of Ports where SARS is not directly responsible. "Last year there were no contracts in place. There are problems with services in some of the ports. COVID exposed the gaps".

Client Perspective

- SARS handles space, facilities, professional services, and also construction.
- End to end value chain for corporate real estate: R44-45m in rentals per month
- "DPW doesn't have adequate capacity; so we take over the maintenance responsibility. This is needed for the health of staff".
- We remain in about 40 DPW buildings, but we make the investment if needed. The DPW buildings have rates that are below market but capital and maintenance costs need to be provided for. If you are paying a premium you can demand value for money. We get more value from private landlords".
- U-AMP: continual re-evaluation of ways to reduce both the space needed and the associated cost.
- The condition report includes a five year plan that they are working toward formalising. It includes a capital improvement plan and the Integrated Facilities Management (IFM)
- SARS is working towards a computerised Facilities Management System and taking over the funding of their state owned buildings.
- Total cost between a new building or less expensive space but assuming total maintenance responsibility. "We save on occupancy costs but then we do the maintenance. Disruption of operations is costly. In some cases, lifts are old or buildings do not comply with health and safety."

Takeaways

- The SARS model is worth studying for any department that wishes to take both greater accountability and responsibility for its space optimisation.
- SARS has embarked on a strategy of improving the efficiency and effectiveness of the spatial environment using cost and quality measures. Much of what they presented ties in well with the international case studies, which were also part of this assignment.
- SARS has been able to draw on best practice and drive toward better space utilisation as well as better space productivity.
- Use of C-Amps, cost benefit, space management in line with the international case studies
- SARS is happy with the choices it has made. They have been happy to draw on the expertise of DPW.
- Final parting words: "There are ways to go around red tape."

6.2 Case study 2: Department of Basic Education

The National Department of Basic Education was chosen in part as a case study because it is one of the few departments to rely primarily on a PPP for its accommodation needs. The head office building is 40 000 square metres with 29 000 lettable. There is parking and a conference centre. The building can accommodate 1200 staff. The office space is very efficient with judicious use of open plan space. There is a cafeteria on site.

Many respondents in other interviews compared the Basic Education building to the equivalent building for the National Department of Health. The health building had to be evacuated due to health and safety violations.

Client Perspective

- *The Department of Basic Education is one of the few Public Private Partnerships (PPPs).*
- *The DBE has the internal capacity to manage the service provider closely.*
- *There are weekly meetings with the service provider and there is a detailed monthly report.*
- *“The full risk has been transferred to the private sector. We only own our computers”.*
- *Don’t seem to have the problems facing many other departments*
- *The department does not seem to have the problems facing many other departments of poor working conditions, health and safety violations or delays in getting basic maintenance and basic functionality.*
- *“If you included all the costs, we are getting a very good deal. We can concentrate on education.”*
- *People say it is expensive, but we could not rent a building at a lower rate.”*
- *“The Department of Health did a total renovation next door in the Civitas building. It will cost a billion to fix. The building is standing empty. Their productivity must be close to zero.”*
- *“People have improved enormously since moving in. It even changes the way you dress. People want to come to work.”*
- *“In a PPP all the finance is ringfenced. This makes it easy to budget. We pay a unitary fee and we know what we are in for. We don’t have the problem of budget cuts resulting in sub optimum space impacting on our ability to deliver a service”*
- *There is a focus on value for money. “This is an A-Grade building. And yet ... is using some of our A Grade building for storage. One can get storage very cheaply. If they shifted, that storage space can be used for conference facilities resulting in 450-600 workshops per year.”*

Takeaways

- The Department of Basic Education strongly believes that the PPP model works well for them and should be widely considered. Certain key elements of their relationship were cited as important.
- Contracts need to be long enough to ensure adequate capital spend and upgrades.
- Even a PPP needs direct hands on management by the user department.
- Weekly meetings and detailed monthly reports are needed to ensure alignment and compliance.
- Integrated facilities management with well-defined service levels and penalty clauses is a key element to this building.
- The building was commissioned around 2000 but there is still a sense of productivity improvement. They credit the building in part to the way people work.

6.3 Case study 3: Border Management Authority

Under its newly constituted Border Management Authority Act July 2020, the Border Management Authority (BMA) will be accountable for “establishing and maintaining bureaus, depots, quarters, workshops ... which may be expedient for the general management, control and maintenance of the Authority”. Until now it has relied in part on DPWI and in part on Airports Company South Africa (ACSA) for the provision of accommodation. The contrast between the two state authorities provides a unique insight into the strengths and weaknesses of the DPWI approach, hence the value as a case study.

The role of the ports authority involves coordinating the needs of all the different departments needed at South African entry and exit points. There are fifty three land borders under the auspices of DPWI, including border posts in SANParks, eleven airports under ACSA and eight sea ports. SAPS is in all the above ports and represent Home Affairs in four. Home Affairs is the lead department as designated by Cabinet. Customs (SARS) is in all the commercial ports.

The accommodation includes offices, operational areas, shared facilities and housing. There are issues of transport for staff at more remote sites that need to be addressed by the border authority.

Client Perspective

- *“We tell them (ACSA, the Ports) what we need, and they tell us how much it will cost; we budget for it and get the desired service. We don’t get that from DPW.”*
- *“The set-up is not user friendly. Not all the public interfaces are in the same building.”*
- *“For the port entity the U-AMP has become a malicious compliance tool. We give it to DPWI to give to treasury so we can get money.”*
- *We use the same U-AMP as last year because I can’t recall one that was implemented”*
- *“The problem is not at the airports and seaports but the 53 land borders*
- *“Maintenance contracts are a disaster. Of the 53 (contracts) 23 are expired and 20 expire in the next three months. We don’t have basic contracts for even water. Generators can’t be switched on.”*
- *“There are other ways of proceeding even within the PFMA. They are compromising service delivery.”*
- *“DPW is not even getting the user charges correct.”*
- *“It takes over a year just to do the due diligence. It is now three years down the line, but the ports are not started.”*
- *For the port entity the U-AMP has become a malicious compliance tool. We give it to DPWI to give to Treasury so we can get money.”*
- *“We need to look at how DPWI procures services. The tender is set up poorly and generates a non-response. DPW then oblige themselves to wait six months. ACSA would replace a contractor the same day.”*
- *“You must look at the procurement process that Public Works follows. They should be able to have a method of procuring with urgency and speed.”*
- *“Expired RAMPS contracts historic. They have expired for years. Maybe it is time to engage Treasury. It is irresponsible for us to do the same thing if it’s not working. We need to reengineer this.”*
- *“We need to fix the ports of entry issues. There is also a problem regarding risks we are facing. The facilities are not OHSA compliant.”*
- *“You must look at the procurement process that Public Works follows.” “The facilities are not OHSA compliant.”*

Takeaways

- The Act provides for the Authority to become a complete custodian.
- The Authority should take advice from both ACSA and DPWI.
- There seems to be no reason why BMA could not take over responsibility for facilities and make it work.

- BMA would be able to adopt the processes that ACSA has used successfully for some time. SARS might also provide some useful advice.

6.4 Case study 4: Department of Home Affairs

Critical features

DHA has commissioned extensive independent work on their current footprint, ideal footprint that they envisage and prototyping the optimum layout for delivery. For this reason, the Department of Home Affairs provides a useful case study with regards strategic thinking, contracting and day to day delivery. Home affairs has formally applied to be able to manage its own portfolio. The DHA has a total of 421 offices of which 215 are state owned and 206 private leases. They range from 46 large offices, 160 medium offices and 215 small offices.

The DHA provided detailed verification reports for each of 412 buildings; a spreadsheet: 412 DHA Office Info VERIFIED_22082019_DHA_DPW_VER_2_26012021; Greenfields Expansion modelling (Nov 2020); The 90 page CSIR report - Home Affairs Part A Overview Method and Home Affairs PART C; List of Offices assessed Landlord Details; REVISED DHA ACCESS MODEL NATIONAL AND PROVINCIAL RESULTS_EXCO 25012021_ver 2_Minister_DG

REVISED DRAFT GEOGRAPHIC ACCESS NORMS AND STANDARDS_DECEMBER 2019_APPROVED BY EXCO; Spatial Information Survey Revised Footprint_ver3_24112020_OFFICE CONSOLIDATION PRESENTATION

Client Perspective

- *“There are 35 existing offices not aligned with our model and 34 need to be relocated. We have identified over 30 areas where we need offices and don’t have them”.*
- *“The procurement process takes forever. Nothing seems to be working. We might be trying to resuscitate a dead horse!”*
- *“We see the lease agreements but can’t question them.”*
- *In one office the plan was for R6 million, which jumped to R50 million. Another one was R30 million and jumped to R120 million. We could do this better. Ten years later they are still struggling to construct the office”.*
- *According to DHA there are 83 leases that are not renewed and 17 alternative accommodation requests. DHA claims not to be informed when leases are renewed. “Although we have a procurement instruction (to change accommodation), we find they have renewed the lease for three years.”*
- *“We are forced to spend our own money to upgrade. DPW does not engage the landlord.”*
- *“When we put out our requests they never come to our norms and standards, affecting workflow and services.”*
- *“There are (waiting) lines through the CBD. Queues blocking everyone’s (other tenants) entrances.”*
- *“It took over three years to get a lift.” “Repairs don’t last. The ... roof fixed multiple times is still leaking.”*
- *“They take long for the specification committees. Twice recently the meeting was not quorate”*
- *“It was supposed to be a refurbishment, which should have been quick. Now 18 years later we only have drawings.”*
- *Offices with no water. Offices with no air conditioning.*
- *Offices with lifts out of order. “(It) took about three years to get a lift.”*

Takeaways

- To say that the Department of Home Affairs is unhappy with the service would be an understatement.
- They are unhappy with the strategy, they are unhappy with the space they have, they are unhappy with the contracting processes, they are unhappy with the way the space is operated and managed
- Participants expressed a strong wish to go it alone.

- There is a belief that the current poor space utilisation is an impediment to service delivery. "If there is one thing, I would say to the Minister, please agree to our divorce"....

6.5 Case study 5: Department of Defence

Critical features

The Department of Defence (DoD) makes an interesting case study because of its extensive footprint, the specialised needs especially with regards work on military installations and the internal capacity that the department already has.

According to the C-AMP, the DoD portfolio consists of 2400 state owned facilities measuring 369 824.9262 hectares under the custodianship of DPWI and 161 Endowment Properties measuring 17 788.5006 hectares under the custodianship of DoD in line with the Property Defence Act of 1922. In addition, the portfolio has 154 leased accommodation comprising of land and offices measuring a total of 31.5035 hectares.

The DoD was happy to participate but was concerned that the report would be edited. "There is nothing that we will tell you that DPW has not already heard. We wish that you could see some of the facilities".

Client Perspective

- *"We are paying R1.2bn in utilities every year. But we can't put in meters. People are paying rentals of R1200 and then subletting their garages and (domestic) quarters for more. People are running businesses from rental houses on our sites."*
- *The DoD see work on military installations as specialised and requiring an understanding and sensitivity that non-military personnel don't have. "DPW cannot cope with the requirements. I don't understand how DPW works".*
- *One of the biggest issues for the DoD is the ability of DPW to deliver projects. "Each year we put aside R800m for projects. Then they underspend by between R300m and R600m."*
- *"They dump the R600m on us in September."*
- *The DoD believes it can do its own projects and do them quicker and better than DPW. In Waterkloof they quoted R5m for a refurbishment. We did it for R2.5m including an industrial generator.*
- *"All our properties are fully on our system. We are in a position to optimise the maintenance."*
- *"MTN put up a tower on a restricted military site and we were not even informed."*
- *The life cycle management for endowment properties is done by DPW, but the DoD is particularly unhappy with this. "There is a huge maintenance backlog. But they are unable to spend the money allocated."*
- *DoD stressed the need for customer care. "They don't come to meetings. They don't report back when required."*
- *"When a lease expires, the system must tell me before it expires. We don't get copies of the lease agreements from DPW. These should be electronic and accessible to the user departments. We tell them eight months in advance when the lease is going to expire. Actually, they should be telling us."*
- *"There is a building that is being refurbished for eight years and the work is still ongoing".*
- *"Sometimes it is better to construct than to refurbish." The DoD has a track record of their own constructions.*
- *"There is no interface between us and professional teams on our property."*
- *They feel they are not given the say on these decisions.*

Takeaways

- There seems to be wide consensus that the DoD should take over property management from DPW.
- Within DoD there are differing views as to how this transition should take place.

- The military bases seem to be an obvious point of departure. The DoD has a good overview of its own assets and the capacity to manage multi-year projects. In the longer term the DoD also has the capacity to manage leases and to contract externally.

6.6 Case study 6: Department of Environment, Forestry and Fisheries

The newly constituted Department of Environment, Forestry and Fisheries (DEFF) provides an interesting case study. This is, in part, because of the input needed to maximise the spatial synergies, in part due to the complex and diverse portfolio and in part due to the PPP which was recently concluded but without the support of DPWI.

The Head Office is a PPP building called Environment House and there is additional leased space in Pretoria. The department has a footprint in each province with a bigger footprint in Cape Town. There are five buildings in central Cape Town which includes Fisheries, a Research Unit and an Admin wing. In the coastal areas there are twelve proclaimed harbours which are state owned. There are regional offices plus about 41 leased facilities (Free State 2, North West 4, Eastern Cape 11, Gauteng 3, Northern Cape 3, Western Cape a further 5, etc.). There are 12 compliance offices in the harbours and 23 other compliance offices. Furthermore, they are operating in Gauph Island, Marion Island and Antarctica.

Client Perspective

- *“Each region has its own way of doing things. Some are there to be helpful. Others are not that helpful.”*
- *“The state owned facilities are literally not taken care of. The Real Estate Unit doesn’t even have data of the facilities that are occupied by us.”*
- *“There are challenges specifically with sharing water and sanitation. We had to go with our own teams to do an independent condition assessment”.*
- *There seems to be difficulty in getting even the basic functionality, an agreement, contractual or otherwise. “The billing does not have basic information such as square metres. We are getting bills for buildings vacated eight years ago”*
- *“We budget for municipal bills, then the money is not spent. And then we get a bill years later. As the state we cannot work like that.”*
- *“DPW doesn’t take responsibility for the landlord to undertake the necessary changes and the DPW professional services team doesn’t respond.”*
- *“They do not update their systems. Even if you have moved out. We provided formal correspondence, exit certificates, of a move in 2012. We were still getting bills (for that) in 2019.”*
- *“There should be continuous client engagement. We are getting bills for buildings vacated eight years ago. There is a complete breakdown between the key account management team and the billing team.”*
- *From their perspective the DPW system is not set up to be friendly to a government department.*
- *“It’s not going well! We give them twenty months’ notice before leases expire, but it still doesn’t help. We indicate the issues that need to be addressed. Three years later, the lease is not renewed but continues on a month to month basis.”*
- *“We are forced to manage through task teams and forums. We have monthly meetings with the departments we work with instead of accounting and management systems.” “The worst region is the ... region. We struggle to get assistance. Even when we submit requests, we don’t get a response. You need to pitch at their office and sit in.”*
- *The basic premise of the U-AMP and C-AMP are not fulfilled; namely alignment and agreement of the portfolio and the needs. “They should be touching base with clients, doing a full assessment. The system is billing the wrong client. A number of facilities moved to Agriculture, and they continue billing us. Now those are back with us.”*
- *It appears that DEFF was not assisted with the PPP process. “Public works were not involved at all in the PPP. It was between us and the private party”.*
- *The private party runs and maintains the building. “The PPP term is 25 years. We will bring in DPW seven years before the end.”*

Takeaways

- At a basic accounting level, DPW are not able to assess or even correct the basic accounting transactions.
- At a contractual level DPW are unable to maintain leases and enforce the contracts.
- At an occupational level, the space is deemed to be suboptimal operationally and in places not even health and safety compliant.
- On a strategic level, the big strategic decisions are undertaken without support being offered by DPWI.
- Despite reaching out to the private sector DEFF would still like DPWI to provide support they are set up to provide

6.7 Case study 7: Justice

Justice is an interesting case study in terms of the breadth and depth of service delivery. The Department of Justice (DoJ) has a wide footprint consisting of (User Immovable Asset Management Plan 2016/17), 1 Constitutional Court Facility, 1 Supreme Court of Appeal Facility, 1 Land Claims Court, 15 High Court Facilities, 76 Branch Courts, 369 Magistrates' Courts, 4 Periodical Courts, 22 Detached Courts.

The bulk of the properties are state owned with roughly 120 leased buildings. In addition, there are houses (estimated at 779 in 2016) where there is a plan to "surrender all houses that are not strategically located and identified for a possible conversion into functional assets. The surrender plan will also include all houses that are currently vacant and illegally occupied."

According to DoJ, the information that DPW has on the buildings is not accurate. This is reflected in the asset management plan where there are large gaps in the information presented. Lack of accurate information already calls into question the capacity for DPW to give strategic advice and deliver more than the most perfunctory property management services.

Client Perspective

- *“The biggest issue of Public Works is an accurate register.”*
- *“New office accommodation seems to take three years. This is already a problem on its own. There is no sense of urgency.”*
- *“Public Works takes time and then there is no management at all.”*
- *“We should be looking at five months to get a new building, plus customisation, plus maybe six months to redo. In actual fact two years.” Given the number of new buildings needed, this is an issue*
- *“We think it might work better if we had our own consultant.”*
- *“They are supposed to be the experts. But they are incapacitated. DPW is the custodian of state owned buildings. They should be responsible for the maintenance. When you construct a building, you should have a maintenance plan.”*
- *From a DoJ perspective, the state owned buildings are not conducive for efficient delivery. “Even water in the court can be a problem. DoJ struggles to get even an interim solution.”*
- *For example, with a water problem and the need for an interim solution. They need to buy JoJo tanks. How long does it take to get the interim solution?*
- *“The process does not allow us to do something on our own”.*
- *“There is a big challenge with processes. Everything takes long. We spend seven years planning for a building”.*
- *We are struggling to get landlords to honour their leases.”*
- *“There is no autonomy in decision making in the public service. Our structures aren’t aligned. As DoJ I think I know my buildings better; the building affects me. Although we are all subjected to the structures, we could do better in house.”*
- *“If we have a state owned building, there needs to be planned maintenance. The building needs to be restored. Provision needs to be made for higher day-to-day expenditure for maintenance. The major maintenance plan is not conducted.”*
- *“We are not doing justice to the AMP. DPW is also not doing justice to the AMP.”*
- *“For five years we have not seen a C-AMP (custodian asset management plan).*
- *Every year we give our plan for compliance purposes but there is no response”.*
- *“DPW says, if you don’t give us a U-AMP, we will tell Treasury not to give you the money.”*
- *“We need to revisit, what is Public Works. What services they can provide. See what functions to devolve and capacitate the user departments. I want to see their mandate changed so that their role is to support and capacitate the departments to implement”.*
- *“Let me do it as the end user but give me capacity”.*

Takeaways

- Justice has an extended and complex portfolio.
- It is sufficiently large to allow them to build the capacity instead of buying it in from a provider where the trust has clearly broken down.
- DoJ acknowledges that it will need to have the technical and professional services posts approved by the DPSA before it starts preparing to take over the portfolio.
- With the current freeze on posts, DoJ may need to consider an interim solution ahead of migrating its portfolio

6.8 Case study 8: SAPS

The SAPS provides an interesting case study because of the specialised nature of police stations and also because some of the assets have already been devolved. They are also

interesting because despite the challenges they identified, they would prefer the services to be offered by DPW.

Currently SAPS utilises approximately 2113 facilities nationwide. The facilities comprise police stations, Local Criminal Record Centres, Forensic Science Laboratories, training facilities, call centres, offices, warehouses, shooting ranges, garages and radio high sites. Some 1154 of these are police stations which form a large fraction of the specialised facilities needed. In addition, residential properties pose a unique challenge.

Client Perspective

- *SAPS believes it can do project management as well as DPW. "DPW designs can take up to ten years." They claim that site clearance takes up to five years, planning and design ten and that donations take forever to finalise.*
- *"We pay for example R700 per month here for a parking bay."*
- *We paid R250 000 for a generator. They appointed a contractor and the same generator cost R1.5m."*
- *"For generators we now go directly to the supplier."*
- *"We don't think that DPW negotiates on our behalf."*
- *"DPW does not enforce the maintenance part of the lease."*
- *Furthermore, according to SAPS, there are lockouts due to non-payment of rent. "The Hawks were outside their offices in the North West for 3-4 days and no work could be done".*
- *"There are applications (to move) we submitted 10 years ago and they just continue to renew."*
- *"One guy owns the town and leases to all government departments. This needs a strategy."*
- *"Leases terminate but they continue to bill us"*
- *On the U-AMP: "The bible is there but the verses are not read". "We should be engaging on the U-AMP. DPW should be supporting and mentoring us."*
- *"KAM is supposed to be the glue between us and DPW, but they seem paralysed."*
- *SAPS doesn't have an SLA performance plan with DPW. "We should be reporting and tracking their performance".*

Takeaways

- SAPS has built up the capacity to handle their 284 own police stations, to get value for money and to manage projects.
- However, they neither have the capacity to handle the full portfolio, nor would they be happy to take over facilities in the state they are in.

6.9 Common issues across the case studies

The case studies as a whole provided commonalities and threads.

- A breakdown in communication, rather than poor communication, was cited widely as an issue ranging from matters being ignored, unresolved for extended periods or escalation to Ministerial level
- User departments expressed the most satisfaction where they were independent of DPW. This included SARS, the Department of Basic Education and SAPS in the case of the police stations they manage themselves.
- None of the user departments were happy with the service that they were getting from DPW. There was a high level of frustration regarding DPWI bordering at times on suspicion.
- Some departments were looking for a better service from DPWI (e.g. DEFF) while others

were keen to develop the capacity in house. However, no one was happy with the current level of service.

- None of the departments reported receiving strategic portfolio management. Where departments were looking for strategic or implementation advice, they typically went outside.
- For some of the departments the Public Works regional model does not reflect the way they (user departments) are set up. DPWI is a service department and should align its delivery to their users.
- Many departments claimed that the policies used by DPWI make it difficult for them as a government department to operate, impacting negatively on their service delivery.
- The U-AMPs are by and large regarded as compliance documents.
- Procurement is universally seen as a weakness. Almost every interviewee had advice on what could be done better within the government framework.
- Several departments had disputes over what should be mundane activity such as billing, occupancy or the existence of buildings which have dragged on in more than one department for years and in some cases, decades.
- Almost all departments complained about project management taking too long and being too expensive. Costing too much with very little results to show.
- Several departments complained about maintenance issues dragging on unresolved for extensive periods.

7. Key results from interviews

This section covers interviews held with various stakeholders internally and externally. Generally user departments are dissatisfied and frustrated with the service received from Public Works. This is especially the case with government owned buildings. Those who expressed the most satisfaction have very little interaction with Public Works; they have maintenance contracts in place, maintenance staff on site and deal directly with the landlord. Landlords generally expressed dissatisfaction with the service received.

