



## public works

Department:  
Public Works  
REPUBLIC OF SOUTH AFRICA

# PROPERTY MANAGEMENT TRADING ENTITY 2017/18 ANNUAL PERFORMANCE PLAN

**PRESENTATION TO THE PORTFOLIO COMMITTEE**

**14 MARCH 2017**

South  
Africa  
Works  
because of  
Public  
Works

# TABLE OF CONTENTS

No.	Item	Slide
1.	Summary of the Annual Performance Plan	3-6
2.	PMTE: Summary of the Strategic Overview (Part A)	7-24
3.	PMTE: Programme Performance Indicators (Part B)	25-61
4.	PMTE: Links to Long Term Infrastructure Plan (Part C)	62-65
5.	Annexures	67 - 69

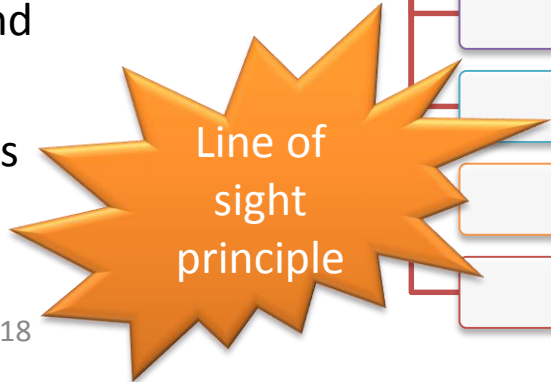
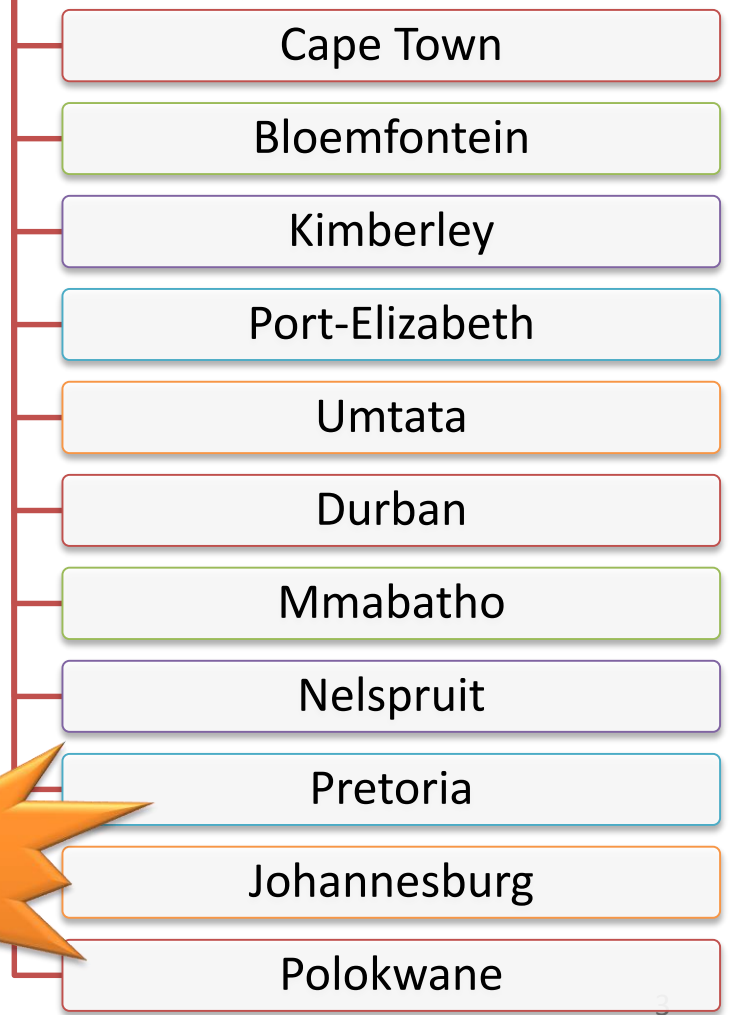
# PROGRAMME BUDGET STRUCTURE

## PMTE



- Finance & SCM
- Corporate Services
- Governance, Risk and Compliance
- Professional Services
- Internal Audit

## Regional Offices



# LEGISLATIVE AND OTHER MANDATES

## **Constitutional mandate:**

The Constitutional mandate is provided for in Schedule 4, Part A, of the Constitution of the Republic of South Africa: Functional Areas of Concurrent National and Provincial Legislative Competence.

## **Legislative mandate**

The legislative mandates of the Department are underpinned by the following Acts:

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

*(Other Acts are listed in Annexure A of the Strategic Plan and Annual Performance Plan)*

## **Policy mandates**

- i. DPW White Paper: Public Works, Towards the 21st Century, 1997
- ii. DPW White Paper: Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999
- iii. Construction Sector Transformation Charter, 2006
- iv. Property Sector Transformation Charter, 2007
- v. DPW Broad-based Black Economic Empowerment Strategy, 2006
- vi. Property Management Strategy on BBBEE, Job Creation and Poverty Alleviation, 2007
- vii. Green Building Framework, 2011

# SUMMARY OF THE 2017/18 DRAFT APP FOR PMTE

Vision

Convenient access to dignified public services.

Mission

Effective management of the State's immovable assets to contribute towards economic and social development and transformation of the built environment.

Values

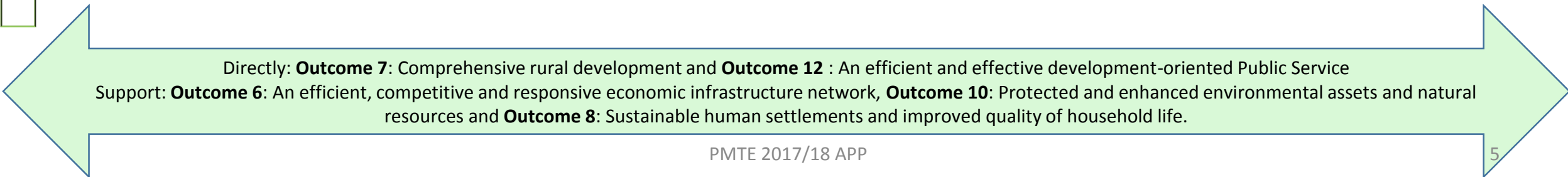
● Innovation ● Integrity ● Motivation ● Professionalism ● Accountability ● Results-orientated ● Teamwork

Goals

To support service delivery in a smart, proactive and business centric manner that is aligned to statutory requirements	To consolidate user demands that enables planning and budgeting	To increase the value of the State's immovable asset portfolio	To develop accommodation solutions for User Departments in collaboration with the relevant spheres of Government	To meet user departments accommodation requirements as per the approved Infrastructure Programme Implementation Plan	To provide quality accommodation and contribute to the financial sustainability of the PMTE	To provide reliable immovable asset information that informs investment decisions and portfolio management	To ensure optimal performance of the State's immovable asset portfolio
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Strategic Objectives

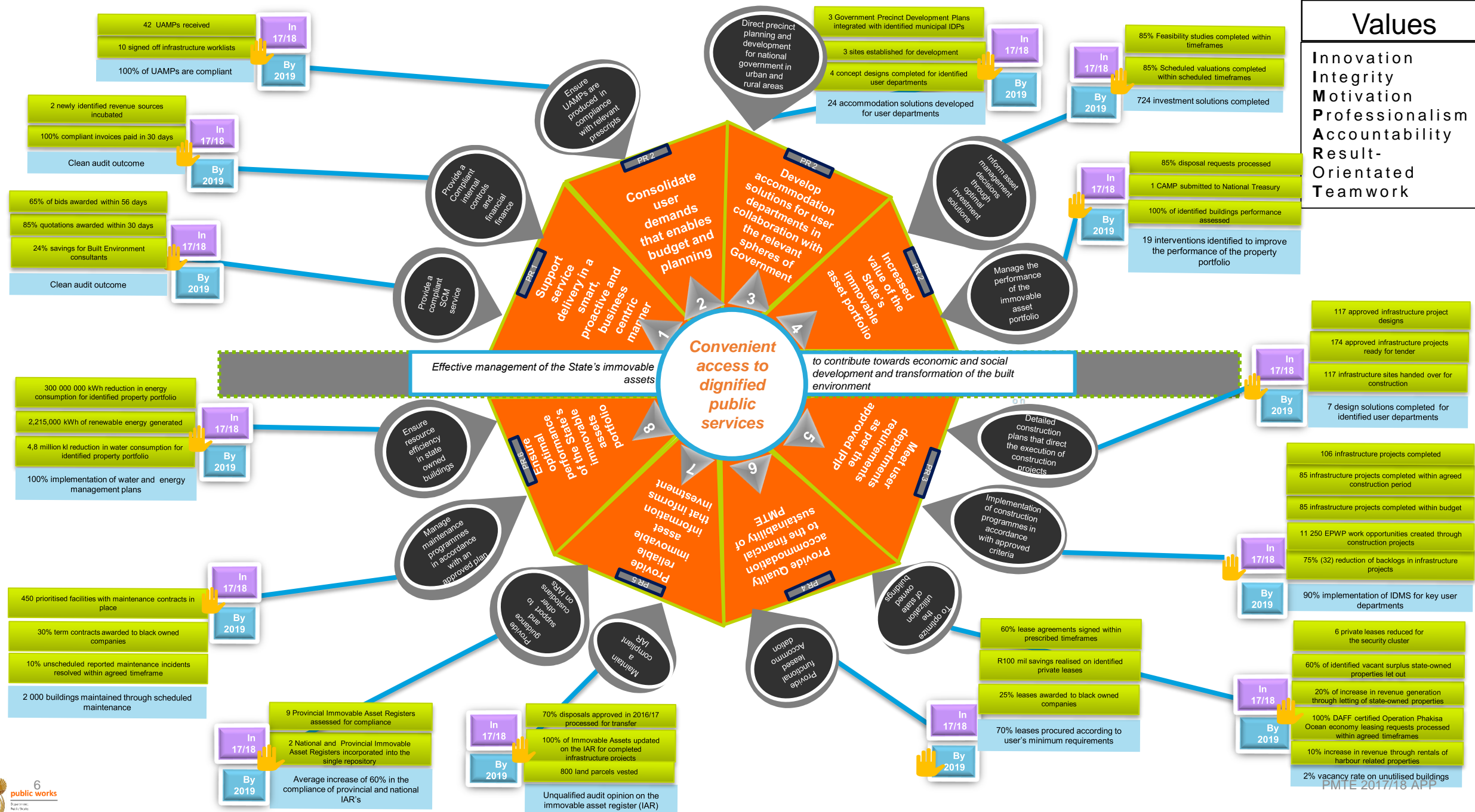
To provide compliant internal controls and financial services	To ensure that the User Asset Management Plans (U-AMPs) are produced in compliance with relevant prescripts	To inform asset management decisions through optimal investment solutions.	To direct precinct planning and development for national government in urban and rural areas	To develop detailed construction plans that direct the execution of construction projects	To provide functional leased accommodation for user departments	To maintain a compliant Immovable Asset Register (IAR)	To manage maintenance programmes in accordance with an approved plan
To provide compliant Supply Chain Management services		To manage the performance of the immovable asset portfolio so as to ensure appropriate investment decisions		To ensure that construction programmes are implemented according to approved criteria	To optimise the utilisation of State owned buildings	To provide guidance and support to other custodians in the compilation of compliant Immovable Asset Registers	To ensure resource efficiency in State-owned buildings



