



Western Cape  
Government

BETTER TOGETHER.



## Property Efficiency Report 2016/17

An annual publication demonstrating the Western Cape Government's commitment to managing and improving the efficiency, effectiveness and sustainability of its property holdings.  
Issue No. 6 - November 2017

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# About the report

Most business premises exist to allow organisations to achieve their corporate objectives. In the changing global environment, buildings need to be managed effectively to become leaner, greener and more productive in ways that support changing business needs and depleting natural resources. Managing buildings effectively is one of the main responsibilities of property and facilities management. Streamlining costs remain a priority, and monitoring the relationship between workplace and productivity is becoming progressively more important to workplace managers.

Data and transparency continue to be the basis on which the Western Cape Government (WCG) run their operations and this naturally forms the basis for the 6th Property Efficiency Report. The information is based on data consolidated by the Department of Transport and Public Works across its various Chief Directorates and Sub-structures. The WCG continues to utilise a performance matrix developed over

the last six years. The matrix considers information most occupiers ideally require; each of the elements can be used independently or combined with other elements in a modular environment. The matrix analyses efficiency, quality and the environment in which the building operates. The main elements of the efficiency component are cost, consumption and space utilisation.

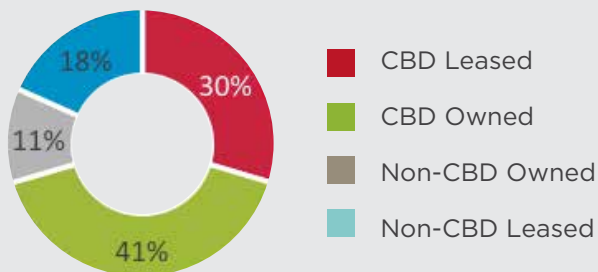
The Department's main focus remains on total occupancy cost. The suitability of the space occupied and how it fits into the operational demands of the department occupying the space are also key focus areas. Office modernisation and the effect of the amount of work desk/stations remains an important area to ensure space utilisation efficiency. The Department continues to utilise the matrix to determine the impact of the consumption of natural resources by the portfolio; primarily on electricity and water, with waste and waste recycling earmarked for future inclusion in this report.

## Reporting period and scope

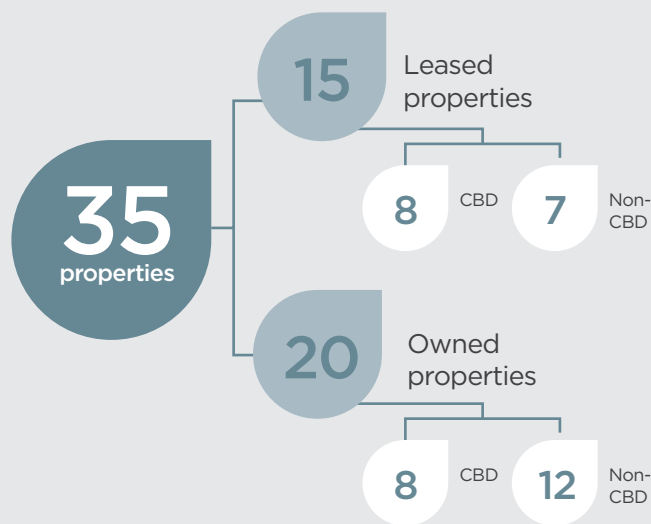


The data is calculated for the **12 months** from April 2016 to March 2017.

### Portfolio's percentage split based on usable area (m<sup>2</sup>)



The portfolio under report is 35 office buildings, being all owned and leased-in office accommodation throughout the Province greater than 1,000m<sup>2</sup>.



The change from the prior year is due to combining 4 Dorp and 7 & 15 Wale for reporting purposes this year.

## Data management and access

Collection of accurate and relevant data is imperative as many sources of information are required for the compilation of this report. The principal sources of baseline data are the Public Works' Immovable Asset Register, the Property Support Office, Operational Property Management, General Infrastructure, the Department of Social Development and the Department of Community Safety. Information needs to be collated with sound methodology, and trusted insight needs to be applied to ensure the correct interpretation of the data.