Respondents commonly referred to internal problems such as lack of accountability, broken processes, centralisation of many functions, and a lack of systems. User departments reported a breakdown in communication expired leases, poor and lack of building maintenance, and inaccurate or late billing which most respondents said is a result of the incomplete asset register. Added to that lease terms and conditions are not adhered to leading to an environment not conducive for work. All these factors impact negatively on delivering services to the public and consequently client dissatisfaction among user departments. While few user departments acknowledged Public Works' technical capacity, many did not see any value add in the services provided.

User departments, regions, and landlords want the expired leases to receive urgent attention. User departments feel left out of the process with very little consultation taking place when they need new accommodation. They want to be fully involved and engaged when accommodation is being procured. That includes being part of the contracting process.

With regards GIAMA, the Act is known to exist but it is neither regarded as “go to” document” nor “a point of reference” because the custodian rarely implements what GIAMA stipulates for various reasons including lack of funding. User departments pointed to the custodian’s inability to conduct condition assessments, making it difficult for maintenance to be carried out effectively. This was acknowledged by regions. Further, U-AMPS are not being used as a planning tool but their completion (that is if they are completed in a particular year) in many cases is just for compliance purposes.

There is no doubt that all these challenges impact negatively on the efficiency and effectiveness of the department to deliver on its accommodation provision programme. This in turn impacts on the ability of the user departments to deliver services to the public.

Detailed results are reported by stakeholder group below.

7.1 Focus interviews – National perspective

Focus interviews were conducted with internal staff staffers at senior management level to include chief directors, and directors in key functions linked to accommodation provision. A total of 11 focus interviews were completed on Zoom with internal staff members. A further four questionnaires were self-completed by a DDG, directors and their deputies (See Table 5). Internal functions covered include investment analysis, asset management register, user demand management, real estate services, PMTE strategic and operations support, user demand management, facilities management, planning and precinct development and valuation services.

The interviews aimed to provide a broad overview of the various functions involved in the provision of state accommodation, the various role players and interfaces. Views on the state of accommodation provision, areas going well, areas of concern and challenges were probed. Views on the implementation of GIAMA and its shortcomings also formed part of the interviews. The interviews assisted in framing appropriate interview questions for user departments and regional offices.

Expected outcomes of the evaluation expressed by respondents include improvement in efficiency within the department to ensure client satisfaction, “change that will bring back the department’s reputation regarding service delivery to clients” and the mandate of DPWI being “wholly returned by clients”.

7.1.1 Service delivery perceptions

Asked about what was going well regarding service delivery and associated challenges respondents mentioned more challenges than positive achievements. Offering a positive view, a respondent said the department had been able to provide some maintenance, construction and lease of office accommodation to the satisfaction of the client. Further there were officials willing to go all out to ensure that provision of accommodation was done within time, cost and required quality. Another respondent said the following services were going well in the department; Disposals, Valuations, Investment Analysis, Town Planning Services, Precinct Planning and Development.

Maintenance and slow delivery were widely cited as the main challenges. One director said, “currently, not much (is going well)”. Another said, there is “no delivery of accommodation requirements to the client. In instances where delivery occurs, it is slow and the quality of the accommodation solution offered to the client is sometimes of a very poor standard”. Resources are reportedly inadequate in numbers and skill relative to the size, complexity and scale of the portfolio to meet internal and external demands.

Others challenges mentioned relate to delays in procurement as a result of “cumbersome implementation processes” and a “constraining procurement method”. Another respondent cited the poor performance of critical components related to service delivery (e.g. lifts, boilers, air conditioning, and water systems), increasing breakdown incidents logged by clients due to the poor condition of facilities, as well as late approval and confirmation of funds by clients. Contractor management posed other challenges as some service providers’ services were terminated for non-performance preventing timeous provision of the office accommodation to clients.

7.1.2 Maintenance

Maintenance challenges were discussed at length. Causes include insufficient maintenance, the fact that both the parties do not budget sufficiently for maintenance and that client budgets for maintenance are not commensurate with the extent of portfolio. The Facilities Management Unit cited lack of budget due to devolution to user departments, ageing infrastructure and not having a proper information system to provide an overview of the maintenance required.

Other respondents spoke of repeat maintenance being undertaken perpetually without examining the core problem. “Buildings are old and we do not have a facilities management strategy”. So, one respondent suggested the development of a high level maintenance strategy to improve the conditions of buildings and to meet client requirements and satisfaction. The Facilities Management (FM) Unit cited its role as exactly that; “giving direction in terms of policies while regions are responsible for execution”. However, the unit has no line of sight as those responsible for FM in the regions report directly to the Regional Manager. It also has no sight of annual expenditure to date. Only the Finance Unit has “a true snapshot of that. We depend on Finance to know how we are spending. We don’t have a dashboard. I doubt that the DG has a view of the dashboard”. The FM Unit respondent said, “We are going to move to Archibus. Up until then we will still be hamstrung”.

The FM Unit also indicated that it will be moving over to term contracts to address maintenance challenges. Further, some regions are already on term contracts. Total Facilities Management is being introduced in phases to ensure a single source of supply. The first contracts started in September 2020.

7.1.3 Supply chain management

Supply chain management was widely cited as being unnecessarily centralised, too slow and delivering poor results. “We have become a cash cow for others”, a respondent said. Respondents urged the department to explore other methods of procuring. One advised, “There is a need to set construction budget based on QS estimates and let everyone tender on that amount, then assess based on functionality and transformation”.

The quality of service providers appointed is often below what's required. A member of the FM Unit said "Service providers are not vetted. They claim to fix air conditioners and we bear the brunt in the field. We source from the CSD (for quotations below R500, 000). We don't source ourselves. SCM does the sourcing and I just meet that person on site". Another member of the FM Unit said, "Some companies are just a post box. The person just goes and subcontracts... everybody just adds a mark-up".

Centralisation of delegations seems to have adversely affected the speed at which executing units are able to deliver accommodation solutions to the client. The new procurement decision making process appears to have introduced unanticipated dynamics, delays and failure to take accountability. Although centralisation was put in place to manage the incidence of irregular or unscrupulous practices, it has impacted negatively on delivery and the credibility of the department in the eyes of its clients.

7.1.4 Staff challenges

High vacancy rates were reported at various levels and units of the department. The Facilities Management Unit reported a vacancy rate above 72%. At the time of the interviews in February 2021 the Facilities Management Unit at Head Office did not have a Chief Director and the DDG was in an Acting capacity. These vacancies pose a serious impediment considering that the department is responsible for over "90 000 buildings".

There are serious professional skills shortages across the various components to address the vast state portfolio of about 130 000 properties including in the IAR, Investment Analysis, Asset managers, Valuations, Development Management specialists and GIS specialists. There is also a need for increased technical support to user departments to develop requirements linked to budgets requests, respondents emphasised. The department lacks the professional services to write the policies, norms and standards. Where policies exist, there is no investment framework, so you get three different views, a respondent added.

The FM Unit only became a full directorate in 2016 and was previously part of property management. Hence the "current processes follow from property management; not facilities management". These challenges permeate to regions, "if you look at FM in the regions, it is not headed by a director. If you look at ISO standards for asset management, it all starts with leadership to be able to execute properly". The unit is not able to reach the "60 000 buildings it has because of staff vacancies". So condition assessments cannot be done.

Lack of skills is exacerbated by attrition at lower levels. Respondents said, "Skills are lost, there is no infusion of how things are done within the department". "So we have ended up with more people but less capacity". There is "Too much chopping and changing". To address these challenges, a respondent mentioned these approaches:

- Filling of available technical positions as well as other vacant positions, albeit inadequate to address this vast portfolio.
- HR requested to redesign existing configuration.
- Motivation made to HR to move Disposals and IAR and the CRM component that requires dedicated focus.

There is lack of continuity at executive level, "each new DG discards what was done previously. When they leave, the process starts all over again". At the time of the focus interviews in 2020 the DG was on suspension and the status had not changed when writing this report in June 2021. There was an Acting DG in his position.

7.1.5 Reasons for poor service delivery

Challenges were said to be due to an ageing portfolio and high maintenance backlog, lack of internal technical competence to engage technical issues adequately and interface with external technical expertise, lack of clear timelines between DPWI and client departments, instability in management and weak SCM systems characterised by "appointing the lower

price bidder, incompetent contractors, etc.” Respondents expanded on some of the reasons.

Working in silos: There is no seamless integration within divisions in the department, with regions just another appendage. “We get our information not directly but through UDM. Information gets distorted and we can’t ask the client to give us their needs assessment directly”, a respondent illustrated. “The department has too many functions under one roof with one respondent referring to DPWI as an amalgamation of many companies. “There are about 32 chief directors and 190 directors”. Some functions, it was claimed, were not delivering value. With regards records management, information was said be all over the place. Also the department was not deriving full value from investment analysis.

Unintegrated business processes: Many of the respondents saw the processes as broken. So “we take a long time to ensure provision of accommodation to clients either through private leases or construction of state owned accommodation”. Another mentioned lack of a coherent Business Model, lack of integration with business processes, overlapping functions and a “massive span of control under REIS that could lead to inefficiencies and potential fraudulent activities with the IAR and Disposals within this Branch”.

Lack of responsiveness and delays: Clients are unhappy with the department’s turnaround, information is in different places and in different formats. Added to that, “approval times are too long”. The process for permanent accommodation is very slow, “needs assessment, analysis, town planning, site clearance – we can wait five years just to get started”. Leases are quicker but are regarded as expensive while procurement of a new building takes considerably longer. Reasons for delays include due processes not being followed, detailed information not being made available, user departments withhold the budget and contractors tend to raise their rates for government. Added to that, “contractors tend to pitch at the top of the range for us but pitch lower rates for the private sector”.

Differing standards: There is lack of standardisation with things not done uniformly, e.g. feasibility studies from regions differ. “Architects draw what they like. We have lost that ‘government imagery’, norms and standards are not updated and the department is just too slow”, a respondent lamented.

Failure to achieve transformation objectives: The failure is captured in this response, “After 18 years PMTE is nowhere near the fully fledged agency that Trevor Manuel envisioned it to be. The department has not fully transformed as envisioned in the 2003 White Paper. Those responsible for the transformation left”.

Devolution of powers: Some user departments have been given the “custodial role” of managing certain components of their portfolio. Allowing SAPS to manage (plan for, acquire, operate and maintain functional accommodation) its own portfolio due to slow delivery by the department is seen as an infringement of the department’s mandate. One respondent said this had the unintended effect of the client realising that they can deliver on the mandate of the department (DPWI) better and for this reason, the “department runs a serious risk of becoming obsolete”.

Stakeholder roles: Some respondents commented on the roles of the custodian and users. One said, “It is a matter of the tail wagging the dog and the tail has the budget and sometimes the right connections. If a well-connected DG wants something, he will get it irrespective of the feasibility study”.

7.1.6 GIAMA compliance, monitoring and impact

GIAMA provides a framework within which the department must conduct its business and relate to its clients. Compliance to GIAMA focuses on the quality of the GIAMA processes, the U-AMPs, C-AMPs and the condition assessments. Indications are that without the amendment of certain key legislation such as PFMA or the development of a sector specific procurement legislation for the built environment, GIAMA is unlikely to be particularly effective, respondents stressed.

The content of U-AMP's, the implementation thereof (funding, delivery, etc.) remain a challenge as these documents are done albeit infrequently and largely as a compliance exercise. Thus, the implementation of GIAMA has not been able to ensure proper budgeting and credible asset management planning on an annual basis.

Compliance to operational guidelines and processes is monitored through intermittent risk analysis and the development of controls to manage risk so identified. There is reliance on documented and approved business processes, policies of government and legislation. With the latter, the department measures how compliant it has been during a financial period, disposed of its business/operations in alignment to relevant business processes, policies and legislation. This does not meet the objective of the Act to optimise asset management across the portfolio. A more strategic approach is required to manage the property portfolio.

7.1.7 Assessing performance

Assessing performance was harder for respondents pointing to inadequate measurement indicators. Measures tended to be inward looking and budget focussed. This is an area where the monitoring and evaluation unit can add value.

In the main discussions indicated lack of effectiveness in that client expectations are not being met due to "backlogs in maintenance, construction requirements and finalisation of some long outstanding PI's". Responsiveness and quality of accommodation are also of concern. The portfolio management model is not cost effective due to outsourcing to service providers who inflate the cost of works, materials, etc. There were strong feelings that the department is not procuring the best value for money, lacks key expertise in asset management capacity and technical people to manage key accounts.

Successful procurement of accommodation is seen as one measure of good performance for accommodation provision by some. Others said, "In terms of Capital Works Projects, a good year is when we are able to obtain 100 % expenditure on all projects". "For leases, a good year will be if all lease accommodation requests are concluded in the financial year within which they are issued to the department". "You have a good year if there were less maintenance requests thereby saving money, the accommodation has been able to support the client's objectives, the lease agreement obligations have been honoured by all parties to the lease and of course when the client is overall happy with the accommodation. You have a bad year if the opposite of the above facts is evident". "We have a huge maintenance backlog, so much so that clients would rather lease from the private sector" according to one respondent.

Most respondents regard finalising user requests for accommodation as a measure of customer satisfaction. Currently, user needs are often only partially met and the main issue is, "turnaround times are too slow". One key account manager said that client satisfaction is the yardstick by which services delivered by the department to clients can be measured. Client satisfaction feedback is extracted from meetings, letters and informal forums. Pointing to the implications of client dissatisfaction, a worried respondent said, "**Without work coming to us due to client dissatisfaction, the department may cease to have a reason to exist and subsequently be merged into other departments as its mandate becomes devolved to those clients who can perform the department's mandate better**". There is no doubt that the trading entity has a lot of ground to cover if it wishes to become a client focussed organisation.

Procurement of accommodation is conducted through open tender, a procurement method currently relied upon as the best benchmark for Value for Money. Participants indicated frustration with the department's procurement systems in that they were not always getting the best value for money. "We are not cost effective if you look at how much we spend per square metre, it is higher than the market. There are always variation orders. The view of most client departments is that that they can get better value for money elsewhere.

In teasing out similarities and differences between government and private accommodation, varied responses were received.

- Unique challenges of government office accommodation in South Africa include that demand for accommodation far exceeds its development and government offices are not developed to service all citizens effectively.
- The difference is that the private sector has to solicit business whereas DPWI is guaranteed business by virtue of its mandate.
- From observation, the standard of non-government accommodation seems to be higher than that of government however, it may be due to the dynamics which invariably attach to government such as foot traffic, cost containment, location, functionality, etc.”

7.1.8 Improving service delivery

Respondents offered suggestions to improve levels of service delivery for the department to justify retention of its mandate. These include drafting clear and quick timelines that all role-players have to agree and adhere to, clear delegations in signing lease agreements, improving the SCM system to ensure appointment of qualified service providers, as well as reviewing the current maintenance strategy to improve building conditions. Asked how the interface with clients could be improved, a key account manager said,

I can be more visible to the client and perform a more thorough investigation of their current accommodation standards to help the department understand the challenges my clients are faced with. This will help ensure that the department delivers more pointed and efficient accommodation solutions to the client. The current approach wherein dependence is solely on the client's input, is outdated and brings forth accommodation solutions which end up being problematic as the department continues to address new age accommodation challenges with old or outdated accommodation solutions. For example, it is devoid of logic, to procure a police station on a straight lease when it is clearly known, that the client will remain in such a facility for a foreseeable time in the future.

Other suggestions involved, “Defining and streamlining implementation processes would also improve service delivery” and the “development of high level maintenance strategy to improve the conditions of the buildings so that client requirements and satisfaction can be met, one recommended. Respondents also offered suggestions to improve efficiencies in the provision of accommodation and utilisation of state properties. These included streamlining processes for procurement and improving maintenance of state properties, developing sector specific legislation to enable procurement of government accommodation to become efficient, inclusive and beneficial to government and coordinating the use of immovable assets with service delivery objectives for both the user clients and DPWI. Another cautioned against development of new policies, strategies and procedures, “DPWI has got all the documents we need, the problem is implementation and professionalism in this organisation”.

Communication between DPWI and clients has to improve. This should be backed by the development of acquisition and loyalty strategies to remain competitive in the long run. To achieve this goal and to better manage client relationships, tools such as value added software should be implemented to provide customised solutions for clients such as reporting, mobile access, etc. Most importantly the DPW portfolio needs to be “professionalised” with client needs and requirements placed at the centre of service delivery. Other general areas for improvement were listed as follows:

- Engagements of the users to obtain substantive U-AMP to inform a meaningful C-AMP.
- Asset Managers required instead of Portfolio Managers.
- Built Environment specialists to be appointed especially Quantity Surveyors and Engineers.
- Comprehensive Immoveable Asset Register including componentisation and improved GIS functionality.

- Implementation for IDMS for integration between other branches such as REMS, FM and CPM

Asked how what they use an additional R100 million investment respondents said they would put that into “People, processes and systems, skills development and new buildings to provide new accommodation to reduce the need for leased accommodation”.

Aligned to that, respondents were asked what they would tell the Minister or the DG if they got in the lift with either of them. One said they would talk to the difficulty of interfacing with and explaining poor service delivery to clients. Another said the department requires an enabling leader so that all resources can be focused on delivering what the department is mandated to deliver. Others said,

- All witch-hunts must be left to criminal investigators in the security cluster. It is difficult to perform any function if there is persistent worry that performing such a function will create an opportunity for corruption. Let officials work and be held accountable for their actions or lack thereof”.
- Centralisation of delegations and functions does not only reduce the incidence of corruption but, also drastically reduces the level of delivery. Clients cannot be exposed to poor service delivery on the basis that meeting their needs will create grounds for corruption.

7.2 Regional perspective

Similar to the focus interviews, the aim was to provide an overview of the role played in accommodation provision, the portfolio, interface with head office, challenges faced, client interaction and service delivery perceptions. Recommendations to improve service delivery were also sought. Regional managers were interviewed with their teams and participants were comprised of senior staff from the following units; Office of the Regional Manager, Real Estate Management, Facilities Management, Finance & Supply Chain Management and Project Management.

7.2.1 The portfolio

The portfolio managed by regional offices is large and includes a mix of government and privately owned buildings. State owned properties are preferably leased to user departments but if there is no demand they are offered to the market for rental.

Departments considered major in the regions are the SAPS, DoD, DoJ, and DCS. Some regions considered the Labour, Home Affairs and Social Development departments as having a large enough portfolio to consider them as major clients.

Regions acknowledged that user departments are very dissatisfied with the procurement of accommodation as a well as the condition of buildings due to inadequate maintenance. Regions indicated that dissatisfaction arose from demand outstripping supply in small towns, insufficient funding for maintenance, not putting enough emphasis on maintenance and little being done to keep old buildings in a good condition Further, demand had over the years exceeded supply due to the expansion of government services to previously un-served and under-served areas.

All the regions reported not having enough resources to handle their allocated portfolio. User needs are not met because “many of the lease properties are very expensive and are not ideal for the customers”. The buildings are old and present major maintenance challenges. In addition to managing leases, some regions are responsible for maintenance of major infrastructure like water treatment plants.

Different challenges present where a region owns and manages residential property. The houses, including those in the prestige portfolio, are not in a good condition due to lack of maintenance. As result, some are empty. To illustrate the poor state of residential property,

one said, “We don’t even keep the register of prestige properties. Some of our houses are no longer suitable for occupation. Of late we lease houses for VIPs because some have roofing, carpentry, and other problems”.

Unoccupied houses are prone to vandalism and illegal occupation while land grabs are common on empty land parcels. The department loses three times; the property does not generate income, monthly rates and taxes have to be paid and the property loses value. In some cases security services are added to the cost. Further, such properties tend to impact negatively on property values in the neighbourhood. “If we had the budget, the houses would have been fixed. User departments reported similar problems with some suggesting disposal of properties located outside complexes or military bases. Regional respondents suggested that houses should be let out for a low amount to save on security cost. Further, attempts should be made to rezone some to office space especially in small towns and rural areas where Public Works couldn’t meet user needs for accommodation. Another said, “We should dispose especially the houses. We are paying rates and taxes but we are not getting income”.

Regions spoke at length about the need to reduce the number of leases and to rely more on state owned buildings because leasing is supposed to be a temporary solution. They pointed to empty parcels of land where the department could easily start erecting new office buildings and even developing precincts for government services to be provided in one location. The migration process was deemed slow adding to the frustration of user departments with increasing needs for accommodation.

7.2.2 The regional portfolio

Regional office	Portfolio	Reported leases
1. Gauteng	6000 state owned properties, includes offices, houses, and undeveloped land, vacant stands and SARS warehouses.	Leasing about 185 buildings. Biggest clients are SAPS, Justice, Labour and DCS. All on private leases.
2. Kimberley	2190 land parcels. Managing 8487 buildings (improvements). Smaller regional offices. Largest province by land mass. Includes and ports of entry for Botswana and Namibia.	178 leases. Serves approx. 30 clients. All national departments. Main departments are SAPS, SAPS, Defence, DCS, and Justice.
3. Mthatha	Close to 300 properties. Accommodation, offices, 22 farms that are not being utilised.	17 clients. SAPS, Social Development, Defence, and Home affairs regarded as major.
4. Durban	About 11000 land parcels. 7000 structures.	Close to 500 leases.
5. Port Elizabeth	Mix of State property and leased property. 5000 buildings and 1000 complexes.	Over 316 lease contracts. More than 28 clients including the chapter 9s. Major clients are SAPS, DCS, Defence, Justice the Home Affairs.
6. , Pretoria	About 19000 properties.	48 national departments and agencies. 270 leases as well as houses in Thaba Tshwane. Also accommodating most of the agencies under Justice.
7. , Polokwane	TBC	One of the smaller offices, less than 150 leases. Classified as Region B.
8. , Nelspruit	1859 land parcels. 15000 improvements including border gates.	About 220 lease ins. Lease outs very little. Major clients are SAPS, DoJ, Home Affairs, DoD and DCS.
9. Bloemfontein	12920 properties, including land parcels. 3820 are land. 9920 improvements.	165 leases. Some fixed term, some month to month. 20 national clients. Big five: SANDF, Correctional Services, Home Affairs, Justice, SAPS. About 49 leases to private individuals (includes telecommunication masts).
10. Cape Town	About 11000 buildings.	About 470 leases. 30 clients. Major clients are SAPS, Justice, Home Affairs, Labour and Correctional Services. Includes residential houses.
11. Mmabatho	TBC	26 client departments. 150 leased properties. SAPS is a major client.

Table 10: Regional portfolios and leases

7.2.3 Challenges faced by major clients

Regions were asked about challenges faced by major clients. In the main, user departments are frustrated and dissatisfied. Challenges mentioned were wide ranging but largely related to insufficient maintenance due to lack of funds and requisite skills in the regions, delays in finding appropriate accommodation, being accommodated in old buildings which in some cases constituted a health and fire hazard. It is not uncommon for the Department of Labour to issue prohibition notices and close the building for non-compliance. Some clients complain about the location of properties in the CBD in addition to their physical condition while others complain about contractors used for maintenance. In return, regions accused clients of not looking after government property and misusing equipment like cleaning equipment.