# Property Management Trading Entity: Roadmap for 2017/2018

**Values**

Innovation  
Integrity  
Motivation  
Professionalism  
Accountability  
Result-Orientated  
Teamwork





# Part A

## External Environment:

The PMTE has taken cognisance of the following external factors during its planning process:

- 1. Global overview:** Overall, growth in most advanced economies remained lacklustre while prospects remained disparate across emerging markets and developing economies, with some improvement for a few large emerging markets. Although recent years' events left the global market fragile and with uncertainties, global recovery is certainly gaining traction.
- 2. South African economic overview:** Although 2016 has been a challenging year, the outlook is expected to improve in 2017 and more so in 2018. The South African Reserve Bank forecasts GDP growth for 2017 to be 2.8%.
- 3. The Construction Sector:** Although the growth in the construction sector has been subdued, there are a number of initiatives which are expected to improve growth in the sector. The increase in social infrastructure spend by government, including investment in housing, schools and roads, creates an opportunity for growth in the sector.
- 4. The Property Sector:** As a result of the shift in office space preference, central nodes have been experiencing a decline in demand for older nodes in the past year. Many old office buildings in these areas are being renovated and converted into accommodation for students from surrounding academic institutions. These trends are likely to continue in most cities across the country as businesses are moving out of CBD's and also given the rising demand for student accommodation.



## External Environment (response to external influences):

1. **Effectively managing State properties to ensure functional, economic and social benefit –**
  - (a) Availing land for social economic development:** Having concluded its Immovable Asset Register Enhancement Programme, the PMTE is well-placed to leverage its massive property portfolio to optimally use its vacant land, unutilised and under-utilised facilities. Available options will include, inter alia, those properties that could benefit Government programmes; enhance opportunities for letting to the public and private sectors, and availing properties to a variety of emerging entrepreneurs in the construction and property sectors.
  - (b) Total Facilities Revamp:** A comprehensive Maintenance Strategy is being developed to improve the condition of the State's portfolio and meet the requirements of the user departments. The Maintenance Strategy will focus on both unscheduled and scheduled maintenance, with the aim of developing skills and creating work opportunities whilst aligning with National Infrastructure Maintenance Management Framework (NIMMF) and GIAMA. The PMTE has a pilot programme consisting of 300 facilities that will be prioritised within the maintenance programme. The objective of the Top 300 Programme is to pilot the Facilities Management Delivery Model with core elements of Facilities Management that will be rolled-out to the entire portfolio.
  - (c) Development of Government Precincts in small and rural areas:** The PMTE will undertake integrated planning of infrastructure in small towns and urban areas to ensure that its infrastructure plans support integrated services across the different spheres of Government to facilitate improved community access.
  - (d) Urban Precinct Development:** The Precinct Development Programme aims to provide a long term infrastructure solutions for all national Government departments and agencies by providing permanent office accommodation within the urban growth nodes thereby ensure adequate access to government services.

## External Environment (response to external influences):

- 2. Revenue generation and cost saving initiatives –**
  - (a) Management of revenue and debt:** A user charges model has been developed to calculate operating costs, maintenance and municipal costs as well as charges designed to represent a return or cost of capital.
  - (b) Identification and incubation of revenue sources:** A Commercial Hub will be established within the PMTE where revenue generation initiatives will be initiated and monitored.
  - (c) Built Environment digital strategy:** The digital strategy will allow for improved visibility into the operations of all State-owned buildings.
  - (d) Implementation of the PMTE Finance Model:** The Finance Model will be used as a tool to analyse and guide the revenue and expenditure components of the PMTE towards financial sustainability over an agreed timeframe.
  - (e) Reducing maintenance, refurbishment and construction costs:** The maintenance and refurbishment costs for existing State-owned buildings and new construction continues to be higher as compared to maintaining and constructing new buildings in the private sector per square meterage. The PMTE will closely interrogate the cost structure of maintenance, refurbishment and new construction activities within the construction projects management value chain to reduce higher costs associated with State-owned buildings.
  - (f) Containing costs associated with leased accommodation:** The PMTE remains intent on finding an appropriate balance between the utilisation of State-owned portfolio and reliance on leased-in accommodation. Where positive opportunities present themselves, the PMTE may acquire readily available stock for its portfolio.
  - (g) Implementation of the Green Building Programme -** Energy savings constitute consumption savings which result from technical interventions and financial savings. A Shared Savings Programme for water was initiated to reduce water wastage and increase water use efficiency at all State-owned properties. The Waste Management Programme will result in cost savings on the annual refuse removal tariff.

## External Environment (response to external influences) continued.....

### 3. Implementing the directives of the State of the Nation Address:

- **Resource Savings: (a) Energy Efficiency** - The PMTE is required to ensure that all Government owned buildings are energy efficient, as articulated in the SoNA 9 Point Plan. A multipronged approach will be implemented towards achieving energy efficiency, combining the already successfully implemented interventions with new initiatives. **(b) Water efficiency** - The water saving project is targeting a total of 20 kilolitres water savings over the next 5 years. **(c) Waste Management** – Waste Management will be rolled to all Regional Offices next year that will involve the recycling of various types of waste generated at State owned buildings. **(d) Telemetry Services** - Through the use of the telemetry solution, the PMTE will be in a better position to proactively manage its asset portfolio (facilities).
- **Transformation the property sector:** By leveraging the PMTE's approximate 31, 300 land parcels, 92 500 properties, and approximate R4bn a year leasing portfolio, the PMTE possesses an enabling platform to accelerate transformation
- **Job Creation:** The PMTE will continue to implement labour intensive projects within the Construction, Maintenance and Greening Programmes, which are expected to contribute to the creation of jobs and the development of skills, in particular, the development of artisans.

### External Environment (response to external influences) continued.....

- **Promoting the development of SMMEs (small, medium and micro enterprises):** The PMTE will continue leveraging the State's property portfolio to include Cooperatives and SMME's through Turnkey Solutions in the provision of construction, facilities management, and property management services for State-owned properties.
- **Operation Phakisa aimed growing the ocean economy and other sectors:** As part of the Operations Phakisa Oceans Economy task team, the PMTE will ensure that land parcels and properties identified by DAFF for purposes of aquaculture development and any other approved fishing activities are made available through the signing of leases with DAFF approved lease applicants.
- **Promoting social and economic development through the Small Harbour Programme:** In pursuance of the commitment to improve existing small harbour facilities, PMTE and DAFF consulted with the DEA, DOD and other core stakeholders, and finalised the Spatial and Economic Development Frameworks (SEDFs) for existing 12 proclaimed fishing harbours in the Western Cape. The SEDFs detail proposed infrastructure development projects in the identified harbours aimed at maximising economic development and revenue generation.
- **Cost containment measures and reduction in spending on non-essential services** - The PMTE has reviewed critical internal policies and procedures ensuring that these were aligned to the stipulations outlined in the cost containment measures of National Treasury.