The real estate portfolio has been benchmarked against a comprehensive database of office buildings in the same geographical area compiled by the Green Building Council of South Africa (GBCSA). This energy and water benchmarking tool assists building owners in understanding how their buildings are performing in relation to other similar buildings in the industry, in addition to other buildings in the real estate portfolio.



Western Cape  
Government

**OFFICE MODERNIZATION: UNION HOUSE**  
Making our services  
more accessible to you

500  
400  
300  
200  
100  
0

100  
200  
300  
400  
500

100  
200  
300  
400  
500

100  
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500



# Foreword

**DONALD GRANT**  
*Minister of Transport and Public Works*

The 2016/2017 Property Efficiency Report is the 6th in a series of annual benchmarking and monitoring reports. The purpose of the report is to guide and facilitate the Western Cape Government's drive to ensure the efficient, appropriate and cost-effective utilisation of its property portfolio.

The current economic climate and the need to satisfy a range of often competing objectives and environmental priorities have highlighted as never before the importance of sound management of immovable assets. In recent times a clearer understanding has been arrived at concerning the strategic use of the portfolio for service delivery, income generation, changes to the inherited patterns of spatial planning and socio-economic priorities. Changing climatic conditions, too, pose new challenges.

The provincial property portfolio remains one of the largest assets but also one of the more significant expenses of the Western Cape Government (WCG). Any deterioration of this major asset has potentially severe implications economically and in terms of service delivery.

This Property Efficiency Report continues to set the benchmark for state reporting on property portfolios. Every edition reflects improvements to the range and depth of the performance measures used. Every edition shows that we are learning all the time and are able to improve

on our ability to carry out our custodial responsibilities using a combination of sound, tested policies and new innovative approaches. Our responses to the need to reduce and change the nature of our energy consumption as well as to the need to significantly reduce our water usage are cases in point.



We continue to build on the progress and on the availability of bigger, better data to provide a firmer base for helping us to drive cost savings and efficiency gains across the portfolio.

I am proud of our staff's capacity to manage the property portfolio efficiently, effectively and sustainably. Across all departments of the WCG, we continue to improve the workplace environment so that it contributes positively to staff performance and productivity as well as providing ease of access to the public who utilise the various spaces.

Congratulations to the staff that have taken the initiative to drive these improvements in efficiency.

# Foreword

**JACQUELINE GOOCH**  
*Head of Department, Transport and Public Works*

South Africa continues to face a challenging fiscal outlook, economic growth continues to be under pressure, consumer debt has increased, and resources are limited. It is in times like these that the commitment of the Department Transport and Public Works (DTPW) to social-economic outcomes, safe environments and community engagement, becomes more and more important.

Efficient and sustainable property solutions continues to form part of the strategic goals of the provincial government. The Property Efficiency Report is still the only one of its kind in South Africa, and the provincial government continues to show its commitment to the improvement of immovable asset management in the public sector.

The DTPW is devoted to the continual improvement of the environmental sustainability of its property holdings. As the immovable asset manager for the WCG, we are enthusiastic about the effect of the demand-side interventions, such as the WCG's recently implemented Water Business Continuity Plan; this will assist us in the reduction of water consumption

during the current drought and beyond. We must prepare ourselves for this new normal. The drought in the Western Cape is having a major impact on the economy, the effects of the implementation of new systems and interventions will become evident in the 2017/2018 edition.



As mentioned before, the improvement in the efficiencies and utilisation of the real estate portfolio is an enormous undertaking, one we improve on every year and this edition is another indication and testament of the good work achieved by our internal team and the occupiers at each building.

