

# PART THREE

## ASSETS MANAGEMENT PLAN

### EXECUTIVE SUMMARY

One of the priorities of the Department is to effectively meet its accommodation and infrastructure needs, both in South Africa and in various centres abroad. Besides providing for its own needs, the Department is also responsible for providing the same accommodation and infrastructure for its partner Departments who have representation abroad.

In South Africa the Department of Public Works provides the Department with accommodation. The Department consists of various functional groups/directorates occupying six (6) separate buildings in Pretoria.

Currently, South Africa is represented in 93 countries globally, with 105 Missions. This number will increase by five with the opening of new Missions during the 2004/05 financial year.

For Missions abroad three types of accommodation requirements can be identified:

- Chanceries or office accommodation. This type of accommodation is mostly found in office blocks. In some instances houses or villas have been adapted to serve as offices.
- Official Residences are procured for Heads of Missions. These residences are normally located in suitable areas of the city in which the Mission is located. Particular care is taken in the selection of these residences to ensure that the residence is representative and suitable for a Head of Mission. Attention is also paid to ensure that the residence can be used for representational duties and official entertainment.



*The New Chancery in Kinshasa.*

- Staff housing is procured for all other transferred officials in areas identified by the Department, in consultation with Missions, according to set norms and prescripts.
- The majority of these properties are leased or rented, while a small number are State-owned properties.
- This accommodation and facilities are provided in a way that allows all South African transferred staff to perform their official activities to the best of their ability.

The following is a summary of the current fixed assets inventory, divided into Chanceries, Official Residences, staff

housing and redundant properties:

- **Chanceries:** The South African Government owns 22 Chanceries and rents 78 Chanceries. 6 Missions are in the process of opening and have not found a suitable Chancery. The two Missions in New York share the same premises, and the Chancery has been counted as one. The Hague occupies two State-owned properties, which have been counted as 2 properties. The Missions in Washington and London currently rent Chancery annexes, which have also been counted as Chancery properties.
- **Official Residences:** The South African Government owns 29 Official Residences and rents 64 Official Residences. 8 Missions are in the process of opening and have not yet found suitable Official Residences. One post of Head of Mission at an existing Mission is currently vacant for which an Official Residence is not being rented. 2 Missions are micro-missions for which an Official Residence is not being rented for the Chargé d’Affaires.
- **Staff housing:** The Department rents 413 properties (excluding partner Departments) to accommodate transferred officials. A further 53 transferred officials are accommodated in State-owned properties abroad.
- **Redundant properties:** There are currently 21 surplus



*The New Embassy in Berlin.*

or redundant properties abroad. These include 13 residences in Namibia, 3 residences in Malawi, a residence and chancery each in Madeira and Bonn, a residence in Zurich and one parking bay in Paris.

The State-owned properties were valued during 2000/01 and will be re-valued during 2006/07.

The Department provides furniture, equipment and other movable assets for both its Head Quarters component as well as its Missions abroad. Procurements are done in South Africa as well as abroad.

### PROPERTY STRATEGY

The Department consists of various functional groups/directorates within the same Department, occupying six (6) separate buildings in Pretoria. The Department’s goal is to

incorporate all these functional groups into one working environment in order to improve functionality, interaction, efficiency and productivity among the directorates. The Department has obtained approval to commence with a Public Private Partnership (PPP) to obtain a new Head Office environment. A Transaction Advisor was appointed in 2003 and it is anticipated that should a PPP prove feasible a new Head Quarters for the Department will be completed during December 2006.

The Department will conduct a feasibility study to determine alternative ways of procuring properties abroad. The

### **OPERATIONAL PLAN: 2004/05 FINANCIAL YEAR**

The Departmental operational plan for the 2004/05 financial year entails the following:

- New Head Office Project (PPP project), conclusion of feasibility report (TA I) and commencement with phases TA II (A) and (B) at a cost of R 11,8 million.
- Construction Projects:
  - Maseru, which will include a Chancery, Official Residence and staff village: R15,5 million, project cost R34,5 million.
  - Abuja, which will include a Chancery and an Official Residence: R20,5 million, project cost R45,5 million.
- Refurbishment and repair projects will be carried out in:
  - Lilongwe, Windhoek, Washington, London, Maputo and Milan: R18,5 million.
- Feasibility study, alternative methods of procuring properties abroad: R10 million.
- Conduct a survey of all assets and develop and implement a movable asset management plan.

### **2005/06 FINANCIAL YEAR**

The Departmental operational plan for the 2005/06 financial year entails the following:

- New Head Office Project (PPP project), conclusion of Phase TA III. Commencement of construction phase.
- Construction projects:
  - Abuja R25 million
  - Maseru R19 million
- Refurbishment and repair projects:
  - Luanda and Vienna: R 4,2 million

### **2006/07 FINANCIAL YEAR**

The Departmental operational plan for the 2006/07 financial year entails the following:

- New Head Office Project (PPP project): conclusion of construction phase.
- Construction projects:
  - Mbabane, which will include a Chancery: R17 million, project cost R29 million.
  - Lusaka, which will include a Chancery and an Official Residence: R16 Million, project cost R25 million.
- Refurbishment and repair projects in London and Vienna: R15 million.

Department realizes that it needs to significantly reduce its expenditure on the rental of properties, especially abroad, where the majority of properties are still being rented. The feasibility study will focus on alternative methods of property acquisition such as Public Private Partnerships, loans, lease-to-own arrangements, etc. By using these methods the Department envisages reducing its expenditure on rentals significantly over the long term.

The Department will continue with the disposal of the redundant properties. During the 2004/05 financial year the process of disposing 13 properties in Namibia, 3 properties in Malawi and 2 properties in Madeira will be finalised. The process of disposing of 2 properties in Bonn, the property in Zurich and the property in Paris will be initiated during 2004/05.

The Department has commissioned property valuations and maintenance plans for all State-owned properties abroad. Most of these plans have been completed and the Directorate will continue with maintenance work at these Missions. The Department has a deferred maintenance backlog in excess of R 150 million that needs to be addressed.

It is a statutory requirement for all National Departments to prepare and submit an Assets Management Plan for the 2004/05 financial year. The Plan will make provision for new projects and acquisitions as well as the implications that existing assets will have for the strategy. Details on how the Plan should be structured are being awaited.

The Department will conduct a full survey of all its fixed and movable assets in order to prepare a comprehensive Assets Management Plan.