## Internal Environment: Operationalisation of the PMTE

1. **Enhancing the organisational capacity within the PMTE through the development of the structure, processes and systems**
  - **Professionalising and enhancing the organisational capacity** - The PMTE has finalised its revised organisational structure in collaboration with the Department of Public Service and Administration (DPSA) and National Treasury. The PMTE will continue its efforts to attract and retain the necessary skills to professionalise the property business.
  - **PMTE Business Process review** – The PMTE Business Process Review focusses on the consolidation of all existing business processes, evaluation thereof, the mapping of new processes, piloting and eventual implementation. The programme that commenced in September 2016, includes the development of procedures required to support the business
  - **Institutionalisation of IDMS** - The PMTE Business Model, which is aligned to its mandate, defines the services and functions of the PMTE. Inherent in its design and implementation approach is the Infrastructure Delivery Management System (IDMS) as a service delivery methodology, where the aim is to “projectise” the institution through the institutionalisation of the IDMS
  - **PMTE Policy Framework** - The PMTE has conducted a policy gap analysis that informs the development of the PMTE Policy Framework and Delegations of Authority. This will be aligned to the PMTE business processes and business model.
  - **Establishment of a Research Unit to enhance decision making on investments** - The PMTE needs robust models to enhance decision making on investments, investment management policies, compliance with best practices, knowledge of changes in the environment (economy, industry and organisation) and efficient business processes.
  - **Integrated Technology Platform** - The PMTE is phasing out inappropriate legacy and transversal systems such as PMIS and WCS with SAGE X3 and ARCHIBUS as a common integrated platform. This will enable the PMTE to have an integrated solution that supports end to end business processes for the Property Management function that includes Asset Register, Lease Management, and Capital Budgeting amongst others.

## Internal Environment: Operationalisation of the PMTE continued .....

2. **Reduce under-spending on infrastructure budgets by improving systems and processes** - The PMTE has reported an average under-expenditure of 5% over the past three financial years on the infrastructure budget across the three infrastructure programmes. In order to address the under-expenditure, the PMTE will continue to institutionalise the IDMS to ensure the allocated infrastructure budgets are efficiently managed in the creation of State immovable assets.
3. **Reviewing the property business, across the immovable asset life cycle, to ensure long-term efficiencies as well as short- and medium-term deliverables.**
  - **Implementation of a new SCM leasing dispensation** - The new leasing dispensation prescribes the use of framework agreements/panels of landlords appointed through a competitive bidding process and shortlisted per province. Accommodation, when required, will be sourced from the panels using an IT leasing portal developed by the PMTE.
  - **Implementation of a new SCM infrastructure dispensation** - The new Infrastructure dispensation seeks to infuse strategic sourcing through the implementation of framework agreements. These agreements will further serve to mitigate the risk of appointing poor performing contractors.
  - **Maintenance of the GRAP compliant Immovable Asset Register** - The PMTE has produced a GRAP compliant Immovable Asset Register that will provide reliable data to support business decision making and ensure accurate billing of accommodation.
  - **Development of a Strategic Spatial Development Framework** - The Framework, is the result of an analysis with a spatial evidence base together with an assembly of other planning documents to arrive at a desired strategic recommendation which can be spatially expressed to guide detail planning for specific purposes.

## Internal Environment: Business improvement for the PMTE

- 1. PMTE Business Improvement Programme** - The programme will address the requirements of the National Treasury Regulations 19 (TR 19) to allow for the trading account to be migrated to its new institutional form. An implementation plan has been developed to clearly map this process going forward.
- 2. Water Management Programme** - The programme focuses on water distribution, water quality monitoring programmes and systems in Wastewater Treatment Works, Water Treatment Works and Water Resources to abate risks associated with the provision of unsafe drinking water to user departments and to ensure environmental protection of the water resources.
- 3. Rural Precinct Development** - The objective of this programme is to re-address spatial imbalances by integrating government infrastructure planning to create efficiencies for planning of government services and ensure a high level of accessibility.
- 4. Improvement in the management of leased accommodation** - The PMTE is currently refining the business processes to direct the leasing in of accommodation in order to create greater efficiencies. The establishment of the negotiation teams will ensure that the PMTE receives value for money for leases that it concludes with the private landlords and curtail the spiralling costs of lease rentals. The implementation of the Landlord Register will take place in April 2017.
- 5. Vesting of immovable assets and endorsement of Title Deeds** - This will be achieved through tracing and purchasing of State land documentation to fast track the vesting and endorsements of Item 28 (1) Certificates on the Title Deeds for land parcels under the Custodianship of the Minister of Public Works. The PMTE will present vesting applications to the Provincial State Land Vesting and Disposal Committee and manage the applications to the Office of the State Attorney to endorse the Item 28 (1) Certificates on the Title Deeds at the Registrar of Deeds.

### Internal Environment: Business improvement for the PMTE continued .....

- 6. Implementing Energy Efficiency Measures for State-owned properties** - The Green Building Programme, within the PMTE, contributes to a climate-resilient economy in South Africa, through various Green Building interventions designed to reduce consumption within Government buildings. The components of the programme include: Renewable Energy Funding & Delivery Mechanism, Measurement & Verification (M&V) of Shared Energy Savings Contracts, Condition Assessment of Boilers (Focusing on Health & Safety, Energy Efficiency, and Functionality) and the Development of Green Building Indigenous Knowledge Systems (IKS) Guidelines.
- 7. Implementation of the Finance and SCM Reform to support the Property Management Business** - Through the Finance and SCM reform, the PMTE will ensure the procurement of services that meet the specific requirements of the property management business.
- 8. Improvement in the delivery of construction projects** - The PMTE has infused the Infrastructure Delivery Management System (IDMS) into the service delivery model. The mainstreaming and streamlining of Departmental programmes in line with Service Delivery Model has already commenced. The PMTE will also be utilising Implementing Agents to reduce the workload of project managers and fast-track the delivery of construction projects.



## Performance Environment:

- 1. Reduction of infrastructure project backlogs** – The PMTE is planning to reduce infrastructure projects backlog by 75%, over the MTEF. The PMTE will continue to drive focused project review meetings with project teams in all Regional Offices with the aim of continuously reducing backlogs in infrastructure projects and tracking progress of the infrastructure projects on the implementation plan.
- 2. Building technical capacity within Construction Project Management** - The PMTE has identified relevant projects to be allocated to implementing agents which will improve the project manager to project ration and assist with the reduction and subsequent elimination of project backlogs.
- 3. Improved management and monitoring of leased-in accommodation** - In light of the system enhancements, being the implementation of ARCHIBUS system, the PMTE will improve the reporting of lease revenue and expenditure.
- 4. Improvements to the quality of the User Asset Management Plan** - During 2015, the PMTE, in conjunction with the provincial departments, reviewed the U-AMP templates. This will ensue that user departments produce comprehensive U-AMP documents that will assist the PMTE with its planning towards the provision of accommodation solutions to its user departments.
- 5. Improvements to the quality of the Custodian Asset Management Plan** - Going forward, the 2018/19 C-AMP will draw on the first iteration of completed U-AMPs / U-AMP Templates as well as the enhanced Immovable Asset Register. Further, the enhanced C-AMP will contribute in the management of State-owned immovable assets by the development of strategies on unutilized properties, residential portfolio, harbours management, water and sewer management.

## Performance Environment continued.....

6. **Capitalising of infrastructure projects on the Immovable Asset Register** - The PMTE Immovable Asset Management Policy states that project costs must be classified as either capital or current. The recording of completed projects will ensure that the capital costs of projects are correctly reflected in the IAR. This will also contribute to the recognition and acceptance of immovable assets in terms of the IDMS model.
7. **Support to other custodians on the Immovable Asset Registers** - The PMTE will provide support and guidance to the provincial public works departments to ensure uniformity in accounting for immovable assets and compliant immovable asset registers. In this regard an IAR action plan has been developed to address management assertions in order to ensure that the PMTE and Provincial IARs comply with the PFMA, GIAMA and National Treasury guidelines.
8. **Improve turnaround times for payments of suppliers within 30 days** - The PMTE has developed an automated invoice tracking system. The system tracks all invoices from date of receipt through to the actual payment date. The system has the capability to automatically send notifications to the project managers regarding receipt of the invoices and various stages in the value chain, including reminders when the invoice payment date is imminent.
9. **Awarding of bids within prescribed timeframes** - The PMTE in pursuance of its overall Turnaround Strategy is also focusing on SCM reforms which is intended to reduce the time taken to award the bid. This intervention will ensure alignment of the strategy to annual operational planning ultimately leading to improved monitoring and tracking of turnaround times in the delivery of bids for efficient service delivery.

## Demand for services:

- 1. Utilisation of State-owned properties per user department** - PMTE is a custodian of and manages an extensive property portfolio that comprises 31 146 registered and unregistered land parcels and 92 594 buildings and improvements located across 52 user departments countrywide. PMTE will be utilising the immovable asset register to make prudent investment decisions and leveraging our portfolio to develop long-term revenue generation solutions for government accommodation.
- 2. Condition of immovable assets under the custodianship of the PMTE** - Based on a high-level condition assessment undertaken to date and the enhancement of the Immovable Asset Register Project, the PMTE has established that 14% of the portfolio's immovable assets are in poor condition and 86% are in a fair-to-good condition whilst 17% of the portfolio is in pristine condition.
- 3. Demand for leased accommodation** - The PMTE currently manages a leased portfolio of 2 619 properties. The PMTE will leverage the leased portfolio through partnerships with private sector to grow and transform the property sector.
- 4. Demand for infrastructure projects** - The building programmes for maintenance and capital works will continue to be implemented to deliver the required infrastructure to user departments whilst contributing to economic growth. For 2017/18 there are 3 998 projects in various stages of implementation with budget allocation R4,803,953,821.
- 5. Scheduled and unscheduled maintenance services** – Unscheduled maintenance costs will be reduced through the implementation of the maintenance strategy that will approach Facilities Management in a pro-active manner as opposed to a reactive manner.