# Executive Summary



This report examines the performance of **35 selected office buildings** from the WCG's real estate portfolio



Improved workspace efficiency **7.6%**



Energy consumption **down 6%**  
Overall consumption **158 kWh/m<sup>2</sup>/pa**

Private sector average **246 kWh/m<sup>2</sup>/pa**



Water consumption **down 20%**

From **1.14 kL/m<sup>2</sup>/pa**  
To **0.91 kL/m<sup>2</sup>/pa**



Total portfolio **212 466m<sup>2</sup>**

This edition reports separately on the performance of CBD and non-CBD properties, and this necessitated and encouraged specific data improvement programmes, promoting improved transparency. However, despite progress, there are still some locations where data gaps are evident. Public Works will continue to develop and enhance processes to ensure future improvement.

Further reductions in energy usage have been realised through the various interventions taken across the portfolio.

The relatively high cost per person across the Property Efficiency Report portfolio remains. This is primarily a result of relatively poor space utilisation combined with high vacancy rates per department. At R80 189, the overall cost per desk has increased by 21% since 2015/16; this increase is far above the average Consumer Price Index inflationary change of approximately 6.1% over the reporting period. The cost per desk remains significantly higher than the South African corporate occupier average cost of R47 152.

At R3 195, offices reported a 21% increase in the average total annual cost per m<sup>2</sup>, this is above the benchmark cost and could be due to the weak economic conditions and private landlords holding back on capital spending.

The challenges remain to gather accurate and consistent data throughout the portfolio. Progress, however, continues to be made to consolidate and audit data sources. Several processes and practices to improve data reliability and to encourage its active use within Public Works, continue to be developed.

Although not specifically part of this report - A portfolio like this creates many work opportunities for

the local communities where the categories include Contractors/ Security/Maintenance/Cleaning and other Facility Management types services.

2016/2017	All WCG offices	CBD offices	Non-CBD offices	Private Sector average
Western Cape portfolio: net area	212,466 m <sup>2</sup>	149,740 m <sup>2</sup>	62,726 m <sup>2</sup>	-
Accommodated office staff	10 034	7 804	2 230	-
Cost per FTE	R72 808	R75 878	R70 079	R47 152
m <sup>2</sup> / FTE	26.6 m <sup>2</sup>	20.9 m <sup>2</sup>	31.3 m <sup>2</sup>	20.6 m <sup>2</sup>
Energy consumed per FTE	2,854 kWh	3,817 kWh	1,997 kWh	2,490 kWh
Water consumed per FTE	27.2 m <sup>3</sup>	25.4 m <sup>3</sup>	28.8 m <sup>3</sup>	25.3 m <sup>3</sup>

2015/2016	All WCG offices	CBD offices	Non-CBD offices	Private Sector average
Western Cape portfolio: net area	206,975 m <sup>2</sup>	145,285 m <sup>2</sup>	61,690 m <sup>2</sup>	-
Accommodated office staff	8 658	6 440	2 218	-
Cost per FTE	R58 169	R58 571	R57 157	R44 068
m <sup>2</sup> / FTE	23.9 m <sup>2</sup>	22.6 m <sup>2</sup>	27.8 m <sup>2</sup>	19.1 m <sup>2</sup>
Energy consumed per FTE	3,817 kWh	4,419 kWh	2,066 kWh	4,375 kWh
Water consumed per FTE	26.1 m <sup>3</sup>	20.9 m <sup>3</sup>	39.7 m <sup>3</sup>	29.7 m <sup>3</sup>





## CHAPTER 1: Environmental performance

The continued tracking and reporting on energy and water consumption usage across the Western Cape Government's key office portfolio remains a crucial focus area for the Department. The Department is currently moving away from municipal billing to remote metering to ensure the accuracy of the data and address any issues timeously.