Although regions were trying to reduce the leasing portfolio, clients were not providing funds to construct new buildings. Regions felt it was better to manage a state property because “landlords don’t invest”.

Referring to non-compliance of accommodation (to health and safety standards) one regional office said problems in buildings include lifts in high rise buildings and air conditioners not working especially in courts. Another said, “The buildings we are managing are very old. Boilers are very old. Plants are very old. Some fifty years old. Underground pipes burst. Some can’t even be replaced”.

Regions have to contend with long tedious supply chain processes internally and said procurement could take 18-72 months. The processes are admin heavy and need to be reviewed according to some respondents.

Asked if clients wanted to separately arrange their own accommodation due to problems experienced, a respondent said clients normally accepted the delays because “they know that they won’t do better than us” even though it’s frustrating. However, clients using term contracts for soft services were mainly satisfied, a respondent said. The following responses were offered to address client problems:

- Negotiate longer leases with the view to address favourable standards requirements and market related rates.
- Identify state available land for a permanent solution.
- Sign longer leases with the view to own.
- If it was my decision I would rather dispose of the portfolio. It is a huge portfolio, but we are lacking in knowing the assets that we have.
- Improve planning.

7.2.4 Regional challenges

Regional offices face challenges on many fronts; dealing with user departments, head office, centrally appointed contractors who often fail to deliver, broken processes and systems that hinder rather enable service delivery. Other issues relate to inadequate resourcing, lack of maintenance, misaligned systems and processes and inability to procure and renew leases.

Maintenance is a major issue because equipment and infrastructure are old and beyond functional repair. The buildings are also in a state of disrepair and do not address clients’ accommodation needs. Residential properties are difficult to manage and open to many types of abuse.

Regions consider the devolution of funds to user departments as hampering delivery on projects. So regions urged the department “to get the revenue back” as the department was not getting what it is supposed to get to fulfil its mandate. “You own a house but someone else is maintaining it. We need to beg for money to do the maintenance”. Regions also complained about struggling to get money back for utilities. Hence a project to get client departments to pay for their utilities directly is underway. However, user departments said Public Works was stalling in this regard (migrating the responsibility for utility payments to users).

Communication with user departments is broken.

- There is lack of cooperation from user departments with some not communicating their intention to move out of houses.
- We entered into SLAs with user departments but they leave properties without informing us.
- The aim of GIAMA is to ensure the user and Public Works have responsibilities. Users must be brought to the table as well.

7.2.4.1 Resourcing

Regions do not seem to have sufficient resources to execute their mandate. Deficiencies relate to technology, human resources in terms of “warm bodies” and skills, as well as funding. There is a general lack of artisans and specialised skills as well as a high vacancy rate reportedly ranging from 5% to about 60%. These shortages affect regions’ ability to effectively manage their portfolios. Regional respondents said:

- There are never sufficient resources. We are not even close to being sufficient.
- We are a very big province with lots of buildings, with the furthest buildings 8 to 9 hours away. Other provinces have two offices. The number of works managers is very low. Even in terms of admin support. As a result there are sections which are always working overtime.
- If we were charging a market related rental we could pay for the positions which we require. Also if we had the resources here and not centrally.
- Our establishment in the region is 751. We have 72 vacancies. HO asks for a priority list. We send the list. They reprioritise and only positions on the structure are advertised. All SMS positions (level 13 up) are done by head office.
- We are understaffed as Public Works in general. When we meet PIC, etc., they bring a lawyer and a valuator. Even real estate professionals. We need to beg for professional services to help us. We don’t have valuers in the regions.
- We send our needs to head office. Head office does the reprioritisation and determines what gets advertised.
- I have 45 magistrate’s courts but only 3 people to facility manage the 45 courts. When the clients have complaints. They complain to us, not head office.
- The issue of resources is a serious problem in the region. We have the greatest number of leases, close to 500. But we have one admin officer with 58 leases. The person does not know what is happening with his leases. Five officials need to look after all the 7000 properties.
- Emergencies can take a month to attend to because there are not enough people. It even affects the payments. There are 3 people to verify 1000 payments.

Distance is a constraint to delivery in some provinces. One respondent said, “We are spread too thin and don’t have opportunity to view. Manpower is a problem. We are not able to visit all the properties”. Another said, “There is a challenge of one office for the whole province. We should have district offices to deal with certain issues like maintenance. We could have the works managers in the districts”. The offices are understaffed but regions are expected to carry out inspections in “far flung areas” within the province. The offices are understaffed but regions are expected to carry out inspections in “far flung areas” within the province. Lack of proper systems adds to the burden, “Without that (system), we need a lot of resources to do things manually”.

Specific reference was made to lack of professional services in the region and the fact that head office was no longer open to term contracts to address that deficiency. Regions felt that skills centralised at head office should be in the region. Respondents said, “We need valuers and town planners”. “We are supervising the portfolio but investment decisions are made at head office. It takes years to get feedback. This is holding us back from being real property managers”. Most proposed decentralisation to bring professional skills to the regions. This would not only avoid current delays but would save money, some said. It was felt that regional-

based professional services would lead to efficient and effective service delivery.” If we had an architect, electrical, mechanical, civil engineer. It would save a lot of money as we could do that in house and have our sketch plan meetings here. Another saw a shared services model with engineering, architectural, civil and electrical services responsible for whole country as the way to go. Others made the following suggestions to increase capacity:

- The latest establishment was put in place in 2016. There is a need to review the top structure so that it is aligned to our strategy.
- Staff establishment is not our call but we need to increase capacity in all the line function units.
- Major restructuring is required. Most of our members have eight years before they retire.
- Give us the delegations to allow us to fill our own positions. If we had latitude to advertise, things would go faster.
- Head office needs to play its role. Let us do the implementation.
- We need to re-advertise the posts.
- We need valuers. Everything we do starts with valuation.
- We need a major revamp as all equipment is too old. We need manpower.
- In property management we can start by attracting young professionals still at tertiary level for internships with a stipend.

In prioritising, it is important to remember that form follows function. Once the roles of the department at national and regional levels are clearly defined in line with the appropriate service delivery strategy and model, regions can be appropriately resourced.

7.2.4.2 Systems and processes

Systems in the department were described as “old, unintegrated and not really up to scratch”. As a result, the department is using a dual asset register. There is the old PMIS system and the Excel system. Many regions reported having problems with Archibus due to lack of personnel to operate the system and lack of training. As with systems, the planning frameworks and business processes of the department were criticised for being old and not serving any purpose. Regions responded as follows:

- We have long and old business processes in all units. SOPs don't serve our purposes anymore. There are too many steps in the business process. Some could be completely cut out.
- There is inconsistency as each new DG is rewriting processes.
- We have not been able to define business processes. So we are not able to take decisions.
- There are problems with business processes and delegations. People must not sit with delegations and not use them.
- Our processes are slow and some clients don't want to come to the meetings. Then we are expected to be quick, quick. We are not procuring bananas but buildings.
- Currently we are using the 2007 business processes but we have changed the structure. The processes don't assist us at all.
- Our planning is skewed. We are supposed to budget for maintenance but you don't have the budget.
- The system is flawed. There are hundred things on the procurement plan, but we are not procuring anything.
- They (clients) want a building ready for them. Our processes don't let us build, operate and transfer. The procurement process must be adhered to.
- There is too much bad planning in general in government. Processes take forever.

Regions blamed delays on centralised processes and systems which do not do what they are supposed to do. They said:

- Just to get to a PI can take 2-3 years for new accommodation. Even more to get the accommodation. There are some from 2010 and they still don't have new accommodation. UDM says it takes 18 months to get an office space.
- We wait very long for the Procurement Instruction to come to us. The clients say they have listed it. It takes extremely long to get through to head office. It can take six months. The turnaround time is very long and frustrating to our clients.
- Delays are our biggest challenge; the period it takes to procure accommodation for clients in areas where there is no accommodation can be long. It can take a year. You advertise and do not get responses. You go and check. Re-advertise.
- We are waiting for ages for head office to do what we could do.
- There are delays from the client when it comes to getting the budget from them. From the client it goes via their head office. It can take months requiring the extension of the validity period. By that time, the building is no longer available. It is a big issue. The payment by head office. Would be better if done from the region. If clients are locked out, we have to answer, but contracting is done centrally.

Proposed solutions offered include:

- We need to align our business processes, SOPs and delegations. Then determine what needs to be centralised. SOPs must enhance the delivery model of DPW.
- We need to revisit our processes.
- Turnaround time needs to be quicker. (2-3 years). We should acquire in two months. Previously it took a maximum of six months.
- Internally when we look at the bid committees, head office does not treat matters as urgent as we would love to see.
- Requirements should come direct to us (regions) not through KAM.

7.2.4.3 Centralisation

Issues raised by the regions related to delays caused by centralisation, lack of urgency, the centre not putting any pressure on user departments and lack of clear role definition between the regions and head office. One said, "There is always a delay when there is a middle man, it adds more protocols".

Regions said functions were previously centralised to stem corruption. Another argument put forward for centralisation was that positions at regional level were too low to negotiate on big transactions. Regions countered that even at low levels, staff had the experience and qualifications to handle the transactions. Alternatively, Head Office could have elevated the positions if it was felt the staff members were being undermined during negotiations with the private sector. Paying staff appropriately would also take away some of the temptation to be corrupt.

Head office is responsible for customer billing and collection. Other activities that take place at HO are planning, processing variation orders, sketch plans, valuations and investment analysis. Regional recruitment is done by HO, including placement of adverts. This process is said to take too long as the national office is forced to prioritise due to budgetary constraints.

- Head office should be the front runner on GIAMA because users aren't coming to the table. Sometimes we have a lease. We wait for it to be signed. We don't get payment because it isn't signed. Then there is a delay for four months".
- Turnaround time is slow when head office is involved. We find ourselves not as efficient due to lack of urgency from head office. This can result in serious things like people (user departments) evicted an office space and other irregularities".
- We have a good relationship. But the function is centralised. They don't give the response. We communicate but we are not getting what we expect. The waiting time does affect us negatively".
- Regional offices are closer to the property than National would ever be.

- We liaise with landlords on a daily basis, but the payments are done at head office. This can be very frustrating when we need to give an instant answer. Certain functions should be decentralised because regions can monitor locally”.
- They centralise even operational functions. We can do it better than they do it at the centre. Leases are now done centrally. In 2019 we could do leases. Now only three can be achieved because decentralisation, the other sixteen have been going up and down.
- Over the years a lot of functions have been centralised. Functions used to be more decentralised. Now, everything must be authorised by head office.
- Centralisation has killed the region. It was the first region where this was introduced for all projects above R50m. You don't get a handover as the region. They (HO) don't get asked the questions, we get asked in the region. Clients call us late at night on a Saturday.
- The centre is not holding. We can't use logic and common sense because the delegations are centralised. There is no accountability at the centre. Hence it becomes a problem. It takes two financial years to get a building. (to lease)
- Even if sitting here and clients want accommodation. Delegations are sitting elsewhere. You talk and write about it but nothing happens.
- Financial delegations are same as 14 years ago. This makes it difficult for us to perform.
- We have service delivery delays because of signatures. I submit. The head signs. Another signature for the RM. Then to head office. We can do better than head office. That's why we aren't giving service. Some don't even have an electronic signature.

As expected, decentralisation is viewed differently by the national office. A respondent from head office offered an alternative view. Regarding some of the services, the respondent said, “Investment Management should not be decentralised but capacitated to have holistic preview over the portfolio, its performance and return on investment, including independent decision making on the highest and best use of properties. The idea of establishing panels to increase regional capacity was also not supported.

7.2.4.4 Management by circular

Regions reflected on the use of circulars as a policy instrument. Concerns relate to the number that get issued, with some said to be “contradictory, not aligned to the Act and not stable”. Respondents offered the following views on circulars:

- Circulars are the modus operandi. I always check it to see if it correlates with the Act. If the circular does not correlate with the act I inform them.
- It is the first time we see a government department working on circulars and not policies. Whoever- writes a circular, it gets approved. The next one supersedes the old one. They keep changing the rules. We can't get a lease because of the changing circulars.
- A circular was issued two days ago. It attempts to deal with state owned properties and disposal. It is restricted. We should get a delegation and told to dispose. The circular is not sufficient but a start.

7.2.4.5 Lack of properties in small towns and monopolies

The shortage of land does not only affect the small regional offices like Mthatha, and Polokwane but bigger ones like Johannesburg, Durban and Cape Town as they also have to provide accommodation in small towns. The main issue is that in these areas suitable properties are owned by one entity, family trust or an individual creating a monopoly. In such cases they expect Public Works to come negotiate and sign their lease. Sometimes they do not even tender. If they do, they put in different bids for the same tender using all their buildings meaning the entity is bidding against itself and there is no competition. This practice is reflected in the following responses:

- Small towns are monopolised by a family.
- One person owns the town. There is no competition and that stifles development. These landlords do not negotiate in good faith. It is either take it or leave it.

- There is limited availability in outlying areas with one landlord owning all the (suitable) buildings in the town. You would expect to get a lot of buildings when you go out to tender. That's not true even in Gauteng. Clients want to move but there are no alternative buildings.
- There are challenges with the scarcity of accommodation and dominance by owners. There is little choice if you want to move out. There is no point of moving because if you do, the landlord owns the other buildings.
- Landlords are playing hard ball. Each town has just one landlord. In a concentrated market the tender approach is really difficult. It also takes time to build our own buildings. We do have the land. If we were building ourselves, we would be better.

As a solution a respondent said, "We need land, people are willing to construct. Tribal authorities have land. We can approach the chief to build for SAPS, Labour and Home Affairs". Another boldly said, "We need to look at accommodation needs and then expropriate for the benefit of communities". Use of a different procurement strategy to enable direct negotiation with landlords was also suggested.

7.2.5 Leases

Speed is an issue on both sides. Delays were said to be due to internal processes and some user departments taking long to confirm availability of funds. Sometimes clients change their minds after the procurement process has been concluded and appropriate accommodation has been secured. ". Clients were extremely unhappy because "leasing is a mess". This is further complicated by property owners who expect to be approached. Leases that expire go on a month to month contract as clients are not provided with alternative accommodation. Parking management presents challenge in some regions with parking bays in a different building or location. User departments and one of the landlords alluded to this. Regions are frustrated by the delays.

- We see there are vacancies (in buildings) but the response is very poor. It is difficult to get them to fill out the forms.
- We cancel the tenders because they are non-responsive. The process takes six months, but goes on and on. We are not allowed to negotiate as in previous times. You find you are out on procurement for 3-4 years.
- One bidder did not submit a particular paper but the building is there. They were disqualified.
- We did it for 6 months, could have been a year. Now we are lucky to finalise in three years. It is much better to do it in the region. We can view the properties. We know the properties.
- We are unable to procure buildings. We only renewed one or two leases in last two financial years.
- Even if the client has money it will take two years to get them a property.
- Leasing depends on (national) committees. They are not accountable to us. When they don't meet the deadlines, the client comes to us.
- Head office in control takes time. We have not awarded in four years.
- Committee members don't want to sign. They are afraid of the AG and the SIU. Even state owned buildings are hamstrung.
- We have not analysed the delivery model of leasing. We want to procure (accommodation) as goods and services.
- We need a better process for procuring a lease.

Asked about differences between public and private leasing a respondent said private sector tenders are inclusive of a maintenance contract while Public Works does this on an ad hoc basis. As a result the private sector has better maintenance plans. Others said the public sector fails to match the private sector in many respects mainly due to red tape that requires "more signatures" and accountability to the broader community. "The private sector does not waste time with implementing credit control measures for arrears. They take legal action immediately".

To improve leasing one region suggested that the head of the property section should be given authority manage their portfolio without interference from other stakeholders. Further there should be enforcement of tenant responsibilities during the lease and on termination. There should be regular inspections of maintenance and expansion projects.

7.2.6 Maintenance

All regions reported many problems with maintenance. The main challenges relate to the condition of old buildings under the custodianship of the department, disregard for the lifecycle approach, poor planning and failure to budget adequately for maintenance. All these increase the cost, "If you don't do preventative maintenance there will more day-to-day maintenance to be done". "We have a serious maintenance backlog. If you don't maintain a building you will pay three times more". "Our buildings are not in a good state to put the clients in. The challenge is the backlog in maintenance". Poor planning and flawed processes are common.

- We are given funding for maintenance but it is not sufficient for the buildings considering the state they are in. Our buildings are very old. Most of the infrastructure is dilapidated. Sewer lines are over 60 years old. It is difficult to plan. We replace very few items. Boilers become a project. So we don't replace.
- These buildings need a revamp. That would save the government a lot of money (on maintenance). Maintenance is expensive. There is no proper maintenance planning.
- We don't even do condition assessments, we are just fighting fires.
- If facilities management can be taken seriously from the department's point of view.
- At facilities management level there is a huge problem. If we don't fix resources, SoPs, processes and warm bodies we will fail.
- It is fundamentally an issue of processes. We are still wishy washy and window dressing.
- In the old days it took a week to get a consultant appointed. Now it's a year.
- Sometimes the boundary between province and national is not that clear, resulting in properties being wrongly vested and the region carrying out maintenance on a property belonging to the province.
- SAPS, Arts and Culture are going to their own teams. They ask, "Mr Project Manager, don't you know how to appoint a consultant"? Head Office cuts down our projects. Last year we had 93 projects; that was reduced to 20 up to 40. We did half of what we had intended to do. Priority is for the client. Funding is there but removed from our procurement plan.

Regional respondents said dilapidated buildings are often non-compliant and represent a safety and health hazard. In some cases bad state of buildings are abandoned for better buildings; in other cases the Department of Labour issues non-compliance certificates requiring employees to evacuate the building until issues raised are addressed. Occupational health and safety standards are not upheld.

- People can die because of not complying with OHS. But nothing has changed.
- With the Salisbury case, the region had appointed a service provider for six months to carry out emergency repairs to the pump. There were issues with fumes and six people died.
- The inspector finds that installations are obsolete (during inspections). Clients need to make money available for the installations.

Appointment of wrong contractors is also an issue with regions saying maintenance is undertaken many times due to poor workmanship. The contractor with the lowest price is appointed and they are not necessarily the best.

- Everyone wants to be involved in construction. We appoint underqualified contractors.
- Contractors say they are qualified. But they can't deliver. We used to have road shows and interviews with works managers. For major projects we check their workshops.

- Contractors are registered with CIBD. With open tenders contractors are appointed based on meeting functional criteria and are not properly screened.
- We get an allocation for maintenance from head office and that goes to allocated projects. Our allocation is there but we don't have control.

The devolution of the budget to user departments remains a contentious issue for Public Works at national and regional level. Regions complained of under allocations on the maintenance budget and said,

- If we put everything in and all the term contracts it would be over budget.
- We do not get enough budget. The budget is about 60% of what we need.
- Budgets have been cut back. Less projects go on to tender. Facilities management is a greater burden on them.
- Some installations are beyond economic repair but we need to maintain anyway.

Regions said the department could only levy low user charges below market rates because of the poor condition of buildings. The low user charges impact on the budget available for maintenance, further adding to the deterioration of the building.

Different regions have varying experiences with their appointed landlords, some maintain their buildings, and others don't. On the positive regions said:

- We are accommodated in a leased building. And maintenance is ok. Most leased buildings are in a good condition. The contract allows us to charge back.
- Landlords do want to make sure buildings are up to standard.

Regions with negative experiences said:

- We fight for them (landlords) to maintain their buildings to the required standard. Sometimes we issue warnings for them to comply with OHS standards.
- Some of the landlords require high tariffs and high escalation above market.
- Just because it is leased, does not mean it is state of the art. Often the private sector is not doing its maintenance and we don't have a budget for relocation.
- Buildings that our clients are in are mainly not a good state. Landlords won't invest in these buildings.
- The landlords won't maintain "because we don't sign the lease."

Some regional offices recommended setting up panels made up of vetted contractors to speed up service delivery. Others felt a panel would be of use especially when there were no responsive tenders. "At least people (on the panel) would comply because of our processes. Applying for deviation is a very serious challenge. People don't even want to write the first memo". We need to know our base (contractors) if we want to deliver, the respondent added.

7.2.7 Asset disposal

Regions are keen to support the disposal of non performing properties in line with the life cycle approach but the policy and process for that are not that clear. As a result the department hardly disposes.

- Disposal submissions take forever.
- The circular for vacant properties does not even deal with disposal. There are a lot of properties we feel would be fit for disposal.
- There is no clarity on the business processes on disposal. We do a submission. They redo the submission. There is no clarity on roles. Delegations are mostly at head office.
- When too expensive (to run a building) dispose. We are not yet there.
- There are so many underutilised properties. These are vandalised.
- The economic value of the properties is not realised. They are depressing the neighbourhoods. If we were given the right to do things we could do a lot with these properties.

- You can drive into any town the first dilapidated property you see is a government building, you can bet on it.
- We had blocks of flats which we refurbished, but they went back to become derelict.
- We have a lot of hidden treasures. This could really boost government. We are renting out but barely covering the cost.
- We have properties that are standing empty. People are hijacking houses. We should just sell.
- Even the buildings that we fill, developers could do something with them. We need to develop buildings for client departments and don't continue being abused by monopoly landlords.
- We should get rid of the non-essential buildings and the houses.

Others spoke of the benefits of disposal.

- We have been arguing for disposal to get revenue. If the PMTE was run by people who understand property management. Disposals would beef up their revenues. It should be giving us some surplus.
- There are enough assets to generate their own revenue. PMTE should be able to cover all their costs from what they should be charging the clients. They are taking too long to operationalise the PMTE. By now we would be in line with life costing principles. There was a plan where over a number of years where budgets of clients would pay for the costs.

Disposal of properties in a bad condition is likely to encounter challenges. As one respondent put it "There is a circular by the DG to lease out state owned properties to investors. The challenge is the condition. We do have investors would want to do something with our buildings. But we must inject finance and develop them. We must have a way to let them (buildings) recover the money".

7.2.8 Projects

The department has a model to register and implement projects but this seems to encounter challenges. "It works but there are delays because of bureaucracy". "When it comes to construction, the procurement regime as defined by Treasury's PFMA has challenges. There are too many requirements making procurement onerous. We end up with contractors that fail and have to extend the contract. The PFMA awards to the lowest bidder so long as they satisfy the requirements". You can't disqualify them even if your risk analysis says this one will fail, the respondent added.

Another complained saying "It is difficult to work with user departments to make the upgrades. Financial approvals are not working. Head office does not want to make money available", a respondent from another office emphasised. Planning is also an issue. Standard operational procedures reportedly impinge on planning as other sections are not time based. There are also concerns with regional delegations and non-compliance to GIAMA:

- Approval for capital works is through their (user) head office. Then our head office does the PI for maintenance. We should have the delegations locally.
- Regions conduct condition assessments but only HO can register projects. Once registered the region receives a PI to implement the project.
- We have a position but the solutions from Public Works are not aligned to GIAMA. For example the high court has components from 1900, they have lived their life. The life cycle costing is gone. Lift, aircon, etc. are gone. We need to put in an upgrade project.
- We have abandoned GIAMA...We maintain a boiler over 30 years. We have not aligned the budget to GIAMA. In the high court we are wasting money. The high court is a billion rand project.
- We have abandoned GIAMA and just doing micky mouse. We don't have the capacity to do condition assessments.