## Organisational Environment:

- 1. Key issues relating to the Organisational Structure** - The PMTE has reviewed its Organisational Structure to ensure that it is optimally aligned to its mandate and strategy. The revised Organisational Structure takes into consideration the relevant legislative and regulatory requirements, the operationalisation of PMTE which resulted in the separation of functions, building of the necessary capacity and capability for the property business and the reduction of non-core services. Although the Revised Organisational Structure has been approved, it is important to note that the structure does not fully meet the requirements of the PMTE due to cost containment measures and repeated reductions on compensation of employees' budget that have been enforced by the National Treasury.
- 2. Factors within the organisational environment that have informed the Annual Performance Plan** - The key focus of the PMTE's investment mandate is to ensure lowered total cost of ownership and higher returns to save costs and improve service delivery. The primary focus of the PMTE will be to capacitate on the Construction Project Management, Facilities Management, Real Estate Management and Real Estate Investment areas to improve performance and efficiencies across these functions.

# **SUMMARY OF THE 2017/18 APP FOR PMTE (Part A)**

## **Description of the Strategic Planning Process**

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**Recap of the policy statement by the Minister of Public Works**

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**Performance dialogue with National Treasury and Department of Planning, Monitoring and Evaluation (DPME)**

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**Integrated planning session with the Executive Committee**

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**Strategic management training for senior managers**

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**Submission of the 1st Draft Annual Performance Plan to National Treasury and the DPME**

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**Mid term review and planning session**

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**Submission of the 2nd Draft Annual Performance Plan to National Treasury and the DPME**

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**Review of the Annual Performance Plan based on mid term Cabinet Review, SoNA, Budget Vote Speech**

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**Review of the final Draft Annual Performance Plan (internal/external)**

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**Annual Performance Plan tabled in Parliament**

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**Development of business plans and performance agreements** APP

## BUDGET ALLOCATION PER PROGRAMME

Programme Name	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Administration	761,517	1,166,157	1,177,057
Real Estate Investment Services	117,792	122,312	132,104
Construction Management Services	4,769,070	4,986,340	5,270,331
Real Estate Management Services	10,874,739	11,842,894	12,924,798
Real Estate Information and Registry Services	72,209	54,663	57,135
Facilities Management Services	3,202,514	3,207,599	3,400,756
<b>Total</b>	<b>19,797,840</b>	<b>21,379,965</b>	<b>22,962,180</b>

*Includes recoverable client capital and recoverable municipal services*

## BUDGET ALLOCATION PER ECONOMIC CLASSIFICATION

	2017/18	2018/19	2019/20
<b>Current</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Cleaning & Gardening	254,852	269,889	285,002
Property Rates	1,341,755	1,475,930	1,623,523
Repair	896,320	949,202	1,002,358
Maintenance	1,287,844	1,363,827	1,440,202
Compensation of Employees	1,674,304	1,736,150	1,876,778
Admin Goods & Services	308,152	290,843	307,131
Turnaround	316,859		
Reserve for strategic priorities		467,706	426,553
Municipal services recoverable	4,367,572	4,804,329	5,284,762
Municipal services non-recoverable	354,255	389,681	428,649
Operating Leases	4,452,192	4,808,367	5,193,037
	<b>15,254,105</b>	<b>16,555,925</b>	<b>17,867,994</b>
<b>Capital</b>			
Capital non-recoverable (refurbishments)	1,180,513	1,250,163	1,320,172
Capital recoverable (client capital)	3,313,704	3,521,436	3,718,637
Machinery & Equipment	49,519	52,441	55,377
<b>Total</b>	<b>19,797,840</b>	<b>21,379,965</b>	<b>22,962,180</b>

## SALIENT ISSUES ON THE BUDGET

DPW transfer	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Augmentation	(113,726)	(41,085)	(55,385)
DPW Capital (BCOCC)	(76,000)	(76,000)	

### Annual reduction in the augmentation transferred from DPW to PMTE:

- The Infrastructure Repair and Refurbishment budget is partly funded by the transfer. This programme aims to maintain, refurbish and upgrade State-owned buildings to an acceptable standard.
- Insufficient funding to improve the condition of the portfolio will have a direct impact on the PMTE's revenue generating capability as market related rentals cannot be charged on dilapidated structures.
- No new infrastructure projects will be initiated during the 2017/18 financial year since the infrastructure programme budget is fully committed in terms of contractors already on site, design teams appointed and other contracts in advanced stages of the procurement processes.

### Annual reduction of R76 million over the MTEF in the DPW infrastructure (BCOCC) budget:

- No new projects will be initiated for the BCOCC Infrastructure Programme during the period of budget cuts which will slow down the delivery trend on the infrastructure programme as a whole in subsequent years.





# Part B

# **PROGRAMME 1**

# **ADMINISTRATION**

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- **To support service delivery in a smart proactive and business centric manner that is aligned to statutory requirements**

## STRATEGIC OBJECTIVE

- **To provide a compliant internal controls and financial services**

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Percentage of compliant invoices settled within 30 days of receipt of invoice	86% (183 414) compliant invoices settled within 21 working days	76% (128 262) compliant invoices settled within 21 working days	85% (128 562) compliant invoices settled within 21 working days	87% (131 278) compliant invoices settled within 30 days of receipt of invoice	100% compliant invoices settled within 30 days of receipt of invoice	100% compliant invoices settled within 30 days of receipt of invoice	100% compliant invoices settled within 30 days of receipt of invoice
2.	Number of new revenue generation sources incubated	-	-	-	-	2 newly identified revenue sources incubated	2 newly identified revenue sources incubated	2 newly identified revenue sources incubated

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To support service delivery in a smart proactive and business centric manner that is aligned to statutory requirements

## STRATEGIC OBJECTIVE

- To provide a compliant Supply Chain Management services

Performance Indicator	Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3. Percentage of bids awarded within 56 working days of closure of tender advertisement	161 bids awarded for PMTE	131 bids awarded for PMTE	18% (45) bids awarded for PMTE within 56 working days of closure of tender advertisement	60% (180) bids awarded for PMTE within 56 working days of closure of tender advertisement	65% bids awarded within 56 working days of closure of tender advertisement	70% bids awarded within 56 working days of closure of tender advertisement	75% bids awarded within 56 working days of closure of tender advertisement
4. Percentage of quotations awarded within 30 working days from requisition date	45% (260) quotations awarded within 30 days	49% (419) quotations awarded within 30 days	47% (229) quotations awarded within 14 days	85% (4250) quotations awarded within 30 days from requisition date	88% quotations awarded within 30 working days from requisition date	90% quotations awarded within 30 working days from requisition date	92% quotations awarded within 30 working days from requisition date
5. Percentage savings for Built Environment consultants	23% (R4 399 192) savings for Built Environment consultants (Quotation Services)	15% (R924 873) savings for Built Environment consultants (Quotation Services)	18% (R2 546 361) savings for Built Environment consultants (Quotation Services)	22% (R1 540 000) savings for Built Environment consultants (Quotation Services)	24% savings for Built Environment consultants	27% savings for Built Environment consultants	30% savings for Built Environment consultants

# 2017/18 ANNUAL PERFORMANCE PLAN

Performance Indicator		Reporting period	Annual Target	Q1	Q2	Q3	Q4
1.	Percentage of compliant invoices settled within 30 days	Quarterly	100% compliant invoices settled within 30 days	100% compliant invoices settled within 30 days	100% compliant invoices settled within 30 days	100% compliant invoices settled within 30 days	100% compliant invoices settled within 30 days
2.	Number of new revenue generation sources incubated	Quarterly	2 newly identified revenue sources incubated	-	-	-	2 newly identified revenue sources incubated
3.	Percentage of bids awarded within 56 working days of closure of tender advertisement	Quarterly	65% bids awarded within 56 working days of closure of tender advertisement	65% bids awarded within 56 working days of closure of tender advertisement	65% bids awarded within 56 working days of closure of tender advertisement	65% bids awarded within 56 working days of closure of tender advertisement	65% bids awarded within 56 working days of closure of tender advertisement
4.	Percentage of quotations awarded within 30 working days from requisition date	Quarterly	88% quotations awarded within 30 working days from requisition date	88% quotations awarded within 30 working days from requisition date	88% quotations awarded within 30 working days from requisition date	88% quotations awarded within 30 working days from requisition date	88% quotations awarded within 30 working days from requisition date
5.	Percentage savings for Built Environment Consultants	Quarterly	24% savings for Built Environment consultants	24% savings for Built Environment consultants	24% savings for Built Environment consultants	24% savings for Built Environment consultants	24% savings for Built Environment consultants

# BUDGET ALLOCATION FOR PROGRAMME 1

Administration	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Compensation of employees	458,366	474,927	513,845
Admin goods and services	194,634	206,571	218,757
Procurement of Machinery & Equipment	49,519	52,441	55,377
Turnaround	58,997		
Reserve for strategic priorities		432,218	389,078
<b>Total</b>	<b>761,517</b>	<b>1,166,157</b>	<b>1,177,057</b>