**158**  
kWh/m<sup>2</sup>  
/pa

Total electrical consumption per m<sup>2</sup> was **reduced by nearly 6%** over the last financial year

*This excludes the consumption of the Elsenburg administration office which, if included, would further reduce the portfolio's consumption to 149.64 kWh/m<sup>2</sup>/pa.*

**0.91**  
kL/m<sup>2</sup>  
/pa

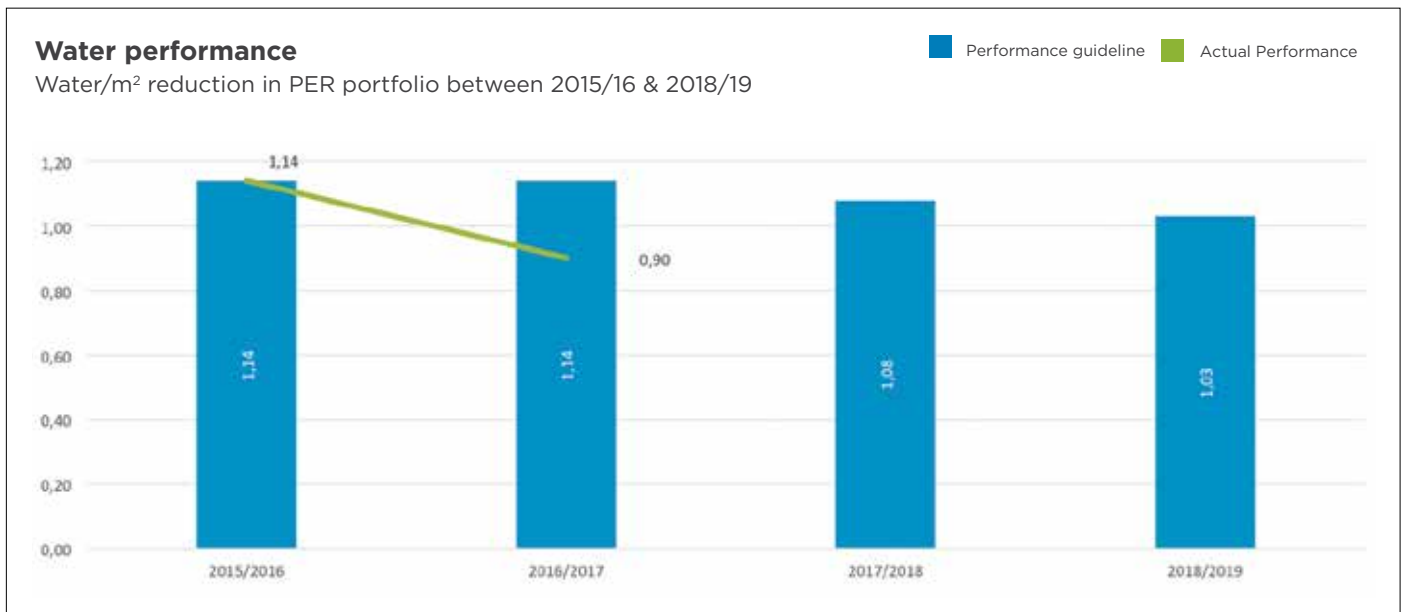
Overall portfolio **decreased its water consumption from 1.14 kL/m<sup>2</sup>/pa**

The reason for excluding Elsenburg's data is due to the Department not having the office component full year's consumption data available. This bodes well for the Department's aim of reducing energy consumption by 30% (kWh/m<sup>2</sup>/pa), by the end of the 2018/2019 financial year.