There is failure to follow processes and procedures set by the professional bodies (councils):

- Our department does not follow work according to the council. The council requires that we do the work in stages. We combine stage 1-3 and only have one approval. There is initiation, contractor feasibility, design and development. We need to do each stage and the client must approve. Combining the stages creates issues.
- Capital works engage with the user clients to reimburse us. We are not aligned SACPM&CP. Act 48 of 2000. We are supposed to follow what the council says.

7.2.8.1 Supply chain management

Regions said the department does not have an appropriate procurement strategy for property management and uses the same procurement rules for goods and services. The procurement system was described as a nightmare, centralised with too many delays and no room for regions to participate in the bid committees. Respondents said, "Supply chain is causing us problems". "Everywhere you have a middleman you have a delay". "Centralisation of bid committees causes delays". "SCM takes a long time to get approval from RCM. Centralisation makes it difficult for us as a region". On the inappropriateness of the procurement approach, they said,

- We should not be using the same rules as goods and services. We want to procure leases like we procure tea and cake.
- Our policies should speak to leases, projects, maintenance. Contracts for infrastructure don't match everything we need.
- The building is there but a piece of paper is not signed. We collapse the process.

Suggestions for improvement hinge on overhauling the entire procurement process for property management, decentralisation to include reinstatement of regional bid committees, simplifying the bid forms, lessening the administrative hurdles and aiming for faster response times. All this should be done in a manner that ensures the empowerment of black people around property management, one added.

7.2.9 COVID-19 impact and implications

COVID-19 has affected various industries in different ways. We asked how regional offices and clients had been affected with a focus on anticipated implications on accommodation provision and the budget.

Responses tended to focus on logistical arrangements related to observing set protocols such as establishing sanitiser stations and temperature screening before entering buildings, working from home, staff rotations, etc. to enable social distancing rather than planning as we had anticipated.

Regions said protocols at multi tenanted buildings were not properly observed at the reception. Restrictions meant physical meetings with clients could not take place during the hard lockdown and some regional offices found Zoom not as effective as they had connectivity limitations. However, feedback from many user departments suggested that there were no meetings (physical and Zoom) for about six months from March to September 2020. This resulted in project delays as tender briefings had to be shelved. With staff rotation members of procurement committees could not be in the office at the same time, administrative staff lack access to facilities to work remotely and some documents cannot be scanned; they have to be signed physically in person in the office in line with policy. The department only dealt with "COVID-19 first and then maintenance" in that order.

7.2.10 Positives in service delivery

After listing all the problems with service delivery regions were asked for positive feedback to balance the picture on the accommodation provision programme. The question proved difficult as some regions struggled with responses saying "I don't see clients that would say anything

positive right now. There is dependency on the national department to get the property. They wait five to ten years". On the positive, other regions said:

- We are still here and rendering services. We have 165 properties with services like water and electricity (running). That is going well. We respond to issues raised by clients and resolve conflicts with landlords and intervene.
- We keep abreast of market activities in respect of new developments and landlord strategies.
- We at least pay service providers on time. Then construction, even though it takes long, we construct state of the art buildings.
- We have the skills in the construction industry but this is overshadowed by delays. We have a good product. When we build a court or a police station it takes five years more than it should, but when it is there, it is there.
- We have client services managers that manage city clients. They manage and monitor the budget, they look at the allocation versus expenditure and hold monthly meetings with the client.
- The need starts in the regions. We have strong relationships with the clients. They tell us their needs. We advise them and send that to their HO. When the PI arrives it is not a surprise to us.
- The U-AMP, etc. is discussed in client forum meetings. They give their needs to their national offices and from there it goes to DPW national.
- The projects we develop really offer quality accommodation. We have term contracts for maintenance with probably 70% in term contracts. A lot of the leased accommodation is of high quality.
- We have a good relationship with the landlords and the long leases given to BEE companies. We get significant savings upon renegotiating the leases.
- The work is still flowing. KAM can address all requests from head office. Project managers do fulfil the projects on time. In leasing in, there are challenges but we are managing.

7.2.11 GIAMA implementation

Regions were asked about aspects they considered the most important in GIAMA, ones that difficult to implement, areas to be revised, how GIAMA enables service delivery and how it adds to efficiency and effectiveness in accommodation provision. Regions focused on what works well and what doesn't in implementing GIAMA.

On the positive, GIAMA is regarded as a good benchmark for managing immovable assets is a good benchmark. "It talks about the portfolio strategy and asset management plan". "It promotes optimal use of immovable assets. We are ensuring that there is optimum use. We might have challenges because of insufficient space for accommodation".

Many felt GIAMA was good on paper but difficult to implement due to lack of funding, adequate human resourcing, central planning, guidelines and regulations. As a result user departments tended to be non-committal to certain aspects and seemed unaware of their obligations and responsibilities. Another challenge is lack of supporting regulations and guidelines. "GIAMA does not have regulations. What is the penalty? .We are not sure whether they are compliant in terms of the U-AMP.

Some regions do not see GIAMA as their "go to guide" in the execution of their duties. One said, "Public Works relies on a lot of circulars instead and other policies". Others felt implementation was just for compliance.

Complaints were raised about departments who chose not to take up selected accommodation after the conclusion of the procurement. A respondent said, "You get a procurement instruction. We find the building but they don't want it. We have a lease. When we are half way through the procurement, they withdraw. That is not in line with GIAMA; that is bad planning. There is bad planning in government in general.

For example, COGTA asked for a building. We were stopped. We were told to stop. The started again. DPME did the same thing. There is no consequence management. We are not empowered. It becomes irregular expenditure on our books, but it is their expenditure. They take the mandate from us “. COGTA respondents confirmed in their meeting that they had indeed stopped the process after a suitable building had been procured.

Although GIAMA bestows custodial rights on DPWI some departments have been allowed to procure their accommodation directly. Regions considered this as not empowering to the department (DPWI) and an erosion of their custodial mandate. “DPWI’s mandate is being eroded because we can’t manage to deal with our own challenges. As a custodian we’re failing our clients, State owned buildings are not well maintained. They are not compliant to OHSA, not safe, etc. We need to benchmark ourselves with the private sector”. Other problematic areas are highlighted below:

Resourcing challenges

- There is a very high vacancy rate preventing proper and effective implementation.
- The challenge is not about GIAMA but about funding. Clients should receive funding only with a U-AMP.
- GIAMA as is would work well. The biggest problem is where the budget is sitting. We can’t roll out maintenance. I should let out per sqm. There is the life cycle cost. Scheduling is important. If I put a carpet, I know the life cycle.
- When it’s time to pay the client comes with all sort of excuses. Following the protocols would take long.
- There is no funding. No delegation. We get a PI. Even that comes quite late in the process.

Planning challenges

- These things are not working. The purpose for GIAMA was to introduce integrated planning The AMP process is not working. The facility belongs to Public works. So they won’t spend the R400m (to refurbish). Our facilities are not up to standard. They don’t pay proper rent. So we have no money.
- U-AMPs and C-AMPs are finalised at a national level. We implement at regional office but there are delays. The process takes too long.
- The client often grows but does not always change their space requirements. They don’t factor in these decisions (in the U-AMP).
- Users must know what their requirements are. Two must come together and plan.
- A lot of our users don’t know what is expected from them on GIAMA. We need to educate our user departments so they can challenge us to do the right things.

Condition assessments

- Validation of the assets every five years is difficult because regions are short staffed. If it was my property I would verify the properties on time.
- GIAMA is not being followed. Conditional assessment of our properties is just a document. We have to value the client building every five years and put parts on the maintenance plan.
- We are unable to maintain due to budgetary constraints. Projects are not being prioritised.
- How many buildings are not OHSA compliant? Prisons are in a bad way and some of the buildings in the justice system. The model is not sustainable because the budget is not market related.

Improvement suggestions were largely focused on improving internal workings especially business processes, adequate resourcing (human, skills and financial) and interaction between the head office and regional offices. Some suggested increased opportunities for partnering with the private sector throughout the life cycle of immovable assets. Others advocated for improved planning. “What is lacking is coordinated planning. There is no coordination for government. We are not planning together as government”. Proper GIAMA

implementation requires the role of head office to include setting policy, providing guidelines and monitoring service delivery to user departments. To realise this delegations need to change for regional offices to function better.

7.2.12 Role of head office

Following enquiries into services and support required, regions said they would like head office to assist with establishing a uniform approach, ensuring compliance to processes, revisiting legislation and delegations pertaining to the property management field, drafting policies, developing clear standard guidelines for implementation, conducting workshops in the preparation and use of the standards documents and offering strategic inputs on property related issues.

- We look to head office for guidance and directives.
- Head office is supposed to be giving direction. The last business process review was in 2007.
- They produce circular to circular. They must delegate.
- Head office should be doing monitoring and evaluation. They must delegate to the regional office. If it is operational, give it to us.
- Change the delegations and leave the regions to do their work.
- Procurement of leases could be performed at the region. That used to take three months when leases were done by regions.
- We must have a structure that allows us to work and take decisions.
- There must be business processes and a delegations document.

They also complained that “There are no more regional visits for first-hand information” and “we need to remove unnecessary bureaucracy”. “There is a serious lack of monitoring from head office of projects at a regional office level”. Regions motivated for delegations and the organisational structure to change. There is also a need to address the skew property ownership pattern which disfavour previously disadvantaged, some suggested.

7.2.13 Improving service delivery

Regions consider satisfied clients as the main evidence of good performance on the accommodation provision programme. Quality, time and savings were suggested as performance measures.

To improve efficiency and effectiveness of the programme regions suggested the development of a framework for measuring the performance of assets i.e. physically and financially. Concerns were raised about “being too dependent on service providers for our work” without sufficient monitoring. Hence the suggestion to build capacity to monitor projects being implemented. Regions requested increased capacity (unspecified) because time spent on facilities management “is money”.

Regions said the following would go a long way in improving the provision of accommodation; improved communication between regions and head office as well as with clients, decentralisation of functions, upgraded systems, tailored procurement and revised business processes fit for purpose.

1. Adequate resourcing of the department
2. A structure that supports operational plans
3. Clear head office and regional roles
4. Efficient and effective management of property with faster turnaround times underpinned by effective business processes and policies
5. Simple procurement for day to day maintenance. “Go back to the SBD forms of Treasury”
6. Improved building conditions and availability
7. Supervision and management of our consulting firms. They do as they please. They need to be controlled

8. Communication, consultation and engagement of client departments
9. Proper implementation of GIAMA

To meet demand some suggested that old buildings be demolished and rebuilt. Central planning was suggested. The respondent said, "Government does not have a single planning area (point). Each area plans on its own. We want a central planning point particularly for the small towns". "As Public Works we need to position ourselves as a real estate manager. We can't lease something in a position not to be utilised. We need to upgrade to a state so we can sell".

7.3 Customer perspective – User departments

A total of 37 departments were invited to participate in the evaluation and 29 agreed to be involved. A total of 21 departments participated in the survey component of the evaluation (Table 11) while 8 participated in the case studies. Of the total interviews, two were conducted face to face (Labour and Employment and Social Development).

Respondents were provided with the discussion guide in advance to assist with preparations. The interview covered key issues regarding the property portfolio under management, working through DPWI, facilities management, challenges, areas of improvement and recommendations or suggestions for future implementation. It also touched on acquisition, refurbishment and capital projects. Departments were encouraged to share documents and reports such as the User AMP and the Custodian AMP.

In many cases, departments provided additional documentation by email or in hard copy where physical meetings took place. In a few cases obtaining the documents proved a challenge with departments not keen to share the U-AMPs "as these are submitted to the DPWI year in and year out". Feedback obtained from the User Demand Management Unit indicates that several U-AMPs from the previous and current period are still outstanding.

1. Department of Employment and Labour	2. Department of Social Development
3. Department of Health	4. National School of Government
5. Department of Higher Education and Training	6. Department of Women, Youth and People with Disabilities
7. Department of Small Business Development	8. Public Service Commission
9. Statistics South Africa	10. Government Communication Service
11. Police Secretariat	12. Department of Science and Innovation
13. Department of Agriculture, Rural Development and Land Reform	14. Department of Public Service Administration
15. Cooperative Governance and Traditional Affairs	16. Department of Public Enterprises
17. Department of Sports, Arts and Culture	18. Department of Transport
19. Department of International Relations and Cooperation	20. Department of Trade, Industry and Competition
21. Department of Tourism	

Table 11: Departments that participated in the survey

Some departments were sceptical of this evaluation saying, "For us we don't get anything really from Public Works. We don't understand how this will make a difference.

7.3.1 Liaison with DPWI

Communication between the custodian and users is layered and feedback is lacking. Users complained about having to communicate with regional offices instead of head office. The

decision making process is not transparent and takes very long. There are also concerns that users are allocated “junior” officials with no decision making powers to handle requests. Departments resort to escalating to their DG or Minister when matters are not resolved.

A respondent with positive remarks said “They were on the ball with the lockdown. It was the first time we had a one-on-one meeting. Before we didn’t have anything else from them. Sanitisation was put in correct places. Safety standards were met and we benchmarked against other departments”. Another with a facilities management contract in place said, “Our interaction is limited to negotiating the lease. We have good interaction with no complaints. We meet two to three times a year”. “Our KAM was attentive at the start, but fell off the grid during COVID-19”. A user department that had had a recent meeting said, “The meeting yesterday ironed out several things. Most of our buildings don’t have certificates of compliance; electrical, plumbing, etc. However, meeting minutes from the November 2020 meeting were still outstanding in March 2021.

The following negative comments were noted.

- I have nothing good to say about Public Works. The system isn’t working.
- We are their clients, their equals. We are not their dependants. They see themselves as having a say over us.
- Our engagement is terrible. It is so bad we hardly go to them. We only deal with them on administrative matters. Every single person dealing with facilities management in government will tell you that.
- Engagement with DPW is terrible. We are used to dealing with the landlord directly. They are too slow. Any engagement with DPW is frustrating.
- Communication is very difficult. You can’t do anything or get any response from those people. You send a letter to the DG, and it goes to the person refusing to offer you a service.
- There is no communication. It is difficult to get things done. It is impossible to get advice or help. We are assisted by junior staff members without a mandate.

The department is deemed unresponsive and without a sense of urgency. Smaller departments think bigger department, especially the Big Five receive better treatment.

- They don’t answer their phones. They don’t respond to emails.
- They take two days to open email and another month before you get a response.
- We don’t have the expertise but the people mandated just don’t care.
- There is a different person to talk to for everything. We can’t talk to so many people. They need to streamline their communication.
- Errors pointed out are not rectified
- We go through pain to deal with Public Works.
- We don’t get feedback until we ask. This should be automatic. We don’t know where our request is and the time frame.
- If you are quiet, they keep quiet. The Cape Town office is very efficient.
- Why are you complaining about small monies when bo (sic) SAPS are paying millions and don’t complain. La tshwenya (causing problems)”. Their attitude is don’t make your problems ours.

Departments have resorted to different strategies to handle lack responsiveness from the custodian.

- I have resorted to driving to their offices to get a response. They won’t pick up the phone when you call. Same with email, no response.
- We write letters and letters and letters. You are lucky to get a response.
- Things move when the DG is involved. But DGs are not interested in meetings. They have other critical, important issues to address; not accommodation.

- There are letters from DG to DG. But still no response apart from bilateral meetings which are attended. We apply for deviations to engage directly with the landlord.
- We (user department) are responsive. When they ask us for our needs assessment we push and give it to them in a week.
- It would be nice if we could work directly with the landlord.

Regional offices are considered post boxes as all matters seem to be escalated to head office and there are no decisions taken at that level. There is no consistency with each region said to be “doing its own things”. Some offices were accused of dereliction of duty. “They need restructuring and fire lit under them”.

- We have discovered a reluctance to engage in their own tasks. The regional manager should be the CEO but they are reluctant to engage.
- Regional managers are unable to make an informed decision. They are not working well with the national department.
- It seems that no-one wants to get dirty. There are no decisions taken.
- I understand they have many buildings but we have tools of trade. You can email or call from anywhere.

Despite all these shortcomings, some departments said the regions were better than the national office in terms of giving assistance. However, others felt ostracised after dealing directly with the DPWI head office. “The regional office accused us of running to KAM at head office. They said you are on your own if you talk to national. One region was said to be improving as meetings were being held every Tuesday to address the users’ relocation matters.

Suggestions for improvement include addressing efficiency and effectiveness in the processes as well as ensuring frequent client communication “Public Works should not wait for us to engage”. Others said key account managers should be playing a central role in addressing client issues.

7.3.1.1 Liaising with key account managers

Asked about capacity and responsiveness, some user departments acknowledged the strain under which KAMs have to operate. Departments complained that client liaison meetings were no longer taking place, with one department reporting that the last meeting was in 2015.

Relationships with most of the KAMs are good while others were said to be strained. Respondents said, “We have a good relationship with KAM. We send our request to KAM. He give us feedback and keeps us informed. The challenge is in the processes. You submit a request and it is finalised 2.5 years later. By then our needs have changed”.

- DPW does not have enough agents to go around. There are too few to go to meetings with all the departments. I am not the only client of DPW and you want them to be there at your meetings.
- Each KAM has too many clients but they have good intentions.
- Some KAMs are understaffed with more clients with bigger portfolios, others have a smaller portfolio.
- KAM can only do so much up to a point; they are a liaison point.
- The KAM is competent but does not get support from the regions. She provides what we need.
- Don’t know if they are overworked. Staffing seems sufficient. But don’t know if they are overloaded.
- Public Works has KAMs. They should have the ability to help us.

Others questioned usefulness of having KAMs as the liaison point:

- KAM is just an operational arrangement. It is not working.
- When we have questions our KAM, they are not aware what happened.
- We are supposed to have a dedicated KAM but it's not working for us.
- KAM meetings are not happening monthly. They send reports which are not up to standard. They don't capture information from the regions. They work in silos.
- Our KAM is not helpful at all so we have to find someone else to assist.
- Their attitude is, the less they are involved, the better their peace. So they don't act. Not willing to take a risk or decision.
- Have to deal with junior officials and lack of consistency in who to deal with
- Administrative staff are better at providing feedback. Some KAMs are just absent. Have not seen mine in 5 years.
- UDM is just a post box, staff it with administrators who will give feedback.

7.3.1.2 Capacity assessment

Some departments acknowledge the important role bestowed on the custodian and the skills built so far. On the positive, others said the following on general capacity:

- The market is not good if you don't understand it. Public Works has all the norms and standards.
- We can't fit out. We don't have the technical capacity. But contract management we can do.
- The planning side is better, REMS communicates; it's the back end office. We get reports and they are responsive. They give detailed presentations when requested.
- Depends who is in charge. Free State is communicating.

Capacity challenges were noted as follows:

- It is not an issue of capacity; it is their processes. They are frustrating. They are average.
- I wish we had a Minister strong in the built environment. The DG should be technically very strong. They need to be aware of marginal costs and marginal revenue. PMTE should live within its costs.
- Depends on the regional offices. Some are quick to get a PI. MPU, KZN, LP are not bad. EC is very proactive. (PE office).
- Regional offices are busy. And if someone is not there nothing gets done.
- Regions take their time, not sure if they have appointed the right people for the job. They just look at everything as an administrative function.
- Some guys in the regions are just pushing paper. They should do a skills audit and get competent staff. At the senior level they are understaffed. Capacity is at middle management.
- In the board room they know their stuff. I don't know what is happening behind the scenes.
- By the way, DPW is incompetent or their staff is on holiday. They are making their poor performance our baby. There is no accountability. They don't make their staff account for fruitless expenditure.

Things also seem to go faster if the Minister, DG or CFO are involved; an indication of dysfunctional relations. Leadership changes at Minister and DG level seem to be of little concern to some user departments. "Political changes at DPW don't affect us. But a change in KAM would affect us. There will always be political changes". Others said: political instability does have an impact. Some things are easier with one Minister. One will come and say cancel all tenders and start from scratch. Some will push BEE. The longer time with a Minister the better. Ministers come with their executive team which causes administrative delays.

7.3.2 State of accommodation and facilities

Departments are accommodated in state or privately owned buildings. Most of the

departments interviewed are in private accommodation. The number of buildings leased depends on whether the department has a footprint in the provinces or not, with those without a provincial footprint occupying less buildings.

Most of the practitioners responsible for property management are positioned at director level, with deputies and assistants under them. The directorates are typically called facilities management or property management with security and auxiliary services often part of that unit.

Differing views were offered on the state of facilities with some happy clients. What is clear though is that departments are least satisfied with government owned buildings. As put by one respondent, "DPW is overwhelmed by the number of buildings they have. They don't have the capacity. They don't have the professional competence to do the job. The portfolio is much too large". On the positive departments said:

- Our buildings are good looking buildings. The national one is up to standard.
- Buildings are reasonably satisfactory, but we have problems with maintenance.
- Our office is well located in a good area, there is no traffic. No noise.

Those with complaints about their buildings said:

- Head office is now in a temporary building for three years after being evicted. We moved in 2018 but the compliance certificate is still outstanding. Only the provincial office in EC has a certificate of compliance.
- Government buildings are worse. DPWI doesn't come to the party because of funding. On two buildings we had to do repairs ourselves at a cost.
- This is a horrible building, very old. We are short of space.
- We are concerned about the physical structure. The basement gets flooded when it rains and water forms a dam at the bottom.
- The walls leak, you can see water coming down the cracks. We are getting nowhere with the landlord.
- The wall is made of cement and can't be repaired. This scares employees who think the building will fall down.
- We moved here in 2018 and we had issues from day one. These were not addressed at move in. As we speak, DPW is trying to find us alternative accommodation.
- The biggest issue is the landlord appointed a subcontractor for aircons. They were leaking, there was no proper ventilation. We had to get an external engineer to assess the issues. This building was unoccupied for two years before us.
- The landlord also owns Poyntons Building. If you walk into that building you will know it is owned by Delta cos everything is falling apart.
- DPW left us here, they abandoned us. The doors were falling off. It's a joke. The handles are so low you have to bend to open and it's in the Minister's office.
- We need someone to assess the building before we occupy. Get engineers to check the wiring, DB boxes, etc. Our engineers highlighted problems with the electricals.
- Public Works doesn't even know what the landlord is doing in our buildings. As the custodian they need to know, they need to monitor, check and enforce the contract.
- They have not done the condition assessment, if they did they would know the condition of the building and carry out the necessary maintenance.
- Public Works has no clue about what is going on with their buildings.
- We currently do not have sufficient parking space. It costs a lot of money to procure conference space.

7.3.3 Parking

The shortage of office space is compounded by parking bay shortages. The departments of Labour, Women and Tourism spoke at length about parking bay shortages.