- The spending focus over the medium-term will be on Management Leadership, Operations Support Management, Finance and Accounting Management and Supply Chain Management (SCM).
- The bulk of this expenditure is for compensation of employees to appoint various specialists to assist in rebuilding the PMTE technical and professional capacity; the roll-out of an integrated ICT platform; and a reserve created to fund strategic priorities. The Turnaround Programme will not receive funding in the 2018/19 and 2019/20 financial years. A reprioritisation will be required to fund strategic priorities across the PMTE amidst the current cost pressures being experienced.
- Funding allocated against Turnaround will be primarily utilised for:
  - Development of an Operations Management Framework
  - Development of a Finance model
  - Streamlining the procurement process of leases, infrastructure and facilities management

# **PROGRAMME 2**

**REAL ESTATE INVESTMENT SERVICES**

# 2017/18 ANNUAL PERFORMANCE PLAN (UDM)

## STRATEGIC GOAL

- To consolidate user demands that enables planning and budgeting

## STRATEGIC OBJECTIVE

- To ensure that the user asset management plans are produced in compliance with relevant prescripts

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Number of User Asset Management Plans (U-AMPs) received from user departments	5 U-AMPs received from user departments	3 U-AMPs received from user departments	42 U-AMPs received from user departments	42 U-AMPs received from user departments	42 U-AMPs received from user departments	42 U-AMPs received from user departments	42 U-AMPs received user departments
2.	Number of signed off infrastructure worklists	-	-	-	10 signed off infrastructure worklists	10 signed off infrastructure worklists	10 signed off infrastructure worklists	10 signed off infrastructure worklists



# 2017/18 ANNUAL PERFORMANCE PLAN (PPD)

## STRATEGIC GOAL

- **To develop accommodation solutions for User Departments in collaboration with the relevant spheres of Government**

## STRATEGIC OBJECTIVE

- **To direct precinct planning and development for national government in urban and rural areas**

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Number of Government Precinct Development plans aligned with identified municipal (urban and rural) Integrated Development Plans (IDPs)	2 Government Precinct Development Plans completed	5 Government Precinct Development Plans completed	6 Government Precinct Development Plans aligned with identified (urban and rural) municipal (IDPs)	2 Government Precinct Development Plans aligned with identified (urban and rural) municipal IDPs	3 Government Precinct Development Plans aligned with identified (urban and rural) municipal IDPs	4 Government Precinct Development Plans aligned with identified (urban and rural) municipal IDPs	4 Government Precinct Development Plans aligned with identified (urban and rural) municipal IDPs
2.	Number of sites established for development	1 site established for development	1 site established for development	1 site established for development	3 sites established for development	3 sites established for development	4 sites established for development	4 sites established for development
3.	Number of concept designs completed for identified user departments	-	1 concept design completed (DPW and SAPS)	1 concept design completed for identified user departments	3 concept designs completed for identified user departments	4 concept designs completed for identified user departments	6 concept designs completed for identified user departments	6 concept designs completed for identified user departments

# 2017/18 ANNUAL PERFORMANCE PLAN (REIM)

## STRATEGIC GOAL

- To increase the value of the State's immovable asset portfolio

## STRATEGIC OBJECTIVE

- To inform asset management decisions through optimal investment solutions

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Percentage of feasibility studies completed within scheduled timeframes	150 feasibility studies completed	87 feasibility studies completed	99% (179 of 181) feasibility studies completed within scheduled timeframes  65 backlog feasibility studies completed	80% (224 of 280) feasibility studies completed within scheduled timeframes	85% feasibility studies completed within scheduled timeframes	90% feasibility studies completed within scheduled timeframes	90% feasibility studies completed within scheduled timeframes
2.	Percentage of valuations completed within scheduled timeframes	250 valuations completed	300 valuations completed	72% (218 of 303) valuations completed within scheduled timeframes	80% (280 of 350) valuations completed within scheduled timeframes	85% valuations completed within scheduled timeframes	90% valuations completed within scheduled timeframes	90% valuations completed within scheduled timeframes

# 2017/18 ANNUAL PERFORMANCE PLAN (REIM)

## STRATEGIC GOAL

- To increase the value of the State’s immovable asset portfolio

## STRATEGIC OBJECTIVE

- To manage the performance of the immovable asset portfolio so as to ensure appropriate investment decisions

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.	Percentage of responsive disposal requests processed by 31 March	1 disposal requests approved	3 disposal requests approved	3% disposal certificates of approval issued within 6 months from date of request (1 of 34 requested land parcels)  Backlog disposal certificates approved for 26 land parcels	20% (16 of 81) disposal requests processed by 31 March 2017	85% disposal requests processed by 31 March 2018	90% disposal requests processed by 31 March 2019	90% disposal requests processed by 31 March 2020
4.	Custodian Asset Management Plan (C-AMP) submitted to NT	1 C-AMP approved	1 C-AMP approved	1 C-AMP approved	1 C-AMP submitted to NT	1 C-AMP submitted to NT	1 C-AMP submitted to NT	1 C-AMP submitted to NT
5.	Number of buildings performance measured in identified performance areas	-	-	300 buildings’ performance measured in identified performance areas	400 buildings’ performance measured in identified performance areas	600 buildings’ performance measured in identified performance areas	800 buildings’ performance measured in identified performance areas	800 buildings’ performance measured in identified performance areas

# 2017/18 ANNUAL PERFORMANCE PLAN (UDM)

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Number of User Asset Management Plans received	Annually	42 UAMPs received from user departments	-	-	-	42 UAMPs received from user departments
2.	Number of signed off infrastructure worklists	Annually	10 signed off infrastructure worklists	-	-	-	10 signed off infrastructure worklists

# 2017/18 ANNUAL PERFORMANCE PLAN (PPD)

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Number of Government Precinct Development plans aligned with identified municipal (urban and rural) Integrated Development Plans (IDPs)	Bi-Annually	3 Government Precinct Development Plans aligned with identified (urban and rural) municipal IDPs	-	1 Government Precinct Development plans aligned with identified (urban and rural) municipal IDPs	-	2 Government Precinct Development Plans aligned with identified (urban and rural) municipal IDPs
2.	Number of sites established for development	Bi-Annually	3 sites established for development	-	-	1 site established for development	2 site established for development
3.	Number of concept designs completed for identified user departments	Bi-Annually	4 concept designs completed for identified user departments	-	2 concept design completed for identified user departments	-	2 concept designs completed for identified user departments

# 2017/18 ANNUAL PERFORMANCE PLAN (REIM)

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Percentage of feasibility studies completed within scheduled timeframes	Quarterly	85% feasibility studies completed within scheduled timeframes	85% feasibility studies completed within scheduled timeframes	85% feasibility studies completed within scheduled timeframes	85% feasibility studies completed within scheduled timeframes	85% feasibility studies completed within scheduled timeframes
2.	Percentage of valuations completed within scheduled timeframes	Quarterly	85% valuations completed within scheduled timeframes	85% valuations completed within scheduled timeframes	85% valuations completed within scheduled timeframes	85% valuations completed within scheduled timeframes	85% valuations completed within scheduled timeframes
3.	Percentage of responsive disposal requests processed by 31 March	Annually	85% disposal requests processed by 31 March 2018	-	-	-	85% disposal requests processed by 31 March 2018
4.	Custodian Asset Management Plan (C-AMP) submitted to NT	Annually	1 C-AMP submitted to NT	1 C-AMP submitted to NT	-	-	-
5.	Number of buildings performance measured in identified performance areas	Quarterly	600 buildings' performance measured in identified performance areas	150 buildings' performance measured in identified performance areas	150 buildings' performance measured in identified performance areas	150 buildings' performance measured in identified performance areas	150 buildings' performance measured in identified performance areas

## BUDGET ALLOCATION FOR PROGRAMME 2

Real Estate Investment Services	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Compensation of employees	107,795	111,650	120,758
Admin goods and services	9,997	10,662	11,345
<b>Total</b>	<b>117,792</b>	<b>122,312</b>	<b>132,104</b>

- The spending focus over the medium-term will be on User Demand Management, Planning and Precinct Development and Investment Management.
- The bulk of the expenditure within Programme 2 will be for compensation of employees and to appoint various specialists to assist in rebuilding the PMTE technical and professional capacity.
- An MTEF allocation of R32 million will be spent on the completion of concept designs, establishment of sites for precinct development, compilation of U-AMPs and C-AMP, completion of valuations and feasibility studies, and to assess the performance of buildings against predetermined criteria.