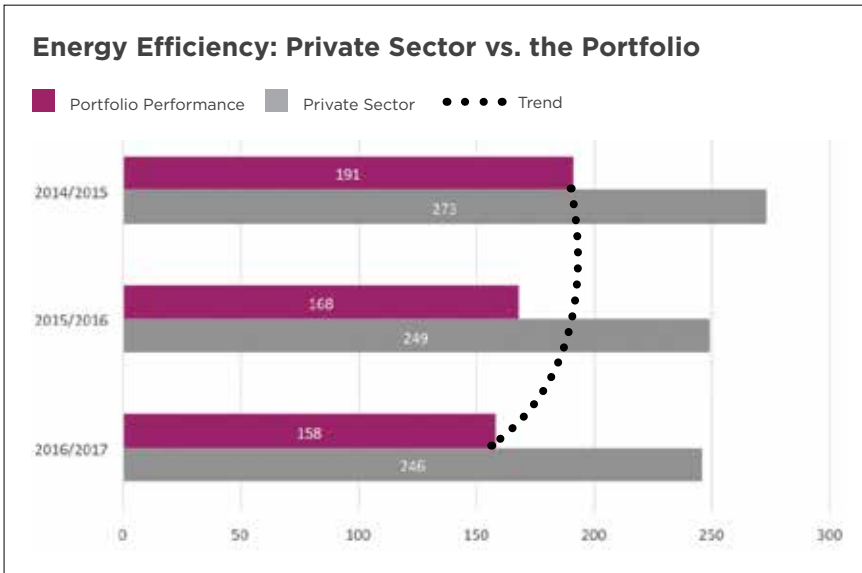
Total water consumption per m<sup>2</sup> was reduced by nearly 21% (0.9 kLm<sup>2</sup>/pa) over the reporting period. This excludes those properties where water consumption is not reported and forms part of the gross lease of the premises.

Issues surrounding the accuracy of consumption data are being addressed with the phased rollout of remote meters across the owned Cape Town CBD and non-CBD portfolios.





## Electricity



**The portfolio currently outperforms the industry benchmark by more than 35%.**

**158**  
kWh/m<sup>2</sup>/  
pa

**Portfolio performance**

**246**  
kWh/m<sup>2</sup>/  
pa

**Private Sector benchmark**

This is a significant achievement for the Department and a firm indication of its dedication to ensure their buildings are operated efficiently as far as energy is concerned.

Research has shown that most private landlords continue to install and maintain efficiency projects. However, current economic conditions are hindering the progress seen over recent years as landlords are spending more time and money on retaining tenants. Efficiency projects are implemented as part of a planned maintenance programme over a number of years, and not necessarily to improve efficiencies in privately owned buildings.

The private sector benchmark improved its efficiencies by more than 10% over the last three years, and by 1.8% over the last financial year alone. The WCG's portfolio has improved its efficiency by more than 17% over the last three years, and 6% over the last financial year alone.

In this edition, we will analyse the performance of CBD vs non-CBD buildings in closer detail.