- We have a staff complement of 530 but only 270 parking bays plus another 18 for visitors. We need 80 more. The interim solution is to lease parking bays from a nearby shopping centre (Sunnypark).
- Parking is a contentious issue especially with unions because they know there is a shortage. There is a waiting list for parking. We only have 18 parking bays in the building and that's for the Minister, their staff, DG and DDG.
- Parking is paid for at the adjacent public parking building at R1000pm for subsidised vehicles and for deputy directors and up. The parking is not reserved.
- We have a shortage of space in the building and parking. Our staff has grown from less than 100 to 160 people. We need 150 parking bays, but currently have 49.
- We asked for 220 parking bays, we got 110 here and 110 at Sancardia. After hours it is dangerous to work.

7.3.4 The prestige portfolio

There are many issues of concern with the Ministers' residences in Cape Town and in Pretoria. Many need major renovations but budgets are not available.

- In Cape Town we need to renovate the entire Minister's residence roof. It's a long process. In Pretoria, the Deputy Minister's house has water damage, the bath is old. The facilities are very old. Not much has been done except day to day maintenance. The curtains are damaged.
- The Minister had to move out after the geyser fell apart; it was like jumping from the pot into the fire.
- Their houses have major problems, the one house was sloping on one side. One staff room had black windows, the toilet didn't flush.
- Some properties were not maintained for years. I wouldn't even want my pet to stay there.
- They are dragging property values down in the neighbourhood. Ministers have their housekeeping staff in really bad conditions. I can't understand why they are managed so badly.

7.3.5 Maintenance and condition assessments

Maintenance is one of the major challenges facing user departments. General maintenance challenges reported indicate the poor state of some of the facilities. These include lack of proactive maintenance, maintaining equipment that needs replacement, delays in the appointment of contractors, delays in implementing solutions, shoddy workmanship, and inflated prices for items that cost a fraction elsewhere.

- Sometimes the lifts are not working for five days, and people have to be crammed into the one working lift. It can take months to fix a lift.
- Sometimes the aircons are leaking for days and the air is not circulating during the pandemic. This is a health and safety issue.
- Toilets are not working for months. Carpets are torn. We have lots of (foot) traffic in our buildings.
- Sometimes they run out of money to buy bulbs because it is end of the year. You can't sit without bulbs at a protocol lounge.
- We had to pay R100, 000 for the 12-fin oil heaters which cost R1, 500 at Makro.
- They wanted to charge us R30, 000 to weld back a piece of palisade that took me 30 minutes to do myself.
- We have a leaking slab. The hairline crack is widening. It leaks to the basement and floods when it rains.
- On OHS the main issue is the ventilation.
- I don't see anything going well. We would prefer to deal directly with landlord.
- The landlord is battling or unwilling to do structural maintenance.
- Some leases run for three years with nothing maintained.

There are two models for facilities management with some departments like the DPSA and Social Development on the total facilities management model. The model was introduced in September 2020 in the DPSA and the contract covers maintenance, plumbing, gardening and air-conditioning. Departments on the TFM model are generally satisfied because “it works much better than when Public Works was responsible for maintenance”.

- We have the total facilities management model under the Broll consortium. They maintain the building with a call centre. We report faults, they attend to them. Before it was a nightmare.
- They are on site and there is a call centre. They respond immediately and I can walk to their office. There is also an email address and weekly meeting to discuss all the calls. Prioritisation with time frames is done at that meeting.
- Public Works gets a report on what was fixed and what was maintained. This model is user friendly. We don't need to call DPW. It almost eliminates our relationship to Public Works.
- Broll has also done the condition assessment and it was “very profound, very handy”.
- The (TFM) contracting process took long but I am more than happy with the service.
- The on-site team of TFM has decreased labour (unions) unhappiness. Broll provides an OHS specialist to help us.
- With a contractor on site, repairs are done within 48 hours.

Having a maintenance crew onsite is not always the solution with some departments complaining still. “Maintenance from the landlord not as good as it could be. It often delays. We had a crashed aircon problem in the server room this weekend. We don't know how we will continue and how safe is it. Another at the same department said: “The landlord has been changing staff (on site) rapidly in the last five years. You are used to dealing with one person and then there is someone new. We have to deal with a different person for different things; for the aircon you go to this one and another one for the lifts (no one go to person)”.

Most user departments are directly dependent on Public Works but have the delegation to source quotations for repairs under R100, 000. They expressed a lot of dissatisfaction and frustration with how DPWI handles repair requests.

- Public Works takes long to respond to maintenance. We should be able to appoint our supplier.
- We are not getting any joy from the regional office.
- The challenge is with day to day maintenance. You talk to Public Works who then talks to the landlord. We would rather talk directly to the landlord. Sometimes the landlord does not want to do anything, especially if the lease has expired.
- If repairs are urgent like for fire, we just get the quotations and get the work done because of the high risk.
- We cleaned the windows ourselves and had contracts in place. This has since been transferred to Public Works which results in long delays.
- Minor repairs like partitioning and aircon would go directly to landlord through our supply chain. It is manageable through our supply chain department. With Public Works it is a double process. It is easy for us to do things on our own.
- Our department is small and it is easy to do things ourselves. It takes too long dealing with another department.
- People change and you just don't know who to deal with. Everything just takes too long.
- The model is not helping anyone.

Departments accuse the custodian of not enforcing the lease terms and conditions. As a result many respondents prefer to work directly with the landlord on the required repairs.

- In fact I have not seen anything attended to by DPW. It gets attended to by the landlord. If it's a major repair we inform DPW how we are going to do that in terms of process and DPW gives a go ahead for the landlord to proceed.

- We have our own maintenance officer and he attends to minor repairs like changing bulbs, changing washers, some plumbing, etc. The landlord also has a person on site, two of them. There are three maintenance people at all times.
- We have two people from the landlord plus our maintenance guy.
- That we have been allowed to do. If we had to wait for Public Works, it is a long route to follow. They have someone in the building all the time as part of the lease agreements.
- We have a good relationship with the landlord. We spend time with them. We can bring a notice to say, do this in 30 days or penalties will apply. Many departments are not aware of the clause and they don't enforce it.

Condition assessments are important for planning and scheduling maintenance. These, however don't seem to be conducted as required. Departments asked, "With condition assessments not being done, how will you do maintenance then?" Others said:

- No they don't do them. Once the lease is signed, that's the end.
- We have not had a single condition assessment in 15 years.
- Never seen such a thing.
- Ask DPW if they even know what that is.
- We did the condition assessment report, measured and did the drawings in 2019. We did their job.
- We have never ever had one since 2008. We are thinking of doing our own. We should be given the responsibility.

Suggested improvements to maintenance include carrying out condition assessments as per GIAMA, scheduling regular maintenance, placing maintenance teams on site and transferring the responsibility to user departments. These steps, would in the long run reduce the need for emergency repairs according to user departments.

7.3.6 Devolution of funds

Departments offered a different view on the devolution of funds with many stating that funds were best placed in "their hands". A user department said funds were devolved because DPW was not spending that money. Another said, "I don't trust them with money". Departments see the devolution of funds as needed. "It's not as though they pay. It's our money. They should not leave colleagues without accommodation".

Disputing that users take long to confirm funds, a respondent said; "They come to us with the cost, we do that within a day but it will take them a year to start procuring". "With technology at our disposal, decisions can be quicker. Set a timeframe of three weeks". Another asked why the function and funds were separated. She said, "Give us the function as well. We have the capacity. We can draw procurement specs".

7.3.7 Leasing

The leasing strategy of the department is marred by delays in acquiring accommodation, expired leases, long processes and administrative bungles. Buildings are often not aligned to user needs. It is not uncommon for a department to be on month to month contracts for years; even up to five years. Departments are worried about the unsigned leases, "The AG won't be happy that there is no lease in place. That's a thorn on my side". We are paying R900, 000pm but the lease is still outstanding.

- Leases are renewed even when the department has indicated it wants to move out. They are told there is no suitable accommodation even if alternatives are pointed out to them.
- Public works shoved us into a building that no one else wants.
- The building does not satisfy our needs. The Commissioner had to give up his office and work from home. Since 2013 and we don't have an alternative.

User departments are aware that they are required to inform the custodian of their leasing requirements 18 months in advance. Despite the advance notice, Public Works still takes on average more than two years to acquire alternative accommodation assuming the tender process is successful.

- In 2012 we sent through a request for accommodation of 800sqm in extent for the Deeds office in Limpopo. They can't even say how far they are.
- We gave DPW the mandate to look for alternative accommodation two years ago. We have heard nothing from head office.

Lease agreements are not shared with departments and some agreements are not in place. Not all departments have copies of their lease agreements. One department has more than 50% of its buildings leased on a month to month basis. "The process of renewing is broken".

- Our nine provincial offices were on month to month for three years.
- We have 17 expired leases. We are waiting for new lease renewals. Four are about to expire. Just renewing is quicker.
- We don't have a lease agreement with the current landlord. We are paying on a month to month, above the market rate.
- In Delmas the landlord was not happy to renew for two years, they wanted five years. So we requested an alternative in 2019. We are still in that building. We even identified alternative accommodation at the Thusong Centre of the municipality.
- We were thrown out of the building (Civitas).
- We were thrown out of Germiston two years ago because Public Works was not responsive. The lease had run out.
- Our lease expires in October (2021). We have not given notice and the landlord might advertise our space. They (DPW) are saying the landlord won't do anything because they have other buildings (leased to government). They are relying on good will and holding the landlord to ransom.
- By the time tendering for a lease is concluded, our management has changed and maybe our needs too.

One of the departments on a month to month lease since 2018 explained why they had not signed the new lease. "The department did renovations on certain floors and there were snags that the landlord had not fixed. We could not go on a full lease until the snag list was completed. It is for these reasons that some departments prefer to procure their own accommodation. There are benefits to renewing leases as illustrated in this example:

We have been paying R80, 000 for a lease. The rent went down to R30, 000 when DPW negotiated a renewal. For five months they were still billing us R80, 000. When I asked why they said they will charge us interest; that becomes an audit query. The R80, 000 was due to escalations over the years.

Respondents looking to make their own alternative arrangements said:

- We needed to get an extension. We asked Treasury. They gave us a deadline. Treasury has given us a mandate to get a building. Public Works is not helping. We might have to do it ourselves. We believe we can go alone.
- CSIR approached the department for accommodation in 2019. The feasibility report was submitted. Now we must inform DPWI that we intend to take this up. We will save on parking, security, cleaning, tax and rates. That's a R11m (annual) saving.
- I can find a building faster.

User departments believe market analysis in the department is done wrongly or not done at all. "They say we don't have the sqm in the province. The landlords phone and offer space. They don't do the market analysis". "They are throwing their line into the water, without doing the research and the work". Hence departments believe their total lease costs are too high and even then they do not know what they are paying for because the square meterage is not specified. One said, "We don't check the market, we just pay what's on the lease".

Relocating to alternative accommodation is not an easy process and some property managers dread it. One said, "I have never had to move a building before. If we had to move we need to consider the staff and the unions and make sure they are satisfied. The magnitude of the whole thing...". A department that had not taken up accommodation after the process had been finalised said, "DPW is so annoyed with us because we didn't take occupation of a building when the entire procurement process was finalised. They took long to procure and there was change of leadership".

Some departments expressed preference for longer leases of eight to nine years instead of the current three to five years. This would take the strain of going to market too often, they reasoned. However, the escalation rate needs to take this into consideration to avoid over pricing in the outer years of the lease.

7.3.7.1 Contract management

Public Works is seen as not doing enough to get the landlords to comply with lease conditions. Alluding to contract management, a respondent said, "If the contract is drafted right there is nothing to dispute, it is our commitment. But if it is not valid we will have concerns and we won't pay".

- The leases are too standardised and do not take variations into consideration. "You can't manage a contract drafted wrongly".
- I think it is a competency issue; I don't know who drafts these contracts.
- Contracts over five years are not ideal. It is irrational to pay a higher amount for a building that has depreciated.
- Public Works does not enforce the terms and conditions of the lease. Invoicing is sometimes not according to the lease agreement.
- We have sight of the leases. They don't comply with our needs. Actually I got a legal opinion to source buildings on our own.
- Leases were updated last year. Head office (DPW) says provinces have it (lease). Provinces say ask head office. I can't pay if don't know what's in the lease.
- We are not allowed to be with DPW when they negotiate a lease, that's unfair. We know they are our agent but that's unfair.
- We need to be privy to reasons for not signing a lease. We don't have an explanation to give to the AG
- Leases are a piece of paper. Landlords are not monitored. There was never a contract cancelled.

Departments recommended a different strategy for procuring small offices in remote areas saying "Rather use a negotiated strategy. You can't fill 20 forms for a small office".

7.3.8 Planning

Planning is an important element for ensuring that accommodation is aligned to user needs. This requires the custodian and user to plan together. In this case, planning is not integrated, user departments do it on their own and submit their U-AMP to the custodian department. Sometimes submissions are not made. The U-AMP process is largely seen as a compliance exercise rather than the first step towards the strategic alignment of a user and a supplier. As a result the U-AMP is not a reflection of user needs. One respondent said "GIAMA is a formality. U-AMPs are submitted annually but it does not seem the department checks these as the C-AMP comes back with totally different priorities. Another department said it would just resubmit the same document it submitted last year because submissions make no difference.

Others said:

- The U-AMPs are just formalities. They are not an active channel. It has no purpose other than to allow for procurement. It is not like a PDP (personal development plan) on which you can put real needs.
- I don't even think they look at them. They don't query anything. They only ask for the one for the next period. It is just compliance on their side. Once you submit you hear nothing from their side. Not even a C-CAMP.
- We plan on our own. We write our document and submit. They don't comply with our needs.
- We state in our U-AMP that we need to move. The C-AMP they sent back has no corresponding information from our submission. We make requests and they finalise. Our AMP input is not considered in the C-AMP.
- On our side we requested a generator. They said we didn't request it. It was part of the needs.
- They are not able to grasp our issues. I am also of the opinion that they deliberately do it as and when they want.
- Each of our offices sets out their needs. Also the time frame. We receive and consolidate into a U-AMP. We have not done that in the last two-three years.
- This (needs) is reflected in our U-AMP. We identified a certain building in the CBD but the buildings they recommended were worse.
- They provided us with the template. It felt like a compliance exercise.
- We submit the U-AMP annually. It is more of a compliance document. We compile it by ourselves. Where we don't understand how they help us. With U-AMP we are doing well.
- We had zero input on our U-AMP from DPW. They gave out a name of the person who is support to assist us but you can't get them. We don't have the C-AMP, they send it directly to Treasury.

A department that acknowledged stalling on the U-AMP said "we have not been responding because we were not decided on our accommodation. We were not sure if we were moving as a family or individual departments. We have now done the review".

The DPSA reported a positive experience with the compilation of the U-AMP and support received from Public Works. The respondent said "It starts with a meeting with DPW. We outline our needs to them. They advise us accordingly on how to complete the plan. We share the information with DPW and then our Finance. Then our DG signs. This seems to work and we found the process helpful. If I did it in isolation I might have missed something". Another rated the planning highly saying, "The U-AMP allows us to plan according to changes in the environment, new settlements, etc."

Some departments are "relooking and reassessing" their space requirements with a view to downscaling in line with their service delivery models. StatsSA is assessing if some offices in the districts can merge considering that staff members are often working away from their offices. The review was prompted by budgetary constraints, reassigning staff to the field and the reality that many of the rooms (boardrooms, meeting rooms, etc.) were not being used. The number of buildings is likely to be reduced to about 45 according to the officials. All these envisaged changes need to be captured into the U-AMP and inform the C-AMP.

7.3.9 Asset register

Client departments pointed out many problems with the asset register. In the main, the register is not up to date, property details are not accurate and existing details lack the required granularity.

- It is not updated on move out. It is not rectified even after errors are pointed out.
- We gave away some buildings and acquired others. But they don't update their register.
- They appointed consultants to do the assess register. We gave them ours. They still can't update theirs.
- DPW does not know its assets. They give you wrong information on the size.
- They can't tell us the size of this office.
- We renovate and end refurbishing buildings we think belong to government but they don't.
- There are disputes about who owns what.
- We have many houses we pay for that are not in our books.
- We were paying for houses not in our portfolio. That took two years to fix.

Client departments advised DPW to promptly update the asset register following a move out.

7.3.10 Business processes

User departments are frustrated by DPWI processes because of delays, lack of coordination and consistency between the national office and the regions, as well as systems that result in duplication. Respondents said:

- The internal processes of Public Works are not supporting us. We have had to settle in a hall, with 35 people in a space for 10. So we can only work with a quarter of current staff.
- Their procurement process is frustrating. It takes a year to go to market.
- They will point out something minor and set the whole process back. Then they wait for us to approach them when something is not clear on something. For example, when the market says 8300 not 8500, we must resubmit.
- Where there is a small difference, they cancel instead of resubmitting.
- There is no consistency, Office A does it this way, Office B does it the other way. In some provinces we are invited to inspect. In other provinces not.
- You get a circular from a regional office saying from this date you can't deal with the landlord (directly). But not all regions are consistent.
- We always send our requests in advance. Sometimes a year in advance. It is a very long process, with DPW; it can be up to two years. Six months is reasonable but it takes more than two years. DPW does this often, they should be quicker.
- There is malicious compliance; we ask for a plan and they send us something that cannot work.
- It is difficult if DPW does not have its own house in order. The challenge is the handover process, they do not do their homework properly.

Clients feel left out of matters that are of direct relevance to their delivery, "We tried to be involved but they pushed us away. We are not consulted in the process to look for alternative accommodation". Calling for more participation and transparency in DPWI processes, user departments said:

- We need an integrative, consultative process as the chief users and the payers.
- There should be transparency; we are representing an international client.

There is a strong view that the supply chain process has the flexibility to work but DPW fails to use that flexibility. "If the market does not respond they will follow the same process again. There are many possible processes". Failure to appoint contractors on time has seen some requesting that certain functions be transferred to them because they have internal capacity.

- In terms of capital works we have the capacity. We can do the procurement and carry it out. It takes DPW long to get a contractor on site when we have an urgent problem. The aircons are non-compliant. Four years later that has still not been finalised.
- We are not allowed to do capital works projects. But that can be transferred to us.
- Now only three bidders responded. All are non responsive and this has happened four or five times. Treasury was asked for a nominated procedure. The motivation submitted by DPWI was not strong enough, but they did not consult us to strengthen the motivation.

- You can't issue a tender for an office in rural areas where there is only one or two buildings. Even in Vryburg. Why don't you negotiate with the two landlords?
- If the tendering was quicker we would have moved to the Exxarro building and had a consolidated headquarters.
- The Durban Labour Centre took two years to procure.
- They just give us long leases of five years for buildings we want to be out of.
- Committees should be able to take decisions on the spot. The bid commit must have authority to finalise appointments.

To indicate the lengthy procurement process a respondent said, ask them for a pen today, it will take four months and it will cost more. "If your processes don't work, you must review them", a respondent advised. It is for these reasons that user departments want to be involved in the procurement process. •

7.3.11 Billing

Challenges reported include wrong billing, lack of details on the invoice, inconsistent billing, failure to rectify errors identified by user departments and some landlords not paying the municipalities for utilities on time. Respondents said, "The municipal bill we just pay. We don't even see the bill from the municipality. We don't know our consumption". Assessing billing clients said, "There is no value for money, we are just paying".

- The bill varies depending on which building DPW decides to charge for. Some months the bill does not include all the buildings. For about five months one building was not charged. The municipality was not happy and wanted to terminate services. When we enquired with DPW, the PoP looked like payment was done that day
- They are charging for properties we have vacated and not charging for some buildings that we occupy, these are co-shared and the assumption is that the other user department is being charged wrongly for that.
- We are getting municipal bills from 2013/14 and they say we must respond in 30 days.
- We are charged R400, 000 for municipal bills with no supporting documentation. So we pay what we think is correct or closer to what we think is right.
- If they submit an invoice. They say pay. We don't know what that is for. We can't get hold of them and they don't give us the information we require. Every month they give invoices. One month is ok. The next month not.
- The invoice doesn't break down the municipal services. It is not broken into refuse, electricity, etc.
- The billing is not consistent, sometimes they don't include sewage or electricity and we have to call them to rectify.
- Sometimes we pay R30, 000. Other months it's R90, 000 or R100, 000 depending on consumption. We have had many, many challenges to sort out these municipal bills.
- They can't manage municipality bills. They are coming back with a query dating back to 2014, saying they charged R90, 000 instead of R200, 000. Now I must justify that to my accounting officer. Why are you finding this now?
- If they can't manage a municipal bill of R200, 000, how will they manage a lease?
- In 2019 we realised they were charging interest on the bills even though we pay within 30 days. Then they mention debt of R113 million for five portfolios and the municipality from 2006. Supporting documents were sent last week, we are doing the recon. Our Finance is of the view that these monies were paid.
- We have endless cuts due to the landlord not paying the (municipal) bills. We have had a serious problem for the last four years.
- We have historical debt. We don't know where it is coming from. There is no resolution.

Many departments spoke of late invoices that come through "when you are closing the financial year". Some departments reported getting threatening letters for non-payment.

- We are not notified of escalations, we just get a bill with a new amount. Sometimes the escalation is implemented late and they claw back for the previous months. They only recognise the outstanding amount at the end of the year.
- We do not know what we are paying for. We get threatening letters if we do not pay or pay late and often the mistake is with DPW.
- At the end of the year they send letters saying we owe this and that. We check our records, we don't just pay.
- Their processes are not friendly to government departments. They should give estimates for the following months so that I can close the books and pay in the current financial year.

Some clients are just not paying, "There are disputes over invoices but also cases where accounting officers refuse to pay. PMTE has a huge overdraft, a huge deficit as a result. Money it owes to the fiscus because clients are not paying for water and electricity. PMTE draws from the national revenue fund. Clients do not pay the PMTE.

Strangely one department said "We are not really paying less when people are working from home". Normally consumption would have decreased when less people come to work.

The custodian is in the process of getting user departments to take over the management and payment of their utility bills. This will address some user concerns as they will have control over payments and a view on their consumption. It will also save user departments the 5% transaction fee that DPWI charges. The process has not been smooth and is moving slowly according to user departments: One department said it won't be a problem to pay directly. "It is much easier to pay directly. But the migration process they gave us to move from municipality has glitches".

7.3.12 Projects

Departments are of the view that Public Works is not able to progress projects at the agreed rate. The department takes too long to appoint contractors, wrong contractors are appointed, and too few construction projects are in implementation which results in under spending on the capital budget. Despite that, departments still prefer state owned buildings, saying it is a cheaper option than a private lease. However, none seem to have done the calculation to make that comparison.

- We see underspending on the capital budgets. Public Works does not have the skills or systems. There is a culture of fraud, corruption. There is building at 38 Church Street that has been there for more than ten years and no one has moved in yet. Next to us developer erected new block of flats in two years.
- In 20 years they have only finished one building. We have requested construction in the Western Cape. Mpumalanga and North West.
- The construction of a new head office has been in the pipeline since I joined this office in 2008.
- In 2014 we asked Public Works to build a structure. We have written so many times. They give us no advice. We need a contract because another extension will lead to unauthorised expenditure. Treasury has told us the lease will strictly end in November 2021.
- For the first time in 15 years I might spend the R16 million for construction for capital works.
- We can give the money but they only focus on the Big Five and the Presidency. We are the others, we don't count.
- Contractors perform poorly and they do not get put on terms. We are told we can't dismiss BEE contractors. The contractors run to the chief director.