# **PROGRAMME 3**

## **CONSTRUCTION PROJECT MANAGEMENT**



# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To meet user departments accommodation requirements as per the approved Infrastructure Programme Implementation Plan (IPIP)

## STRATEGIC OBJECTIVE

- To develop detailed construction plans that direct the execution of construction projects

Performance Indicator	Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of approved infrastructure project designs	151 approved infrastructure project designs	231 approved infrastructure project designs	225 approved infrastructure project designs	200 approved infrastructure project designs	117 approved infrastructure project designs	137 approved infrastructure project designs	160 approved infrastructure project designs
2. Number of approved infrastructure projects ready for tender	151 approved infrastructure projects ready for tender	231 approved infrastructure projects ready for tender	225 approved infrastructure projects ready for tender	170 approved infrastructure projects ready for tender	174 approved infrastructure projects ready for tender	156 approved infrastructure projects ready for tender	156 approved infrastructure projects ready for tender
3. Number of infrastructure sites handed over for construction	138 infrastructure sites handed over for construction	214 infrastructure sites handed over for construction	145 infrastructure sites handed over for construction	150 infrastructure sites handed over for construction	117 infrastructure sites handed over for construction	137 infrastructure sites handed over for construction	160 infrastructure sites handed over for construction

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To meet user departments accommodation requirements as per the approved Infrastructure Programme Implementation Plan (IPIP)

## STRATEGIC OBJECTIVE

- To ensure that construction programmes are implemented according to approved criteria

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
4.	Number of infrastructure projects completed	179 infrastructure projects completed	180 infrastructure projects completed	192 infrastructure projects completed	182 infrastructure projects completed	106 infrastructure projects completed	130 infrastructure projects completed	130 infrastructure projects completed
5.	Number of infrastructure projects completed within agreed construction period	-	-	125 (65%) infrastructure projects completed within agreed construction period	100 (55%) infrastructure projects completed within agreed construction period	85 infrastructure projects completed within agreed construction period	111 infrastructure projects completed within agreed construction period	117 infrastructure projects completed within agreed construction period
6.	Number of infrastructure projects completed within approved budget	-	-	109 (57%) infrastructure projects completed within approved budget	101 (56%) infrastructure projects completed within approved budget	85 infrastructure projects completed within approved budget	111 infrastructure projects completed within approved budget	117 infrastructure projects completed within approved budget
7.	Number of EPWP work opportunities created through construction projects	5 309 EPWP work opportunities created through construction projects	4 343 EPWP work opportunities created through construction projects	11 126 EPWP work opportunities created through construction projects	11 200 EPWP work opportunities created through construction projects	11 250 EPWP work opportunities created through construction projects	11 300 EPWP work opportunities created through construction projects	11 300 EPWP work opportunities created through construction projects
8.	Percentage reduction of infrastructure projects backlogs	62 infrastructure project backlogs reduced	73 infrastructure project backlogs reduced	15% (216) infrastructure project backlogs reduced	15% (180) infrastructure projects backlogs reduced	75% (32) reduction of backlogs in infrastructure projects	75% reduction of backlogs in infrastructure projects	75% reduction of backlogs in 42 infrastructure projects

# 2017/18 ANNUAL PERFORMANCE PLAN

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Number of approved infrastructure project designs	Quarterly	117 approved infrastructure project designs	29 approved infrastructure project designs	29 approved infrastructure project designs	29 approved infrastructure project designs	30 approved infrastructure project designs
2.	Number of approved infrastructure projects ready for tender	Quarterly	174 approved infrastructure projects ready for tender	43 approved infrastructure projects ready for tender	45 approved infrastructure projects ready for tender	44 approved infrastructure projects ready for tender	43 approved infrastructure projects ready for tender
3.	Number of infrastructure sites handed over for construction	Quarterly	117 infrastructure sites handed over for construction	-	39 infrastructure sites handed over for construction	39 infrastructure sites handed over for construction	39 infrastructure sites handed over for construction
4.	Number of infrastructure projects completed	Quarterly (cumulative)	106 infrastructure projects completed	24 infrastructure projects completed	56 infrastructure projects completed	80 infrastructure projects completed	106 infrastructure projects completed
5.	Number of infrastructure projects completed within agreed construction period	Quarterly (cumulative)	85 infrastructure projects completed within agreed construction period	24 infrastructure projects completed within agreed construction period	52 infrastructure projects completed within agreed construction period	74 infrastructure projects completed within agreed construction period	85 infrastructure projects completed within agreed construction period
6.	Number of infrastructure projects completed within approved budget	Quarterly (cumulative)	85 infrastructure projects completed within approved budget	24 infrastructure projects completed within approved budget	52 infrastructure projects completed within approved budget	74 infrastructure projects completed within approved budget	85 infrastructure projects completed within approved budget
7.	Number of EPWP work opportunities created through construction projects	Quarterly	11 250 EPWP work opportunities created through construction projects	2 812 EPWP work opportunities created through construction projects	2 812 EPWP work opportunities created through construction projects	2 812 EPWP work opportunities created through construction projects	2 813 EPWP work opportunities created through construction projects
8.	Percentage reduction of infrastructure projects backlogs	Quarterly	75% reduction of infrastructure projects backlogs	-	-	-	75% reduction of infrastructure projects backlogs

## BUDGET ALLOCATION FOR PROGRAMME 3

Construction Management Services	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Compensation of employees	168,672	174,671	188,884
Admin goods and services	37,570	40,069	42,638
Turnaround	68,611		
Capital non-recoverable (refurbishments)	1,180,513	1,250,163	1,320,172
Capital recoverable (client capital)	3,313,704	3,521,436	3,718,637
<b>Total</b>	<b>4,769,070</b>	<b>4,986,340</b>	<b>5,270,331</b>

- The spending focus over the medium-term will be on the design and implementation of infrastructure programmes for all user departments.
- The bulk of the expenditure for Programme 3 will be for capital infrastructure and compensation of employees to appoint various specialists to assist in rebuilding the PMTE technical and professional capacity. The total current expenditure is expected to reduce over the MTEF as the Turnaround Strategy is planned to be completed in 2017/18.
- The allocation of R14.3 billion over the MTEF will be prioritised for the completion infrastructure projects within agreed time and budget, approval of infrastructure designs for tender and creating work opportunities through the infrastructure programme. Sufficient funding is available to proceed only with existing projects. No new projects will be initiated in 2017/18.

# PROGRAMME 4

REAL ESTATE MANAGEMENT SERVICES

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To provide quality accommodation and contribute to the financial sustainability of the PMTE

## STRATEGIC OBJECTIVE

- To provide functional leased accommodation for user departments

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Percentage of lease agreements signed within prescribed timeframes	-	-	-	<ul style="list-style-type: none"> <li>• 20% (1) lease agreements signed within prescribed timeframes</li> <li>• 5 Leases signed out of prescribed timeframes</li> <li>• 148 extensions finalised.</li> </ul>	60% lease agreements signed within prescribed timeframes	70% lease agreements signed within prescribed timeframes	80% lease agreements signed within prescribed timeframes
2.	Savings realised on identified private leases	-	-	-	-	R100 mil savings realised on identified private leases	R200 mil savings realised on identified private leases	R300mil savings realised on identified private leases
3.	Percentage of new leases awarded to black owned companies	-	-	-	67% (4) new leases awarded to black owned companies	25% new leases awarded to black owned companies	30% new leases awarded to black owned companies	35% new leases awarded to black owned companies

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To provide quality accommodation and contribute to the financial sustainability of the PMTE

## STRATEGIC OBJECTIVE

- To optimise the utilisation of State owned buildings

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
4.	Number of private leases reduced within the security cluster	-	-	-	2 private lease reduced for the security cluster	6 private leases reduced for the security cluster	12 private leases reduced for the security cluster	13 private leases reduced for the security cluster
5.	Percentage increase in revenue generation through letting of State-owned properties (excluding harbour related properties)	R34mil revenue generated (incl. harbour related properties)	R28mil revenue generated (incl. harbour related properties)	R31mil revenue generated (incl. harbour related properties)	10% (R3,1 mil) increase in revenue generation through letting of state-owned properties	20% increase in revenue generation through letting of state-owned properties	30% increase in revenue generation through letting of state-owned properties	40% increase in revenue through rentals of harbour related properties
6.	Percentage of identified vacant surplus State-owned properties let out	-	-	53 state-owned properties let out	50% (59) of identified vacant surplus state-owned properties let out	60% of identified vacant surplus state-owned properties let out	65% of identified vacant surplus state-owned properties let out	70% of identified vacant surplus state-owned properties let out

## STRATEGIC GOAL

- To provide quality accommodation and contribute to the financial sustainability of the PMTE

## STRATEGIC OBJECTIVE

- To optimise the utilisation of state owned buildings

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
7.	Percentage of revenue increased through rentals of harbour related properties	-	-	R10 821 759 revenue generated for 2015/16 through rentals of harbour related properties	10% (R1 050 175) increase in revenue through rentals of harbour related properties	10% increase in revenue through rentals of harbour related properties	10% increase in revenue through rentals of harbour related properties	10% increase in revenue through rentals of harbour related properties
8.	Percentage of DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt	-	-	6 of 8 (75%) DAFF certified Operation Phakisa Ocean economy leasing requests signed within agreed timeframes	1 of 4 (25%) DAFF certified Operation Phakisa Ocean economy leasing requests signed within agreed timeframes	100% DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt	100% DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt	100% DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt



# 2017/18 ANNUAL PERFORMANCE PLAN

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Percentage of lease agreements signed within prescribed timeframes	Quarterly	60% lease agreements signed within prescribed timeframes	60% lease agreements signed within prescribed timeframes	60% lease agreements signed within prescribed timeframes	60% lease agreements signed within prescribed timeframes	60% lease agreements signed within prescribed timeframes
2.	Savings realised on identified private leases	Quarterly (cumulative)	R100 mil savings through the renegotiation of identified private leases	-	R30 mil savings realised on identified private leases	R60 mil savings realised on identified private leases	R100 mil savings realised on identified private leases
3.	Percentage of new leases awarded to black owned companies	Quarterly (cumulative)	25% of leases awarded to black owned companies	-	10% of leases awarded to black owned companies	20% of leases awarded to black owned companies	25% of leases awarded to black owned companies
4.	Number of private leases reduced within the security cluster	Annually	6 private leases reduced for the security cluster	-	-	-	6 private leases reduced for the security cluster
5.	Percentage increase in revenue generation through letting of state-owned properties (excluding harbour related properties)	Annually	20% of increase in revenue generation through letting of state-owned properties	-	-	-	20% of increase in revenue generation through letting of state-owned properties
6.	Percentage of identified vacant surplus state-owned properties let out	Bi-annually (cumulative)	60% of identified vacant surplus state-owned properties let out	-	30% of identified vacant surplus state-owned properties let out	-	60% of identified vacant surplus state-owned properties let out

# 2017/18 ANNUAL PERFORMANCE PLAN

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
7.	Percentage of revenue increased through rentals of harbour related properties	Annually	10% increase in revenue through rentals of harbour related properties	-	-	-	10% increase in revenue through rentals of harbour related properties
8.	Percentage of DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt	Annually	100% DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt	-	-	-	100% DAFF certified Operation Phakisa Ocean economy leasing requests signed within 12 months of receipt

## BUDGET ALLOCATION FOR PROGRAMME 4

Real Estate Management Services	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Compensation of employees	339,443	352,248	381,698
Admin goods and services	11,569	12,338	13,130
Turnaround	7,954		
Operating leases	4,452,192	4,808,367	5,193,037
Municipal services recoverable	4,367,572	4,804,329	5,284,762
Municipal services non-recoverable	354,255	389,681	428,649
Property rates	1,341,754	1,475,930	1,623,522
<b>Total</b>	<b>10,874,739</b>	<b>11,842,894</b>	<b>12,924,798</b>

- The spending focus over the medium-term will be on providing and managing functional and user friendly accommodation for all user departments.
- The bulk of the expenditure in this programme is spent towards operating leases, property rates and municipal services.
- The goods and services expenditure for this programme represents 46.4% of the PMTE's total spending.
- Both operating leases and municipal services are funded on a cost recovery basis.

# PROGRAMME 5

REAL ESTATE INFORMATION AND REGISTRY SERVICES

## STRATEGIC GOAL

- **To provide reliable immovable asset information that informs investment decisions and portfolio management**

## STRATEGIC OBJECTIVE

- **To maintain a compliant Immovable Asset Register (IAR)**

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Percentage of approved disposals (in respect of socio economic purposes) processed for transfer	-	-	-	60% (16 out of 27) disposals approved in 2015/16 processed for transfer	70% of disposals approved in 2016/17 processed for transfer	80% of disposals approved in 2017/18 processed for transfer	90% of disposals approved in 2018/19 processed for transfer
2.	Percentage of immovable assets updated on the IAR for completed infrastructure projects	-	-	-	100% (70) of immovable assets updated on the IAR for completed infrastructure projects	100% of immovable assets updated on the IAR for completed infrastructure projects	100% of immovable assets updated on the IAR for completed infrastructure projects	100% of immovable assets updated on the IAR for completed infrastructure projects
3.	Number of land parcels vested (confirmation of ownership)	1 174 land parcels vested	761 land parcels vested	775 land parcels vested	750 land parcels vested	800 land parcels vested	900 land parcels vested	1 000 land parcels vested

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- **To provide reliable immovable asset information that informs investment decisions and portfolio management**

## STRATEGIC OBJECTIVE

- **To provide guidance and support to other custodians in the compilation of compliant Immovable Asset Registers**

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
4.	Number of Provincial Immovable Asset Registers assessed for compliance	-	-	-	9 Provincial Immovable Asset Registers assessed for compliance	9 Provincial Immovable Asset Registers assessed for compliance	9 Provincial Immovable Asset Registers assessed for compliance	9 Provincial Immovable Asset Registers assessed for compliance
5.	Number of National and Provincial Immovable Asset Registers incorporated into the single repository (National Database of State properties)				-	2 National and Provincial Immovable Asset Registers incorporated into the single repository	4 National and Provincial Immovable Asset Registers incorporated into the single repository	4 Provincial Immovable Asset Registers incorporated into the single repository

# 2017/18 ANNUAL PERFORMANCE PLAN

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Percentage of approved disposals (in respect of socio economic purposes) processed for transfer	Quarterly	70% of disposals approved in 2016/17 processed for transfer	-	-	-	70% of disposals approved in 2016/17 processed for transfer
2.	Percentage of immovable assets updated on the IAR for completed infrastructure projects	Bi annual	100% of immovable assets updated on the IAR for completed infrastructure projects	-	100% of immovable assets updated on the IAR for completed infrastructure projects	-	100% of immovable assets updated on the IAR for completed infrastructure projects
3.	Number of land parcels vested (confirmation of ownership)	Quarterly	800 land parcels vested	200 land parcels vested	200 land parcels vested	200 land parcels vested	200 land parcels vested
4.	Number of Provincial Immovable Asset Registers assessed for compliance	Quarterly	9 Provincial Immovable Asset Registers assessed for compliance	2 Provincial Immovable Asset Registers assessed for compliance	3 Provincial Immovable Asset Registers assessed for compliance	2 Provincial Immovable Asset Registers assessed for compliance	2 Provincial Immovable Asset Registers assessed for compliance
5.	Number of National and Provincial Immovable Asset Registers incorporated into the single repository (National Database of State properties)	Bi-annual	2 National and Provincial Immovable Asset Registers incorporated into the single repository	-	1 National Immovable Asset Register incorporated into the single repository		1 Provincial Immovable Asset Register incorporated into the single repository

## BUDGET ALLOCATION FOR PROGRAMME 5

Real Estate Information and Registry Services	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Compensation of employees	28,761	29,822	32,291
Admin goods and services	4,415	4,709	5,010
Immovable asset register project (DPW transfer)	20,103	20,132	19,833
Turnaround	18,931		
<b>Total</b>	<b>72,209</b>	<b>54,663</b>	<b>57,135</b>

- The spending focus over the medium-term will be on the maintenance of the Immoveable Asset Register (IAR) Programme, which is an important deliverable towards the full operationalisation of the PMTE. The IAR forms the basis for the revenue generation strategy and implementation of itemised billing.
- The bulk of the expenditure in this programme is spent towards compensation of employees to appoint various specialists to assist in rebuilding the PMTE technical and professional capacity and the Turnaround Strategy to maintain the IAR.
- Total expenditure is expected to reduce over the MTEF as the Turnaround Strategy is planned to be completed in 2017/18. An MTEF Budget of R79 million will be used to maintain a GRAP compliant IAR and to assess provincial IAR's for compliance.



# **PROGRAMME 6**

# **Facilities Management**

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To ensure optimal performance of the State's immovable asset portfolio

## STRATEGIC OBJECTIVE

- To manage maintenance programmes in accordance with an approved plan

Performance Indicator		Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	Number of facilities with maintenance contracts in place	-	-	300 facilities with maintenance contracts in place	350 facilities with maintenance contracts in place	450 facilities with maintenance contracts in place	500 facilities with maintenance contracts in place	550 facilities with maintenance contracts in place
2.	Percentage of unscheduled reported maintenance incidents resolved within agreed timeframes	26 800 unscheduled reported maintenance incidents resolved	18% (9 680) day-to-day maintenance breakdowns completed within agreed timeframes	5 % (5 553) unscheduled reported maintenance incidences resolved within agreed timeframes	7% (3 124) unscheduled reported maintenance incidents resolved within agreed timeframe	10% unscheduled reported maintenance incidents resolved within agreed timeframe	15% unscheduled reported maintenance incidents resolved within agreed timeframe	20% unscheduled reported maintenance incidents resolved within agreed timeframe
3.	Percentage of term contracts awarded to black owned companies	-	-	-	30% (114) maintenance contracts awarded compliant to BBBEE property sector targets	30% term contracts awarded to black owned companies	35% term contracts awarded to black owned companies	40% maintenance term contracts awarded to black owned companies

# 2017/18 ANNUAL PERFORMANCE PLAN

## STRATEGIC GOAL

- To ensure optimal performance of the State's immovable asset portfolio

## STRATEGIC OBJECTIVE

- To ensure resource efficiency in state owned buildings

Performance Indicator	Audited/ Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
4. Reduction in energy consumption (kilowatt hours) in identified property portfolio	188 833 980kWh reduction in energy consumption for identified property portfolio	190 000 000kWh reduction in energy consumption for identified property portfolio	220 000 000kWh reduction in energy consumption for identified property portfolio	250 000 000kWh reduction in energy consumption for identified property portfolio	300 000 000kWh reduction in energy consumption for identified property portfolio	350 000 000kWh reduction in energy consumption for identified property portfolio	400 000 000kWh reduction in energy consumption for identified property portfolio
5. Number of kilowatt hours of renewable energy generated	-	-	-	-	2,215,000kWh of renewable energy generated	10,400,000kWh of renewable energy generated	100,000,000kWh of renewable energy generated
6. Reduction in water consumption (kilolitres) in identified property portfolio	1 328 627kl reduction in water consumption for identified property portfolio	3 550 480kl reduction in water consumption for identified property portfolio	4 090 865kl reduction in water consumption for identified property portfolio	4 300 000kl reduction in water consumption for identified property portfolio	4 800 000kl reduction in water consumption for identified property portfolio	6 000 000kl reduction in water consumption for identified property portfolio	8 000 000kl reduction in water consumption for identified property portfolio