Lack of expenditure results in funds being returned to the user department and less funding made available by Treasury the following year.

- They give us a credit note for R44 million in February for four buildings.

- We used to sit with R200 million of budget but this was reduced because of no spending from Public Works.
- At one stage one (DPW) project manager was sitting with 100 projects; that is impossible.

Departments prefer state owned buildings, saying it is a cheaper option than a private lease. However, none seem to have done the calculation to make that comparison.

Regarding the department's implementation role, user departments said DPWI was failing as an implementer hence "we're constantly appointing Implementing agents like IDT, COEGA and the DBSA. This is costly to the clients because they have to pay an agency fee. So some clients are approaching implementing agencies directly.

7.3.13 COVID-19 implications on accommodation

The pandemic requires changes to the utilisation of space, not only for employees but for the users of public services to. In some cases more will be required and in other cases, less will do. On the implications of COVID-19 on office space respondents said:

- We do have problems with COVID. There are too many people in the lift because others are not working.
- Employees ask, "Is the open plan safe during the pandemic"? People are concerned about sharing offices,
- Is government even thinking how we will go forward? I don't see us going to need so much space in the future.
- Why is government still buying buildings if we are working remotely?

A director pointed out that working remotely depends on the type of function performed. Working from home has implications for those working in administration, logistics and processing. Access to equipment is an issue for junior officials who are still on desktop computers. They need to have network access points at home and data. To create home offices you need to provide them with tools of trade. A system to manage documents offsite will be required.

The director asked, "If there are less people in the office, do we need all the food aid and cleaners here"? They certainly can't work from home but "they are on contract which run for years". Questions also need to be asked if the department has the capacity to manage people working from home and whether employees are responsible enough to deliver from home, she said. Is the home environment conducive for work? How will your PA support you remotely? "Are we going to do away with some posts that are not so critical if working from home? It is not so practical to have home offices for everyone. There are budget implications too".

Reducing office space needs to take all these factors into consideration and they are specific to each department and its service delivery model.

7.3.14 Improving service delivery

User departments provided several suggestions to improve service delivery. They would like to see a responsive Public Works that gets landlords to comply with the terms and conditions of the lease. Improved communication was also cited as an area that could improve relations. All these improvements need to be supported by a review of business processes and the organisational structure as well as delegating to regions so that heads of units and the regional managers have decision making powers instead of the current centralised system.

Despite acknowledging that property management skills reside with Public Works, user departments strongly feel the time has come for them to take charge and procure themselves. They said, "Devolve leasing and maintenance to us. You be the advisor within a framework". So the role of DPWI would be supervision and overseeing to ensure that guidelines are followed.

- GIAMA allows for the delegation of certain functions where certain institutions demonstrate they can do certain things. For example, Defence can do things on its own, the Minister

can delegate that function. Police have been allowed to perform certain custodial functions. SARS does that through their Act.

- We are able and willing to take over our portfolio. We will appoint our technical staff.
- DPW must compete with others to serve us. We must be allowed to run our own construction projects.
- We have the capacity to sign leases and manage them. We just need the authority to sign.

User departments need a direct approach to maintenance and utilities, with TFM preferred. The department was advised to dispose of buildings which are “just sitting”. Buildings need to comply with occupational health and safety standards. It is also important to ensure buildings are “disability compliant” and have generators for back up during power failures to ensure continuity.

Some departments were sympathetic, “DPW has internal problems and they also have to deal with us when we change our minds. We can see they are discouraged. They are a sister department and we will patch things up and find a way to get things to work”.

Increasing internal capacity was suggested to assist the custodian in its endeavour to improve services. Others said:

- PMTE needs people who understand the science behind investment. There are courses like that and it’s not difficult.
- We will need to train employees. They need to recruit. The problem is with the people, not computers.

In concluding, one department said, “We would like to see an improved service offering. Even 50% from what they do now. Another advised, “Look at the buildings through a “regionalisation” lens. Assess in each province in terms of what users need”. Yet another said, you need to improve your asset register, know your assets.” Further, the ground work for PMTE seems to have been done, what is lacking is implementation, “We believe studies were done before the PMTE was introduced. There is a good case for the establishment of the PMTE. It is the preferred instrument to manage properties. There is lack of political will to fully implement the PMTE. If we had the right DG, the right DDGs, we would have a fully functioning PMTE living on its balance sheet alone like the Printing Works”.

While some departments said leadership changes “don’t affect us in anyway”, others said the department changed its leadership too often which affected continuity. They said “each new team brings in new ideas. When they leave, the department is left sorting out the mess”. Others saw the problem as “They don’t seem to have codified what needs to be done. They are working on a white paper year after year. They need to put things in legislation so that if there is a new Minister or DG they follow that”.

The Minister was advised to, “Tell your people to take us seriously”, “implement change management” and “run the business professionally”.

7.4 Stakeholder perspective

A limited number of interviews were held on Zoom and telephonically with only three of the five landlords targeted to participate in the study. An additional interview was conducted with representatives from Treasury and they represented the shareholder.

The interviews focused on the management of the government portfolio, interaction with DPWI as the custodian, experience with various services such as contracting and rates charged. General feedback and recommendations were sought from the respondents for the purpose of improving service delivery.

7.4.1 Leases

All three landlords complained about the department’s failure to renew leases with some

reportedly not having been renewed in the last five years. One landlord reported that only two to three leases had been renewed in the last five years while twelve were running on a month to month basis. The monthly leases were said to be as a result of a special dispensation that allowed non-BEE companies to continue letting their buildings.

The department was said to be paying higher rates on the longer leases because of the annual escalation clauses. Landlords said they were not carrying out maintenance because of the default clause in some of the leases giving the user department the right to move out without giving notice. That according to the landlord “means there is no going concern if your client can move out at any time”. However, one landlord complained that they were being paid based on the old rate as per the (expired) contract amount. Hence there had been no escalation in three years. On the same issue another said, “You can’t have month to month for five years especially if government is losing money. We are getting more money but it is taxpayers’ money. It’s not right. We can’t seem to conclude a deal”. Savings would be in the millions if leases were renewed and “they would get upgrades”, he continued. The landlord complained that over the five years the team at DPWI had changed a myriad of times. “It’s a moving target. The guys are pushed around but they don’t seem to have the authority to make decisions. Even at chief director level they have to jump hoops and loops”. We don’t know the new structure, he said.

Longer leases of 11 years present other challenges for the department even though on the positive side they give the landlord good guarantees. The annual escalation leads to very high rentals in the outer years. The building becomes over-rented the landlord pointed out. Upon renewal, the rental is set back to the sixth or seventh year. A three-year lease was considered ideal and ensured that proper maintenance was carried out. Billing is a challenge in some buildings as lettable space was not measured at the beginning of the lease period.

Some landlords said the department’s lease contract was not suitable for all building contracts. Another landlord complained about “forms and forms” that had to be filled for SCM as if “we are bidding for their service”. In one instance the department was said to be occupying “huge space” at the Cape Town International Airport at no (rental) cost. That needed to be regularised, the landlord emphasised.

Contracts must make provision for escalation rates in long term leases to be reviewed at specific intervals to ensure that buildings do not become over rented at the expense of the user department.

7.4.2 Maintenance

One landlord took blame for failing to maintain buildings leased to government. Having recently taken over from the previous management team, she said was shocked when she visited one of their buildings in Bloemfontein. “We spat in their faces. There is no way that every month we can take their rent and not do the bare minimum. We dragged our feet in the past and made promises we didn’t keep. Part of the payment includes maintenance and tenant installation. We reneged on that. Even with signed schedules none of that happened. This dates back to 2015 and we are trying to play catch-up now. I can understand why DPW is not happy. In the past there was no urgency to change”.

The month to month leases contribute to poor maintenance. “The way the leases are structured we cannot seek funding for capex”. We need leases which are valid she emphasised. Another landlord added, “We do address maintenance; but we only sort out the symptoms and not the causes. We need the leases signed. “We can’t put money in buildings without a lease in place. They are paying more due to escalations but no renovations”, he continued. Another said, “The department has weaknesses but also the user departments have not worked well. Some clients cut their accommodation budget”.

Some departments like Treasury were said to be good at looking after their buildings while one department was said to be bad at that with toilets breaking often and the walls kicked, leaving black marks. On a similar note a landlord complained that “when we get our building

back it is in a bad condition. Their electrical guys add dangerous things without letting us know. They change aircons creating safety and fire hazards”.

7.4.3 Liaison with the DPWI

Relationships are in the main fractured with one landlord taking blame while others blamed this on the ongoing failure to renew leases. However, “there are some pockets where we are winning with honest meetings being held to try to solve this mess”. Our tenants need quick responses, one said.

There is generally no feedback from the department except when the matter is escalated to the DG or the Minister. “There are many layers. There is no pivot, this one says talk to this one. There is never a result. This wouldn’t happen in the private sector. They shouldn’t be different”, the landlord emphasised. Another landlord said over the years she had dealt with 10-15 people and it was normal to be sent from pillar to post. “Some of the guys are rude at national level and there is no accountability”. She said she once flew to the Durban regional office for a meeting but couldn’t be seen because staff were in training. Another described the service as terrible and frustrating. The landlord expressed doubt about the department’s property management capability.

7.4.4 Other issues

Parking presents a challenge especially in older buildings with spaces designed for smaller cars. This resulted in some parking spaces being merged to make way for bigger cars. The Correctional Services head office was cited as an example. Lift and HVAC maintenance is also a challenge. Usage of water and toilet paper tends to be higher than for other tenants pointing to possible abuse of the asset.

The department is provided with two invoices for utilities and rental for each building. However, “when they pay they put in a global amount with no indication of what to allocate, where”, a landlord said. They also pay rentals and utilities from different systems adding to the frustration. One landlord was not so lucky with payment receipts and reported a “whole lot of problems” and had as a result issued summons because of R12mil to R16mil of outstanding payments. Subsequently the department sent a counter demand letter for R37mil for over payment. A Task Team with the CFO is in place to address the matter.

7.4.5 Positive areas:

While some landlords saw nothing positive in how DPWI operates, others had some good things to say.

Transformative agenda: The sourcing of buildings from black owners is said to be a step in the right direction. The landlord said, “DPW is trying to achieve an objective and as building owners we are trying to catch up. This new model of theirs is good for transformation, she added.

On time payments: The department was commended for paying on time and continued to do so at the height of the pandemic while other clients suffered economically and struggled to pay. “They didn’t ask for relief”, the landlord said. However, another landlord said the department wouldn’t have qualified for any relief because of arrears in rent payments, some of which are in dispute. With the collection rate as high as 97%, one landlord said, “When I talk to them I tell them, without you guys we don’t have a business”. However, we have also scored our own goals, she continued.

7.4.6 Advice to DPWI

Cleaning buildings: One landlord took issue with the department managing the cleaning of buildings as this was not done properly. She asked that building owners be allowed to do the cleaning. In one of the buildings they have asked to come in quarterly at no cost to do thorough cleaning in addition to what the user department has in place.

Renew leases and save money: All three landlords advised the department to renew expired leases as a matter of urgency because the month-month “does not make business sense on both sides”. The department is paying higher rates while landlords face an uncertain future. One landlord stated the department would be saving R1, 2 a month by just renewing the leases. Another said, “Leasing can be done within six months. If there is a disagreement over buildings, let us rectify it. If people work in a decent environment with nice light, good air... they’d be more productive”. Further, “We need to write good contracts. If we don’t manage our contracts we won’t get good results. We need people who understand how to make good contracts. Law suits go on and on and on”.

Outsource property management: One landlord said the department should become an asset manager and outsource its property management function. He said if he owned state buildings he would “depoliticise and outsource” it with BEE requirements to someone with systems and processes in place”. The department would then keep a team to manage and monitor to make sure it is done. At the moment the department lacks the systems and processes to be efficient and effective and it would take too long to get there, he concluded.

7.5 Conclusion

There are many common threads in the responses obtained from the various groups that participated in the evaluation study; DPWI head office, regional offices, user departments, and stakeholders including Treasury as the representative of the shareholder. Overall, the responses point to lack of satisfaction among user departments and other stakeholders such as landlords.

From the internal interviews it is evident that changes are required to improve accommodation provision services to client departments. Processes need to be reviewed and unblocked to enable efficient and effective service delivery. Capacity at regional level needs to be increased so that they can be fully self-sufficient and only rely on head office interventions for complex matters. User departments also require some capacity to actively participate in the management of their property portfolio.

Roles between head office and the regions need to be very clear. Maintenance needs to be budgeted for adequately based on a clear strategy. Most importantly, the trading entity has to be client focused in order to maintain its *raison d’être*.

8. Key evaluation findings

The results from the literature review, the internal interviews, the regional workshops, the international benchmarks, the client interviews and the case studies are synthesised in the following findings. We have clustered the findings to make them easier to review.

8.1 Basic functionality

1. User departments and regions indicate that DPWI is struggling with regard very basic functionality
2. DPWI is unable to correctly assign space and in some case even buildings correctly to the user departments
3. DPWI is in many instances struggling to provide accommodation that complies with basic health and safety legislation, let alone space that optimises service delivery
4. DPWI is struggling to get the correct billing out to user departments. This in some cases results in extended disputes
5. DPWI is unable to settle disputes amicably and within a reasonable time frame. Disputes drag on year to year without resolution
6. Basic contractual and service level agreements with departments are not in place. Standard annual performance reviews of DPWI service with departments are not standardly in place

8.2 Leadership, management and staff challenges

7. Leadership at a strategic level is not stable, with a high turnover of Ministers and Directors General. This hampers service delivery
8. Many managers are in acting positions
9. Vacancy rates are very high at head office and regions
10. There is a lack of management decisiveness with managers not having the tools to measure performance or capacity

8.3 Client satisfaction

11. None of the twenty plus user departments interviewed were happy with the service that they were getting from DPWI
12. There was a high level of frustration regarding DPWI bordering at times on suspicion
13. Some departments were looking for a better service from DPWI while others were keen to develop the capacity in house. No one was happy with the current level of service

8.4 Communication

14. Many user departments cited poor communication with DPWI including lack of feedback on their U-AMPs, progress reports on acquisitions and projects, or even notification of changes in prioritisation
15. Client forum meetings are not taking place in many of the user departments. Where such meetings take place, information presented is not accurate.
16. Basic courtesies and Batho Pele principles were routinely reported as not being adhered to, including answering phones, and replying to emails
17. However, many reports indicated communication that is not only poor but dysfunctional with issues ignored and being escalated to DG or Ministerial level
18. Issues escalated to Ministerial level are reported to receive attention followed by high level large meetings but without the mechanisms to resolve the underlying problem
19. User departments feel they are treated as dependants rather than DPWI equals
20. User departments believe that requirements that they have which in their view have an impact on service delivery, are not taken into consideration

8.5 Ability of DPWI to “Work with Government”

21. Many departments claimed that the policies used by DPWI make it difficult for them as government departments to operate; impacting negatively on their ability to function and deliver services to citizens
22. Many instances were cited of funding allocations not being spent, and project money handed back to user departments at financial year end
23. Examples were cited by multiple users of corrections being made across financial year ends, creating problems in government accounting
24. There were examples cited of where Treasury needed to be approached but it was the user department that had to approach Treasury because the approach proposed by DPWI to Treasury was regarded as not constructive
25. Other government agencies and departments were cited as being better able to deliver within a government policy framework using the same PFMA

8.6 GIAMA

26. The U-AMPs were by and large regarded as compliance documents
27. None of the departments felt that they were receiving strategic portfolio management from DPWI as part of the GIAMA process
28. Departments claimed that DPWI prioritised their requirements independently of their U-AMP and without consultation
29. Departments claimed either not to have been engaged on the C-AMP or even not to have seen the C-amp relating to their portfolio
30. Where departments were looking for strategic or implementation advice, they typically went outside, for example to the CSIR
31. Portfolio management in terms of GIAMA should be a joint set of activities by DPWI and the user department. Instead both submit separate documents to Treasury. This is despite Treasury indicating to DPWI that these documents also need to go to the user departments

8.7 Business model

32. There doesn't seem to be a clear business model underlying the provision of accommodation
33. DPWI does not keep track of where it adds value or make a surplus. Key Account Managers do not work from income, expenditure and value add at an asset and customer level
34. There does not seem to be a clear framework as to total cost of ownership, make or buy, acquisition or disposal, refurbishment or maintenance as well as capital and investment decisions
35. The standard indicators which we would expect for each building and client are neither kept nor monitored monthly
36. Indicators such as surplus/deficit, return on capital, return on assets, return on investment, and amount and cost of capital raised are not being measured on a customer basis
37. DPWI appears to be flying blind with regards performance and service delivery measures
38. Internal interviews pointed to a need for a DPWI delivery model to allow the custodian to provide accommodation effectively and efficiently and to continually improve performance
39. The PMTE is currently set up like a government department and not as a property management company

8.8 The DPWI Interface with departments

40. Departments felt that they had to adapt to the DPWI structure and that the way DPWI was set up did not reflect their reality
41. The hand overs from national user departments to regions, to regional DPWI offices to the national DPWI office and then back to the users' regional offices were seen as costly in terms of time and nuance

42. For some of the departments the Public Works regional model does not reflect the way the user department is set up. Departments felt that DPWI is a service department and should align its delivery to the users

8.9 Dispute resolution

43. Many user departments noted ongoing disputes dating back several years
44. There appears to be no annual performance agreement or contractual basis to refer to
45. There appears to be no binding dispute mechanism to resolve ongoing disputes in a systematic and timely manner
46. It appears to be common across user departments to escalate disputes to a DG or Ministerial level. While such a mechanism might vent frustration, it is not in itself resolution orientated
47. The standing committees and task teams set up to smooth implementation are not the sort of mechanism that enables implementation or action
48. There is a feeling among user departments that DPWI uses client forums to blame the user rather than to resolve issues as they would if they were a service provider dependent on their client for business
49. Communication has been widely cited as an issue. However, it appears that poor communication seems to be representing deeper underlying issues, which lead to disputes that are not being resolved at a systemic level

8.10 Key Account Management

50. Key account management is expected to act as the focal point for delivery by the back office, but appears not empowered to do so
51. The key account manager has neither the business role nor the expertise role traditionally expected in a property company
52. Key account managers do not jointly scope projects with their client departments
53. Key account managers are not measured on the sustainability of their portfolios

8.11 Regional operations

54. The strong centralisation is seen by regions and user departments as compromising the regions' ability to deliver. Most of the regions and many user departments cited this as a cause of poor delivery, worsening service and unacceptable delays
55. Activities that could be devolved to regions are being held centrally causing bottlenecks and delays; giving client departments poor value for money
56. Regions are managed through circulars rather than through proper policy documents. Circulars are seen as a poor substitute for policy as they lack coherence and consistency. Further, they do not form a consolidated framework
57. The different regions are seen by users as having quite different characteristics and performance levels
58. Client departments are expected to adapt to the DPWI set up rather than DPWI operations reflecting the needs of its client base

8.12 Lease and property acquisition

59. Many departments cited a high fraction of contracts where leases had lapsed and were on month to month
60. The month to month contracts were seen to compromise quality, maintenance and service delivery
61. Users saw the turnaround time for new leases as problematic
62. Users complained that leases which they wanted to terminate were extended
63. Users complained that the lead time required by DPWI was longer than needed, but that even when they complied with this, leases were not completed on time
64. Some departments did not even have copies of their leases or access to their lease agreements

65. Several complained that key property details on the leases were not correct. Departments have resorted to external parties to verify their lease portfolio
66. Departments complained that clauses that they require are not in the lease agreements and that those in the lease agreements are not enforced

8.13 Management of landlords

67. Almost all users complained that landlords were not properly managed. Issues that needed resolving with landlords were not communicated timeously.
68. Lease terms and conditions are not enforced
69. Many of the users have chosen to go directly to the landlords themselves, while others try to manage the landlord via DPWI. Where the formal authority is vested in DPWI, neither approach is seen as optimal
70. There was a general expression of frustration with the management of landlords, and a belief that managing landlords was not a competence of DPWI

8.14 Procurement

71. For DPWI, procurement is almost universally seen as a weakness
72. Almost every interviewee had advice on what could be done better within the government framework (PFMA)
73. There was a strong view both internally and across multiple users that other government agencies and departments can procure quicker, better and cheaper than DPWI
74. Many user departments had “horror stories” relating to procurement including the procurement of related goods and services costing several times more than market value
75. Client departments felt that DPWI was at times hiding behind the PFMA
76. Client departments believe that DPWI does not use the full range of procurement tools
77. For many maintenance tasks the prequalification of providers is believed to be inadequate
78. The promise of earlier DPWI reviews that the PMTE would make procurement a core competence and that it would procure quicker, better and faster than the private sector seems not to have materialised

8.15 Maintenance

79. Several departments complained that maintenance issues drag on unresolved for extensive periods.
80. There was a view that poor maintenance has a significant impact on service delivery on both ends (to the user departments and consumers of government services)
81. Examples were cited of buildings not complying with occupational health and safety for long periods
82. Rolling condition assessment of all user assets appear not to be done jointly, and do not lead to a joint maintenance strategy
83. The asset register is not at the subcomponent level and therefore not at the level needed to coordinate the maintenance planning and not at the level required by a property management company

8.16 Project management

84. Management of projects is not seen as a strength of DPWI
85. Almost all departments complained about project management taking too long and being too expensive
86. Clients with project management capacity tended to believe that they can and do manage projects better than DPWI
87. Project reporting seems to be problematic and not driven by the standard KPIs reported monthly and summarised at a client and a corporate level
88. The standard project overview reporting seems to be deficient both at a client and at a summary level

89. Where DPWI have gone to third party agencies, clients believe they can manage the third parties better and without an extra layer of cost
90. Clients believe that variations are not adequately managed and project spending and delivery fall behind creating problems for their government accounting

8.17 Processes

91. Processes appear to be siloed, with poorly defined interfaces, process measures and KPIs
92. The process improvement project appears not to be benefit driven but rather a compliance exercise
93. Previous studies dating back decades point again and again to the same issues around processes and inefficiency

8.18 Capacity in user departments

94. User departments with internal capacity were better able to interface with DPWI, implementing agents and consultants
95. Many departments, view accommodation as intimately tied into their delivery model and their ability to dispense critical services
96. Many departments did not seem to have the basic capacity needed to interface with their providers
97. Accommodation is a key enabler and many departments felt they needed the capacity to strategize and manage accommodation provision
98. Some members of DPWI appear to see user competence as a threat to DPWI and its mandate

8.19 User perspective

99. From the user perspective, there doesn't seem to be adequate service level agreements in place
100. Basic service standards are not adhered to
101. Satisfaction levels are not measured. There is no annual satisfaction score by the user and there is limited ability to provide feedback on poor service or inadequate provision.