# 2017/18 ANNUAL PERFORMANCE PLAN

Performance Indicator		Reporting Period	Annual Target	Q1	Q2	Q3	Q4
1.	Number of facilities with maintenance contracts in place	Quarterly	450 facilities with maintenance contracts in place	75 facilities with maintenance contracts in place	100 facilities with maintenance contracts in place	150 facilities with maintenance contracts in place	125 facilities with maintenance contracts in place
2.	Percentage of unscheduled maintenance incidents resolved within agreed timeframes	Quarterly	10% unscheduled reported maintenance incidents resolved within agreed timeframes	10% unscheduled reported maintenance incidents resolved within agreed timeframes	10% unscheduled reported maintenance incidents resolved within agreed timeframes	10% unscheduled reported maintenance incidents resolved within agreed timeframes	10% unscheduled reported maintenance incidents resolved within agreed timeframes
3.	Percentage term contracts awarded to black owned companies	Annual	30% of term contracts awarded to black owned companies	-	-	-	30% of term contracts awarded to black owned companies
4.	Reduction in energy consumption (kilowatt hours) in identified property portfolio	Quarterly	300 000 000kWh reduction in energy consumption for identified property portfolio	62,000,000kWh reduction in energy consumption for identified property portfolio	62,500,000kWh reduction in energy consumption for identified property portfolio	63,000,000kWh reduction in energy consumption for identified property portfolio	112,500,000kWh reduction in energy consumption for identified property portfolio
5.	Number of kilowatt hours of renewable energy generated	Quarterly	2,215,000kWh of renewable energy generated	-	-	1,107,500kWh of renewable energy generated	1,107,500kWh of renewable energy generated
6.	Reduction in water consumption (kilolitres) in identified property portfolio	Quarterly	4 800 000kl reduction in water consumption for identified property portfolio	1 200 000kl reduction in water consumption for identified property portfolio	1 200 000kl reduction in water consumption for identified property portfolio	1 200 000kl reduction in water consumption for identified property portfolio	1 200 000kl reduction in water consumption for identified property portfolio

## BUDGET ALLOCATION FOR PROGRAMME 6

Facilities Management Services	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Compensation of employees	571,268	592,831	639,301
Admin goods and services	29,864	31,850	33,893
Turnaround	162,366		
Cleaning and Gardening	254,852	269,889	285,002
Repairs	896,320	949,202	1,002,358
Maintenance	1,287,844	1,363,827	1,440,202
<b>Total</b>	<b>3,202,514</b>	<b>3,207,599</b>	<b>3,400,756</b>

- The spending focus over the medium-term will be on the implementation of Scheduled Maintenance Programmes, to manage and minimize unscheduled maintenance incidents and to reduce the consumption of municipal services.
- The bulk of the expenditure in this programme is for the compensation of employees to appoint various specialists to assist in rebuilding the PMTE technical and professional capacity; perform repair and maintenance and cleaning and gardening.
- An MTEF budget of R6.9 billion will be prioritised to implement scheduled maintenance contracts for prioritised buildings and resolve unscheduled maintenance incidents within agreed timeframes.
- A further R122 million has been allocated for the 2017/18 financial year against the Turnaround Programme for water and energy efficiency interventions.



Part C

# LONG TERM INFRASTRUCTURE PLAN

## New, replacement, upgrades and additions

No of projects	Project description	Programme	Municipality	Output	Outcome			Main appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Estimates		
					2013/14	2014/15	2015/16				2015/16	2015/16	2016/17
43	Various	Departmental	Various	Various	250 041 000	139 832 000	197 918 000	187 000 000	-	146 500 000	170 661 000	180 560 000	190 671 000
119	Various	Accessibility	Various	Various	7 098 000	10 156 000	6 650 000	20 000 000	-	20 000 000	24 479 000	15 320 000	16 178 000
31	Various	Dolomite Risk Management	Various	Various	24 717 000	85 026 000	74 951 000	115 000 000	-	113 000 000	114 370 000	121 000 000	127 776 000
114	Various	Land Ports of Entry	Various	Various	191 684 000	137 164 000	167 908 000	185 159 000	-	169 193 000	200 664 000	216 553 000	228 680 000
11	Various	Inner City Regeneration	Various	Various	36 199 000	3 718 000	44 588 000	14 400 000	-	23 385 000	61 786 000	84 676 000	89 418 000
64	Various	Prestige	Various	Various	57 626 000	46 524 000	136 428 000	180 850 000	-	214 365 000	176 279 000	186 500 000	196 944 000

## Maintenance and Repairs

No of projects	Project description	Programme	Municipality	Output	Outcome			Main appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Estimates		
					2013/14	2014/15	2015/16				2015/16	2015/16	2016/17
1211	Various	Facilities Management	Various	Various	966 310 619	757 828 156	782 486 615	919 950 101	-106 339 230	813 610 871	896 319 999	949 202 000	1 002 358 000

## Rehabilitation, renovation and refurbishment

No of projects	Project description	Programme	Municipality	Output	Outcome			Main appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Estimates		
					2013/14	2014/15	2015/16				2015/16	2015/16	2016/17
1105	Various	Construction Project Management	Various	Various	1 004 617 375	1 342 565 261	1 203 450 801	1 237 832 899	-143 660 777	1 094 172 122	1 180 513 000	1 250 163 000	1 320 172 000

# SERVICE DELIVERY IMPROVEMENT PLAN

Key Service Delivery Area	Key Improvement Activities
Customer / client relations	<ul style="list-style-type: none"> <li>• Conduct client satisfaction surveys</li> <li>• Service level agreements in place</li> <li>• Effective contract management</li> <li>• Streamlining business processes to improve response times</li> <li>• Conduct regular client portfolio meetings</li> </ul>
Accommodation provision	<ul style="list-style-type: none"> <li>• Provide accommodation that adheres to clients needs</li> <li>• Effective lease management</li> <li>• Delivering projects that adhere to approved norms and standards</li> </ul>
Accommodation improvement	<ul style="list-style-type: none"> <li>• Assessment of facilities for green drop compliance</li> <li>• Assessment of facilities for blue drop compliance</li> <li>• Ensure fit for purpose accommodation through Total Facilities Maintenance Programmes</li> </ul>



# Strategic Risks

**Weakening financial viability and sustainability of DPW entities with an emphasis on PMTE**

**Loss of State Resources through fraud and corruption**

**Breach of key legislation prescripts, acts, regulations and policies (such as PFMA and Treasury Regulations, Safety and Health, GIAMA etc.)**

**Failure to provide quality accommodation within time and cost (i.e. building new, maintaining or refurbishing existing properties)**

**Deterioration in the value of the State's portfolio of immovable assets**

**Non-Integration of spatial planning activities with national, provincial, and local spheres of Government**

**Failure to integrate business information for cross-cutting functions that informs proper planning**



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# ANNEXURES

- PMTE MTEF revenue projections
- Summary of PMTE budget cuts from 2015/16 to 2019/20

# MTEF PROJECTIONS (REVENUE)

	2017/18	2018/19	2019/20
	R'000	R'000	R'000
Management fee on Municipal Services	218,379	240,216	264,238
Accommodation charges - client infrastructure projects (freehold)	2,565,465	2,716,827	2,868,970
Accommodation charges - user charges (freehold)	4,468,816	4,780,061	5,109,283
Municipal services recovered	4,367,572	4,804,329	5,284,762
DPW transfer	3,758,922	4,067,372	4,283,146
Rental debtors	77,604	83,813	90,518
Other	20,620	21,247	21,876
Accommodation charges - leasehold	4,320,462	4,666,099	5,039,387
<b>Total</b>	<b>19,797,840</b>	<b>21,379,965</b>	<b>22,962,180</b>

- Reduced augmentation per allocation letter (included in DPW transfer):

	2017/18	2018/19	2019/20
	R'000	R'000	R'000
2017 MTEF	784,086	829,115	875,545
2017 ENE	670,360	788,030	820,160
<b>NT budget cut</b>	<b>(113,726)</b>	<b>(41,085)</b>	<b>(55,385)</b>

# SUMMARY OF PMTE BUDGET CUTS FROM 2015/16 TO 2019/20

DPW transfer	2015/16	2016/17	2017/18	2018/19	2019/20	MTEF budget cut
	R'000	R'000	R'000	R'000	R'000	R'000
Preliminary allocation	3,634,652	3,790,172	4,013,347	4,246,121	4,338,531	
Adjustments:	(110,000)	(400,724)	(254,425)	(178,749)	(55,385)	<b>(999,283)</b>
Baseline reductions	(50,000)	(103,713)	(112,227)	(111,929)		
Augmentation		(250,000)	(113,726)	(41,085)	(55,385)	
DPW Capital	(60,000)	(91,966)	(76,000)	(76,000)		
BIU/ SCM/ SIU		44,955	47,528	50,265		
Revised allocation	3,524,652	3,389,448	3,758,922	4,067,372	4,283,146	