8.20 Impact on the local economy

102. The impact of DPWI assets on local economies is not being measured
103. Anecdotal evidence is that the DPWI assets are compromising rather than enhancing neighbourhood value
104. The impact on the local economy is not considered when assessing the state of DPWI buildings

8.21 Disposal

105. DPWI has many underutilised properties that are not disposed of
106. There appear to be properties that are not bringing in income but are a cost in terms of maintenance, utilities, rates, and security
107. The underutilised properties are believed to have a negative impact on the local economy

8.22 Turnaround strategies

108. Previous documents referred to many attempts at the turnaround of performance with little tracking as to their success
109. User departments were under the impression that delivery was not improving, but rather that it had deteriorated over the past few years
110. The turnaround strategies cited in the document review do not have the benefits focus, the tight time frames, the resourcing or commitment associated with successful turnaround strategies

9. Conclusions

The evaluation has succeeded in its assessment of the accommodation provision programme. This was achieved through the deployment of various research methods, management tools and the involvement of multiple stakeholders internally and externally.

There is no doubt that if adequately managed and strategically utilised, the DPWI Immovable Asset portfolio holds extensive benefits and opportunities to contribute to South Africa's broader developmental agenda and socio-economic transformation. For PMTE to reach this level and achieve sustainability, it will need to shift its focus on delivering value to its customer departments. This requires radical change in its positioning and delivering of services.

Generally, many studies strongly suggest that documenting business processes and cleaning up the asset register are not enough. It requires full scale reengineering driven by quantifiable benefits and a value proposition which can be sold to user departments and against which they can be assessed.

Such a radical shift almost certainly requires a direct report line to the Minister as envisaged previously rather than to the DG of the department. This is similar to what Social Development has with SASSA (SA Social Security Agency) and Treasury with SARS (SA Revenue Service). Consistency at political and executive level will go a long in ensuring that this transition takes place successfully and quickly.

Our assessment of performance based on DAC criteria is included in the following table.

Table 12: Key findings according to DAC criteria

Relevance	1	<ul style="list-style-type: none"> • Service delivery planning is inadequate in terms of resourcing and annual reviews. • With the U-AMPs not developed properly, user needs are not adequately addressed. • Many departments are accommodated in buildings that they do not want to be in. • Most government buildings are unsuitable and need major refurbishments or disposal.
Effectiveness	0	<ul style="list-style-type: none"> • The portfolio is not managed in a manner that achieves its intended objectives. • DPWI is not providing effective solutions to meet identified user needs. • GIAMA is not being implemented and is largely seen as a compliance tool. • User departments are not receiving support in developing the U-AMPs. • Performance and the condition of immovable assets are not being assessed. • The capacity of the department to serve customers and provide the required accommodation solutions is in question. • The regional model is not serving its purpose. • Leasing and maintenance are big concerns. • Projects seem to be at a standstill. • The asset register cannot provide reliable information required for strategic asset management. • With no measures in place cost effectiveness cannot be assessed.

Efficiency	0	<ul style="list-style-type: none"> Administration and management arrangements are not enabling. The processes of the department are not an enabler but a hindrance. Delays in leasing and projects cannot be justified. Clients are dissatisfied with services and the customer interface. They want alternatives. Users do not see value for money. Return on investment is low.
Impact	0	<ul style="list-style-type: none"> Impact not explicitly measured or looked for. There is no emerging impact. There cannot be any impact without relevance, effectiveness and efficiency.
Sustainability	0	<ul style="list-style-type: none"> Sustainability of the programme has been of concern for over 10 years. The situation has not improved. The portfolio is not managed effectively to make a positive return, there is no surplus. Planning is poor with U-AMPs completed for compliance. Condition assessments and maintenance are lagging way behind, with emergency maintenance the norm. Some departments want to use other accommodation providers, and not DPWI.

0= Area of concern

1= Mixed progress and experience

2= On the right track, progress

Thus, successful implementation of the programme in line with GIAMA requirements and property management principles will go a long way in realising the NDP goal of “a more efficient and competitive infrastructure, to facilitate economic activity that is conducive to growth and job creation”.

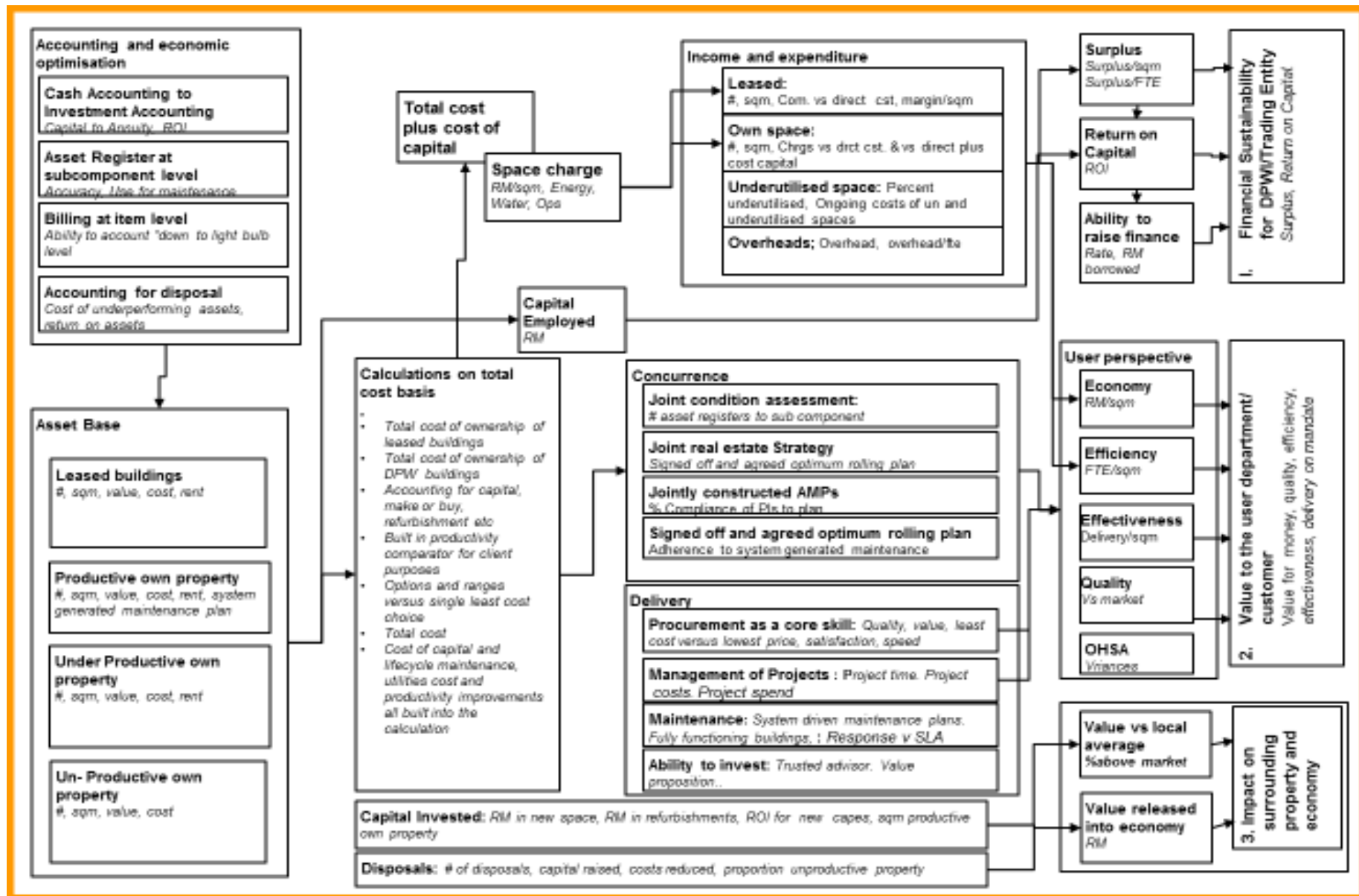
9.1 Sustainability model

The accommodation provision programme does not have an existing logframe. With a logframe not in place, our analysis indicated that a Theory of Change was not the most appropriate tool to apply to the programme at this stage due to the unsatisfactory levels of service delivery and the internal dynamics. Instead a sustainability model was suggested and developed. Once the model has been implemented, the logframe discussion can be revisited and a Theory of Change developed.

The proposed sustainability model is presented as part of the recommendations and it charts a way forward for the custodian department to improve the implementation of the accommodation provision programme.

9.1.1 Purpose of the sustainability model

This sustainability model is produced as part of the study and puts various elements into perspective. It links the intended impact and outcomes with the outputs and inputs within an economic and financial context. It provides a framework for Cost Benefit Analysis and an input to a wider Theory of Change (ToC). Further, the sustainability model links impact with the outputs, inputs, and actions needed from a financial perspective.



The model serves three purposes:

1. The model provides a framework for cost benefit analysis. Cost benefit decisions need to become routine throughout the value chain. This includes make or buy decisions, acquisition and disposal decisions, refurbishment and maintenance decisions, capital and investment decisions as well as the decisions around devolution of decision making both the regions and the user departments. The sustainability model provides a quantifiable and financial framework.

2. The model provides indicators for best practice and benchmarks. Each of the elements in the sustainability model can be described conceptually and numerically. In this way the key elements, can be identified and their balance, their ratios and their performance can be compared to best practice and managed for optimum performance across the value chain.

3. The model provides a platform for a more comprehensive Theory of Change (ToC). The Theory of Change is a methodology used to promote social change. A key feature is the definition of long-term goals and the mapping backwards to identify the outputs, interventions, actions and preconditions in a logical pathway. The sustainability model provides these pathways from an economic and financial perspective.

9.1.2 Key outcomes for DPWI/Trading Entity

There are three key economic/financial outcomes for the DPWI/Trading Entity. The first is the financial sustainability of the trading entity, the second the efficiency and effectiveness of the service from the users' perspective and the third the impact of the property portfolio on real estate.

1. **Financial sustainability looks at the intended impact from a trading perspective.** Running a surplus creates a fiscal discipline and is needed for immediate sustainability. In the longer term, investments in a property portfolio drive efficiency and for this reason long term sustainability demands a return on investment. This requires in turn a good investment management strategy, with management systems and an accounting framework which looks past government accounting. Indicators are 1) surplus/deficit, return on capital, return on assets, return on investment, and amount and cost of capital raised. The key to sustainability is the ability to invest money to make money.
2. **Service delivery and efficiency provide the user perspective.** After staffing costs, space costs are one of the biggest line items; better space usage represents a significant opportunity for improvement in efficiency and effectiveness. As a benchmark, for every unit of capital cost, there is an associated lifetime operational cost of five units and a payroll associated occupancy cost of a hundred units; even small productivity improvement outstrips all other considerations.

The international case studies show the significant benefit of close collaboration between the user departments and the property arms of government to drive such improvements. The case studies show dramatic reductions in overall space, improvement in the quality of the space and measured improvements in the outputs generated within those spaces, all the time upgrading and modernizing government infrastructure. Capital decisions, both initial and ongoing, are taken in partnership with lifecycle cost and productivity in mind. To do this, the user and custodian, track space per person and space costs, as well as outputs and efficiency building by building and client by client.

3. **Real estate represents a significant fraction of the economy.** Within that, government has a significant portfolio. For this reason, the impact of government on neighbouring real estate is an important enabler in unlocking the local economy and opportunities for empowerment and growth. Where government has property, the square metre value is compared to the neighbourhood average. In addition, case studies measure the capital value of the property disposed and the operational costs of the underutilised buildings (security, maintenance, rates, taxes, water electricity, etc.). Much has been said of the precinct model. The extent to which government properties are enhancing their district can be quantified and measured. The impact on the economy constitutes a structural reform aimed at unlocking substantial economic growth.

9.1.3 Financial sustainability for DPWI/ “Trading Entity”:

Sustainability means ensuring that income exceeds expenditure and generates sufficient return to invest in even greater sustainability. This section provides the sustainability perspective.

9.1.3.1 The absolute basics of organisational management

Sustainability does require the very, very basics of organisational management to be in place. These include:

- The ability to collect on debts
- The ability to charge correctly for services
- The ability to put a fit for purpose structure in place
- To provide a product that is legally compliant
- The ability to settle disputes timeously
- The ability to communicate with customers

These are only mentioned because these issues came up repeatedly in interviews internally in DPWI, from the clients and from interested stakeholders.

9.1.3.2 Income and expenditure

The key to income and expenditure is the associated income and expenditure for each asset. This basic management information needs to be gathered for each billable unit, collated at a customer level and collated by property type.

- **Leased:** #, sqm, lease, commission, direct attributable cost, contribution, contribution/sqm, contribution/FTE
- **Government owned:** Leased: #, sqm, space charge, direct attributable cost, value, capitalised costs, cost of capital, contribution, contribution/sqm, contribution/FTE
- **Underutilised:** #, sqm, security, maintenance, rates, taxes, water, electricity, other operational costs
- **Overheads:** Overhead cost, overhead cost per sqm, overhead cost

The customer level would be broken down as per customer definition. Agreements would be in place for each billable unit. Typically, properties are leased to the user department for a commercial fee plus a commission to DPWI. Government owned property has a space charge but often requires refurbishment which has a capital outlay and an associated cost of capital. The cost structure of the DPWI must be covered by the commission and in turn the client must show that the commission is a good deal in terms of value added by DPWI. In a commercial environment, a key account manager would be rewarded on the surplus of her/his portfolio and the value added for the user. The next section looks at the user perspective.

9.1.4 The user perspective

After personnel costs, space costs are one of the biggest budget items. At a minimum, a user department expects market related accommodation at a market related rate. Case studies show much more is expected of a state trading entity; a state owned property management entity is expected to work to assist the user department achieve economy, efficiency, effectiveness and productivity. That is getting the right space at the lowest cost, getting the most from that space and the best results from use of the space and maximising the productivity of those working there.

Key measures – User perspective: Performance must be measured at a building level and aggregated for each customer by the way they organise.

- Typical productivity indicators include cost per square metre, persons per square metre, cost per person and per person and space costs,
- Outputs and efficiency of the people in those spaces on a floor by floor, building by building and client by client basis.

The case studies show dramatic reductions in overall space, improvement in the quality of the space and measured improvements in the outputs generated within those spaces, all the time upgrading and modernising government infrastructure. Typical service indicators include

accuracy and service levels:

- **Accuracy:** These include billing accuracy, project planned versus actuals, projects behind schedule, project spend versus schedule, maintenance versus system generated maintenance plan.
- **Service levels:** Response time to basic service as per SLA, number of building days' interruption to water, number of building days' interruption to electricity, number of building days' interruption to climate control.
- **Annual satisfaction rating/score per building/rental unit:** How happy is the user department with the quality of service, response times, and progress?

9.1.5 Joint planning of the asset base

GIAMA requires both the user and the custodian of an asset to have an asset management plan. The development of asset management plans is expected to be a contracting process. Our interviews have indicated that this has become a compliance issue with a submission to Treasury a prerequisite for future funding. International best practice shows that this works best when parties work in concurrence to produce a plan that binds them to delivery.

- **Condition assessments:** A rolling condition assessment of all user assets needs to be agreed to on a five-year basis. This will include the state of the buildings, maintenance, repairs and refurbishment.
- The condition assessment leads to a joint real estate strategy.
- The strategy sets out improvements in economy, efficiency, and effectiveness of space utilisation
- The real estate strategy is operationalised in a plan. The plan is mirrored in the custodian's plan.
- A key measure is the extent that procurement instructions are anticipated by both the local user and local DPWI and the percent of congruence

The asset management plans are expected to 1) close the funding gap, 2) improve the working conditions and 3) enhance delivery of service departments. This can only be done when the property provider is working in a professional relationship with the user which includes timely and responsive communication.

9.1.6 Core Delivery Skills

This section looks at property related competencies that are needed to deliver value to the user department. This includes procurement as a core skill, management of projects, maintenance, and the ability to invest.

The basic management skills, collecting on debts, charging for services, creating a fit for purpose structure, and providing legally compliant product are covered in the previous section and taken here as read.

- **Procurement** as a core skill: Early PMTE design assumed the power of the state would procure quicker, better and cheaper than the private sector. There is wide consensus internally and externally that DPWI is slower, more expensive, less able to extract value or generate innovation from the procurement process. Consensus is that property procurement needs its own standards and that the sector is large enough to set out its own best practice in conjunction with Treasury. Whatever the outcome, this should be a core strength and benchmarked against other players in the sector for time, total cost and quality.
 - *Potential indicators: Total cost of ownership, response times, quality, value, user satisfaction*
- **Management of Projects:** Agility is an important part of delivery. Key to delivery is the ability to deliver on projects. Project cost, speed of delivery, quality and ability to manage cash flows are all important. Each department had examples of significant

delays, poor communication, poor controls and overruns. This can be benchmarked against other service providers.

- *Potential indicators: Duration vs benchmark. Project costs vs benchmark. Project spend vs plan.*
- **Maintenance:** Repeatedly interviews pointed to situations where client departments are unhappy to pay DPW rates, but were more than happy to go to a more expensive provider. Cited frequently was the inability to hold lessors to account or to provide maintenance. Maintenance whether from owners of leased accommodation, DPW accommodation, or third party maintenance providers seems to be the most immediate cause of non-performance.
 - *Potential Indicators: System driven maintenance plans. Response of DPW vs SLA. Fully functioning buildings. Days' outage for water, electricity, climate control, elevators or OHSA.*
- **Ability to invest:** An overarching theme in property management is the need to invest money to make money. The speed, efficiency and the return on investment is key to a successful property management.
 - *Potential Indicators: Return on investment. Amount invested. Rand benefit generated from investment.*

9.1.7 Management Accounting

For reporting and active management to work, certain accounting systems do need to be in place. These systems are needed to support the decision making.

1. **Cash Accounting to Investment Accounting:** Governments typically work on cash accounting within a three year MTEF and a rolling cash forecast. A Property Entity of whatever form needs to bridge this.

From an accounting perspective, a property company converts capital outlays into annuities. The accounting and the management accounting underlying this needs to account not for cash but for return on investment and a need to make investment decision based on this. Equally project management accounting needs to be in place for projects that do not fit neatly in single year government time frames. Effective project and capital management cannot be done efficiently in three year Treasury boxes.

2. **Asset Register at subcomponent level:** Current maintenance is seen to be problematic. From a functional point of view, an asset register translates assets into a maintenance plan. This is a crucial benefit driving process but requires a level of granularity, which is currently not in place. The number of productive assets is significantly lower than the number of total assets. Productive assets need to be managed at this level of granularity.

The current asset register is a compliance exercise, which does not assist in the managing of the productive assets.

3. **Billing at item level.** When managing properties it is necessary to have accurate costs and the ability to bill accurately down to the lowest detail. Property companies have systems that allow them to assign costs accurately down to routine maintenance. The current systems don't offer that granularity. Indeed more than one department raised issues around the accuracy of billing at a building level and whether a functioning dispute resolution mechanism was in place.
4. **Accounting for acquisition and disposal.** Key to a good property portfolio is the ability to acquire and dispose of assets and to assess the result. The ability to reduce operational cost and hidden complexity with successful disposal drives reducing complexity, reducing cost, increasing customer focus and freeing resources into the economy has been cited as a critical success factor in the international studies.

The comparison studies have shown that in other countries a property management trading entity/department/unit/section can be sustainable and deliver superior value to government. Indeed, comparison studies show that irrespective of form, it can outperform the market.

To do this it needs to be managed tightly and benchmarked at each step against local best practice. The key to sustainability is the ability for ongoing investment. The investment is needed to drive down costs, improve quality, impact economy, efficiency and effectiveness. In short investment to create a value proposition tailored to client needs and driving the economy, efficiency, effectiveness and productivity in a sustainable manner.

A sustainability model provides the context for cost benefit analysis, the understanding of the causal links and some of the measures needed to provide such a service. This can only be achieved through ongoing, stable, consequential leadership.

10. Recommendations

This section looks at the recommendations based on the results of the interviews, the literature review, best practice analysis and our findings above. The recommendations are clustered into three change areas, followed by a set of recommendations and supporting activities.

- a. Gearing up for change
- b. Redesigning internal business processes
- c. Improving and strengthening service delivery to user departments

Gearing up for change	<p>R1: Set up a team to drive a benefit-driven 18-24 month change project</p> <p>R2: Develop a functional business model</p> <p>R3: Set up a new organisational structure for the delivery</p>
Redesigning internal business processes	<p>R4: Set up the appropriate accounting structures</p> <p>R5: Implement a ten month project to fix the asset register for all properties in use</p> <p>R6: Process optimisation</p> <p>R7: Redefine the procurement strategy and function</p>
Improving and strengthening service delivery to user departments	<p>R8: Put a dispute resolution mechanism in place</p> <p>R9: Devolve what can be devolved –Lighten the load</p> <p>R10: Set up the capacity to provide strategic input and advice</p> <p>R11: Set up a process to respect the intentions of GIAMA</p> <p>R12 : Dispose of non-performing assets</p>

Table 13: Key change areas and supporting recommendations

A review of the literature indicates that DPWI has been attempting to address presenting challenges since early 2000 if not before. In our view, the issues raised are systemic; they will not be addressed, as suggested in the 2012 Treasury study, by simply applying the IDM Toolkit or by proper training of DPWI staff. Further, any change process cannot be undertaken in isolation; it requires a back-and-forth interchange between people, processes, and systems.

The recommendations below set out key elements of the required systemic approach. For each recommendation we set out why we think it is important and what implementation should entail.

10.1 Gearing up for change

From the findings and the presented sustainability model it is clear that a new vision needs to be set out; a new organisation needs to be designed and filled; new skills, soft and hard, need to be commissioned or developed; and systems, management, financial and HR need to be developed. Management needs to be strengthened to support these improvements and changes. This will be the sort of direct day-to-day management associated with successful trading entities. Further, the monitoring of progress against set objectives needs to be continually carried out.

R1: Set up a team to drive a benefit driven 18-24 month change project

Why this is important: The DPWI literature suggests that the many interventions since 2000, including that of the PMTE are justified by compliance arguments rather than a benefits case, added value or return on investment. Even if they have the same goal, projects that are devised

around a return on investment look different from those seeking compliance. Furthermore, turnarounds must be time bound and focussed so that the energy of the change process is not dissipated into operations activity.

Large scale change requires careful management and a partner that has been through the process and can co-facilitate. We saw no evidence of a turnaround, past or present, over the course of the review.

What this involves:

- The typical change process is driven by task teams working with an external facilitator with tight timelines and ambitious targets
- The chemistry between the organisation and the facilitating organisation is a prerequisite
- A time scale greater than twenty four months runs the risk of the process dissipating
- The value add, a significant return on the investment is carefully managed by the organisation and the service provider
- The task teams need free reign to consider all options
- There needs to be a structure in place that takes full accountability for delivery

A key prerequisite is the chemistry between the organisation and the facilitator, leading to tight timelines and measurable value at each step of the process.

R2: Develop a functional business model

Why this is important: A good business model allows for strategic decision making, focus and for measuring performance at key points of the value creation chain.

One member of the Technical Working Group provided an excellent analysis of the lack of a business model at DPWI. As he put it: “We don’t have a business model, and this is causing us to be uncompetitive. It is as if we have a black and white TV set. Then see that others have smart TVs. So we keep adding things onto our black and white TV to try and make it like the smart one that other people have. In the end we still have a black and white TV set, but one that is too heavy to move”.

What this involves:

- The model needs to quantify where value is added and surplus is generated
- It needs to set out the benchmarks and indicators for each process step indicating the optimum staffing and performance
- It needs to set a framework for make or buy, use or lose, invest or operate decisions that are being made on a daily and monthly basis
- It needs to “put a number” on inefficiencies caused by bad practice and poor policy to allow continuous improvement to be value driven with the improvements captured in following (subsequent) budgets
- It is driven by impact, outcome and output indicators and later drives a Theory of Change

Typically setting up the business model will be done through a series of data informed workshops with the top manager and her team.

R3: Set up a new organisational structure for the delivery part

Why this is important: A general theme from the interviews was a loss of skills, “more people but less capacity”, shortage of technical professional skills and a lack of specific capacity. There is also an indication of managers who have become decision averse and who repeat processes they know will fail (lack of management capacity).

At the same time the PMTE is set up along the lines of a government department and not a trading entity; it is long on government positions but short on specific value adding posts. Its structure and reporting lines do not reflect best practice.

The team needs to have the technical skills, organisational skills and delivery skills. “If you are playing Bayern Munich, don’t send in your B-team”.

What this involves:

- Redesign the structure of PMTE based on the business model
- Benchmark key delivery roles such as Project Managers, Key Account Managers and technical staff
- Benchmark the structure and the overheads against best practice including best practice in the private sector
- Set the job specifications not just on formal qualifications but also on organisational fit, delivery skills and benchmark to market
- Match and fit the organisation with preference to DPWI staff
- Move the organisation (PMTE) and ensure self sufficiency
- Put the systems in place for a “grow or go” organisation

10.2 Redesigning internal business processes

The business process review and interviews revealed that internal processes are inefficient and ineffective; they do not serve their purpose.

DPWI needs to focus on all the activities and key processes required for the department to excel at providing the value expected by the customers both productively and efficiently. Focus should be on processes that have the biggest influence on successful implementation of the accommodation provision programme. Improvements in this area should result in increased productivity and improved services to customers.

R4: Set up the appropriate accounting structures

Why this is important: There is management adage that you need to invest money to make money, or in this case to add value. This is particularly true of property management. The value could be to DPWI itself, to the client department or to the country as a whole.

The ability to invest, manage investments and extract value are a core competence of a real estate management company. It requires a significant shift from the cash based and MTEF timeframe of government departments. It requires project and investment accounting with differing timeframes and measures. With this in place capital investment reverts back to the PMTE as it does with our leasing partners.

As one interviewee stated: “In government we are incentivising compliance, in the private sector we are incentivising return on investment”. The best practice study shows that a public sector which focusses on public money, government revenue and reducing cost, often sub-optimally utilises its assets. This has been a driver of similar entities in other countries.

What this involves:

- An IFRIS (International Financial Reporting Standards) rather than cash accounting
- Focus on return on investment and investment utility as a driver for improved service
- Project accounting across government accounting periods
- Framework for make or buy, use or lose, refurbish or maintain decisions
- Distinguish between budget centres, cost centres, revenue centres, profit centres and investment centres; with appropriate management accounting for each
- Allocate and track the financial sustainability at a client and an asset level

This is a management process and will provide some of the tools for calculating and cashing on the expected benefits case. It requires a shift outside the three-year Treasury cash box accounting.

R5: Implement a ten month project to fix the asset register for all properties in use

Why this is important: The current asset register is not complete, not accurate, not up to date and not at a level which is operationally useful. The asset register needs to enable a cost effective maintenance programme; it is a tool that translates assets into a maintenance plan. This is done at the sub-component level.

The current asset register project appears to have been driven around financial compliance

rather than as a tool for service delivery; it is on the wrong level of detail. The benchmark is taken from provincial Public Works departments and Archibus; provinces were able to do this in a compressed time frame.

What this involves:

- By running in parallel, there is no reason that implementation requires more time than that of a province. The Archibus benchmark is eight to ten months
- Savings come in the form of maintenance benefits which also translate into improved conditionality
- Savings are expected in terms of accuracy of billing and the ability to bill at a usage level
- Anecdotal evidence from partners suggest immediate benefit in the drive for comprehensive maintenance contracts
- The asset register project needs to be driven by a return on investment rather than compliance

Several user departments have already started their own verification processes.

R6: Process optimisation

Why this is important: The indication is that processes are full of inefficiencies, delays, handovers and ambiguities. Significant value can be found in streamlining the processes for lost time, rework, duplications and inefficiency.

There are disconnects at individual steps and across the process. Processes are not managed end to end. There are interfaces causing significant delay. Management systems across interfaces is lacking. Key measures are not in place either at individual steps, known bottlenecks or across systems are not in place. There has been no formal line balancing. Processes are not optimally linked.

The current process review is a compliance exercise aimed at the eventual introduction of Archibus. Even Archibus is being introduced by function. "Archibus is an integrated system; our functional roll out completely misses the point of an integrated solution".

What this involves:

- The definition of processes aligned to the work flow and not to a government methodology
- Rating the processes in terms of importance, potential impact, ease of implementation and client interface
- Prioritisation of processes for optimisation
- Benefit targets, benefit tracking and realisation of the benefit into the future budget

R7: Redefine the procurement strategy and function

Why this is important: Early PMTE design assumed the power of the state would mean procuring quicker, better and cheaper than the private sector. There is wide consensus that this is not the case; interviewees believe that DPWI is slower, more expensive and less able to extract innovation from the procurement process.

Almost all departments had "horror stories" relating to procurement including that of goods and services. Almost every interviewee had advice on what could be done better within the government framework. Where it makes economic and financial sense, the Trading Entity is big enough to agree on specific practices with Treasury.

A procurement strategy project requires significant numerical and research work. It usually runs over six to nine months. Even if DPWI could only match other government entities, the benefit would be enormous.

What this involves:

- A procurement strategy involves categorising areas of spend and clustering
- Setting an approach and targets for each category
- Rewriting procurement best practice for maintenance
- Rewriting procurement best practice for asset acquisition
- Rewriting procurement best practice for refurbishment projects
- Measurement and monthly reporting of the benefit attained

10.3 Improving and strengthening service delivery to user departments

South Africa works because of Public Works. Without a functional Public Works service delivery in the country is thwarted and user departments attested to that. It is important for the department to “lighten its load” through mechanisms such as devolution of certain functions to its regional offices and user departments.

Certain mechanisms need to be in place to ensure that where disputes arise, they can be speedily resolved.

R8: Put a dispute resolution mechanism in place

Why this is important: Almost all external interviewees noted disputes that were ongoing and unresolved. Many were over a decade old. Disputes related to occupancy, billing, health and safety compliance, as well as maintenance.

It is clear that disputes that have dragged on for more than one year are toxic for the relationship. Furthermore the occasional practices, such as Ministerial escalations are not conducive to speedy, accurate resolution.

The interactions between DPWI and its client departments should be governed contractually and by a service level agreement that is updated annually. For good reason SLAs and contracts have dispute resolution clauses. Due to the number of disputes, there should be a standing third party charged with the adjudication.

What this involves:

- A third party, neutral dispute mechanism should be put in place for all disputes older than a year with binding and summary judgement
- The prescription process for debt needs to be used to clear debts older than three years. All debts greater than three years between a user department and DPWI should be prescribed
- Any building not compliant with basic safety and working conditions should automatically trigger a third party review
- Where disputes cannot be settled within three years, they should be settled in favour of the user department
- The number and volume of disputes will need to be estimated

Such a mechanism could be set up under for example, the CSIR. It needs to be geared up to clearing the backlog and resolving disputes timeously.

R9: Devolve what can be devolved

Why this is important: There is a tacit assumption almost everywhere that there are economies of scale; bigger is expected to be more efficient. This is often only true up to a certain scale, big organisations suffer diseconomy of scale characterised by slow, broken processes serving internal needs and DPWI appears to be experiencing this. A customer focussed organisation is designed around the customer even when it appears less efficient. Sometimes it means breaking the organisation into much smaller pieces, which has the advantage of countering the diseconomies of scale.

DPWI is well into the diseconomy of scale. It is a repeated frustration by interviewees at both head office and in the regions. Devolution of certain functions to user departments is in line with the 2014/15 Ministerial policy statement calling for “a thorough policy review resulting in a Public Works Act that would help clarify and refresh the mandate of the DPW”.

On the other hand the core competence argument came largely from a few members of DPWI and with rare exception, from a client department. Most client departments recognised the importance of infrastructure in their service delivery. It is therefore intimately entwined with their core competence.

Every department has Programme 1, which is administration. This includes the typical administrative functions such as HR, Finance, Legal and Infrastructure. Although there is a DPSA, the HR function is not outsourced to DPSA. Similarly accounts payable and receivable are not outsourced to Treasury. User departments could equally have accommodation provision capability.

What this involves:

- Departments that are able to take over activities that they believe they can manage better should be prioritised
- A transition process and transition team should be set up
- Specialised activity such as schools for Basic Education, courts for DoJ, military installations for the DoD, ports for the BMA and police stations for SAPS should be earmarked for devolution and capacity increased within the relevant departments rather than increasing capacity within DPWI
- Departments should be encouraged to take over and assume ongoing responsibility for any area where DPWI is seen to be in default. This includes leases that have expired or projects that have not started timeously
- Where user departments are building the capacity to better manage their spatial use, this should be encouraged

Again, taking over some property management functions is in line with the intentions of the 1997 White Paper (Sec 5.4.10).which stated that “From 2002/2003 FY, clients would then be at liberty to source property and facilities management services from the most appropriate service provider; be it private or public”.

The transition should be a managed process. Ideally DPWII should set itself up to take up a specialist strategic advisory role in the future.

R10: Set up the capacity to provide strategic input and advice

Why this is important: The DPWI is the custodian of a large proportion of state property. As such, a core function of the DPWI should be the ability to provide key strategic accommodation advice. The CSIR and many other organisations are already active in this space. For DPWI to have credibility, it needs to be seen as the strategic advisor of government in the space of accommodation provision and provide the required leadership. Support for this can be found in the 2015 Ministerial policy statement which directed DPW in its review of the White Papers “to give attention to models where the department would focus primarily on setting of standards, best practice guidelines and monitoring and evaluation, whilst devolving more responsibilities in the execution of certain projects to selected departments”.

What this involves:

- Setting up a team which is resourced on its consulting fees and which provides strategic consulting advice in a competitive market
- The fees need to cover the cost of the team, the space and expenses of the team and the teams share of the organisational overhead
- Building necessary capacity and skills to provide strategic services

Like all the other professional services, the team should be set up as a revenue and therefore, a profit centre. The team should be given at least a six month start up grace.

R11: Set up a process to respect the intentions of GIAMA

Why this is important: The U-AMPs are widely regarded as compliance documents and both users and regions complain that the U-AMPs and C-AMPs don't correlate and that neither correlate well to the procurement requests or purchase orders.

This is at odds with the intention of the Act; indeed creating yet another level of compliance might be a step in the wrong direction. Moreover, both DPWI and the user departments view the strategic capacity of the other negatively. User departments typically go outside for paid strategic advice on their asset portfolio. The DPWI place the blame for poor U-AMPs on the capability of their customer departments.

This is exacerbated by the discussion around charge out rates and services. From the DPWI perspective the rates are too low compromising delivery. On the other hand client departments are unhappy to pay the standard DPWI rates, but at the same time look to go outside to more expensive providers. This happens in economies where tariffs have fallen below the market rate with a customer perception that even at the low price, the service is no longer commensurate. In these circumstances the onus is on the provider to offer a differentiated service and to offer more value but at a higher rate. This is a process of technical selling and requires a skill set not evident at DPWI.

What this involves:

- A process needs to be initiated with the U-AMPs and C-AMPs jointly signed off by both DPWI and the respective department before submission to Treasury
- The two documents need to correlate and Treasury should sign off that they are indeed satisfied
- Annual performance reviews, with clear indicators should be set between DPWI and each user department
- A third party mechanism should be triggered automatically where the overall service level is less than satisfactory.
- Adjusting service offerings and value for money discussions are typically roles performed by a Key Account Manager. Indeed this is why the term Key Account Management is preferred over User Demand Management. At the current staffing grades and levels, this would not be possible
- Minimum property management capacity for user departments needs to be set in conjunction with DPWA

This requires setting up the U-AMP and C-AMP processes as interactive processes, defining the sign off and feedback processes and implementing the capacity to do this in both user departments and in DPWI.

R12: Dispose of non-performing assets

Why this is important: Productive assets have an annual liability that can amount to 15-20% of their capital cost. This is in the form of rates, taxes, security, consumables, water and electricity charges. In addition, non-performing assets create complexity for the organisation and add to inefficiencies. In the case of DPWI this is seen in the struggle to perform even the most mundane of functions; getting an asset register up to date, correct billing, billing down to a transactional level, resolving disputes. Most important, they take value out of the economy twice; firstly by taking potentially active assets out of the economy, and secondly because of the effect that deteriorating unsecure assets have locally (on the neighbourhood).

What this involves:

- Set out task teams, possibly provincially, possibly by asset type
- Create a potential list of buildings and an estimated valuation and ongoing operating cost
- Set targets for disposal by type and location
- Set up a process to monitor progress and value

As evidenced in the best practice studies, other countries have embarked on successful disposal drives based on reducing complexity, reducing cost, increasing customer focus and freeing up resources into the economy.

10.4 Quick Wins

The underlying issues appear to be systemic in nature and recommendations R1-R12 involve working across silos to address this. However, during interviews, the group

discussions and the subsequent discussions a number of actions were identified which can be implemented without the needed fundamental changes. These are.

1. Move more of the procurement onto term contracts
2. Prequalify maintenance contractors
3. Manage through policies and block the circular route for sending out instructions
4. Devolve lease renewal to the regions
5. Review procurement terms with the client for over specification
6. Make sure the asset register is up to date and at subcomponent level for an asset before writing out comprehensive maintenance plans
7. Build a slate of professional services in each region that can be drawn on rapidly and economically
8. Set up mechanisms for user departments to deal directly with landlords where they believe it adds value
9. Install a policy of email responses within 24 hours
10. Target a three month turn-around time for lease renewal
11. Review the optimum contract length and the preferred standard conditions
12. Check prices independently against the market to ensure that prices are in line
13. Where equipment is being bought, benchmark to market prices
14. Contracts that are long enough to ensure adequate capital spend and upgrades
15. Direct hands on management by the user department for maintenance where possible
16. Weekly meetings and detailed monthly reports to ensure compliance
17. Where other state entities can procure better, use that capacity (put sign off in place)
18. Make sure all maintenance contracts are up to date
19. Tenders with no response should be reviewed by an independent body with possible sanctions
20. Review tender specs with user department to ensure that they will attract a market response
21. Use prequalification as a tool where a market response is deemed to be potentially problematic
22. Let users indicate where space is completely unsuitable and trigger an immediate review,
23. Where user departments have project management capacity, look at each project to see if it is optimally placed
24. Review list of leases that expire in six months, on a monthly basis
25. Put in electricity and water meters on all individual rental accommodation properties
26. Where a user department deems accommodation unsuitable, put a time limit on that accommodation.
27. Set processes in place so that short term fixes can be implemented as rapidly as in the private sector.
28. Ensure timely reporting of underspend and eliminate the practice of retrospective adjustments
29. Renegotiate escalation clauses where they are above inflation
30. Develop a procurement strategy for accommodation in small towns

The changes should be evaluated and implemented on a case by case basis. The implementation should be tracked, but on a benefit rather than on a compliance basis.

11. Way Forward – Why should it be different this time around?

“DPW has been trying turnaround strategies since the 1990’s, and yet after each turnaround the organisation seems to be worse off; why should this change process be different.”

This question has come up several times in discussions. The extensive engagement of this project and the opportunity to study the historical progression, positions the project uniquely to offer a perspective.

Large scale, systemic, organisational change is always challenging. However certain principles are important to note.

Firstly, the change must be coherent. The change elements must fit together in a way that is both consistent and leaves nothing out; it needs to be based on a business model that acts as a supporting framework. These elements are all set out within the twelve recommendations.

Secondly, the organic nature of large scale change needs to be recognised; it needs to involve sufficient members of the organisation at a level and depth that allows the change to take hold. Involve means working with people in the organisation at a detailed design level.

Thirdly, at every level, the change needs to be to be benefit and not compliance driven. Change typically pays for itself over the course of the project and thereafter it becomes a gift that keeps on giving.

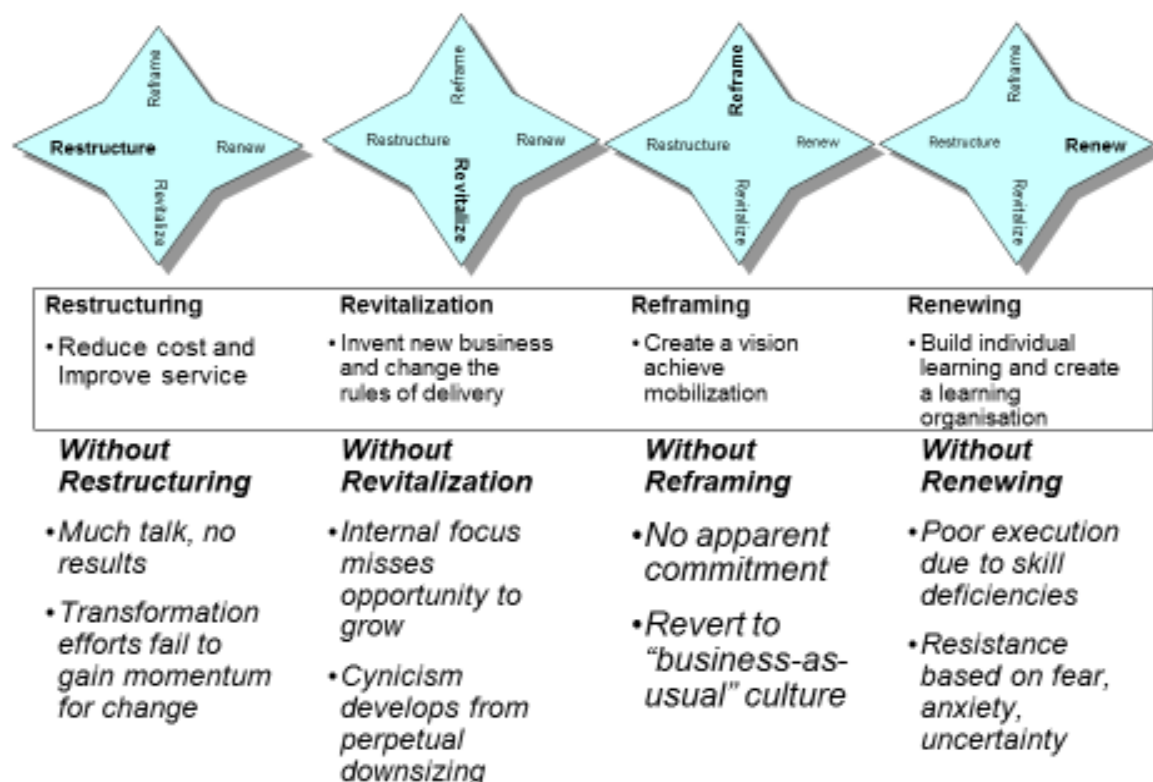


Figure 5: Elements of systemic change

In addition, key elements of large scale change need to be captured in the design. It needs to restructure, revitalise, reframe and renew in a way that is transparent to the organisation.

Restructure involves the reduction of cost, the improvement of service, revitalise means the introduction of new business and new added value, reframing means a new mobilisation and renewal the skills needed to deliver in the new paradigm. If any of these are lacking, the change process is destined to fail.

The historical review shows that many of the turnarounds were lacking on all four fronts. Equally, the change has to be set up and managed. Critically, most organisations neither manage the change process in house nor do they outsource it. They manage the process using a process consultant who has travelled this journey before. Each cross functional team is then managed through design and implementation steps. The temptation to outsource any part of this is avoided.

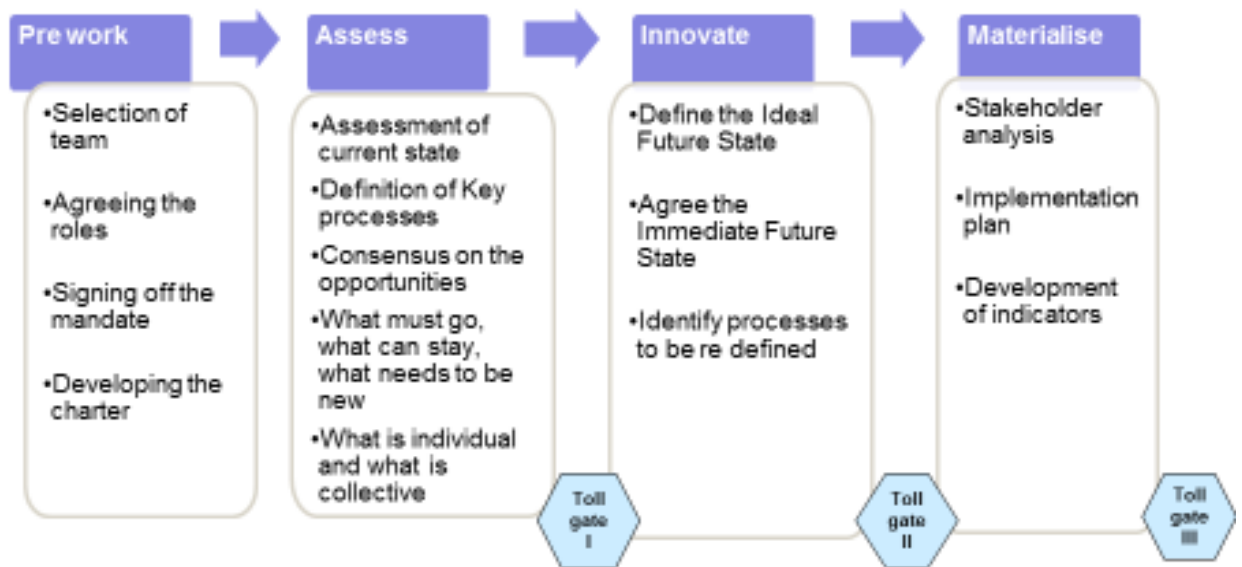


Figure 6: Steps in implementing a change process

The change process is a step by step process with key outputs at each step. As with a large engineering project (scope, the business case, the high level design and the detailed design) change has to be stepped to maximise implementation success. The governance structures are tough and results driven. The steps can take the form of toll gates at milestones or through, interactive monthly updates.

User departments as the intended beneficiaries of the planned changes should be involved at some level. They should also receive quarterly progress reports on the change project to keep them abreast.

Finally, transformation means changing the language of the organisation; it means changing the way the organisation talks about things, thinks about things, gets things done and interacts with each other. To do this change has to become self-replicating and sustainable. This is not achieved by outsourcing to or even adding a change management team. For this to happen, participation needs to be designed into the change process.

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13. Annexure 2: Evaluation Framework

14. Annexure 3: Evaluation Instruments

15. Annexure 4: The Sustainability Model