# Chapter 1: Environmental performance

## CBD electricity consumption

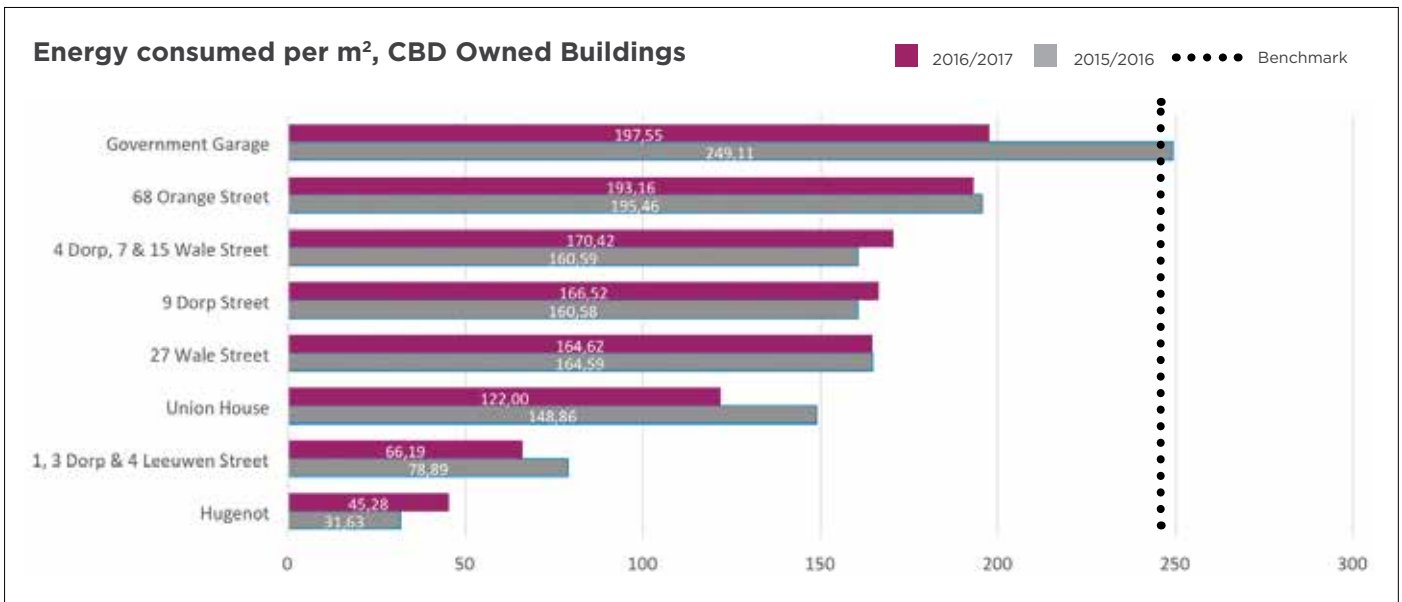
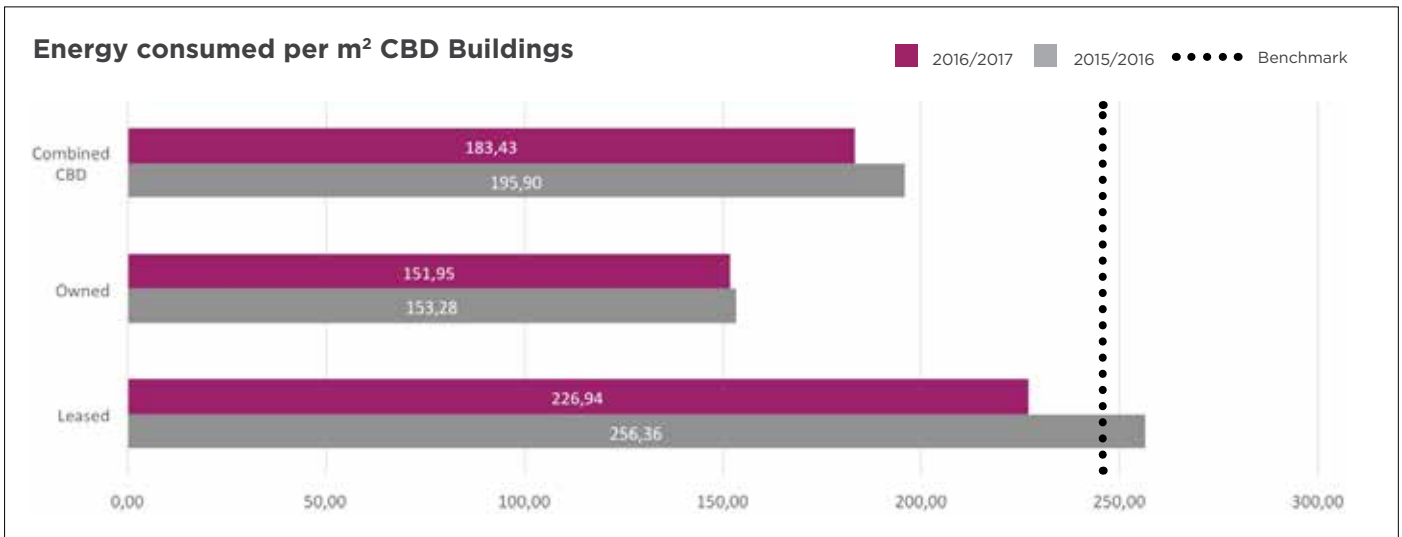
CBD portfolio performance continue to perform well with an increase in efficiency over the last three years. Reduction in energy consumption in owned buildings has stabilised and shown a slight improvement over the last year.

**36%**

The CBD portfolio outperforms the industry benchmark by 36%, which remains a commendable achievement.

**246**  
kWh/m<sup>2</sup>/pa

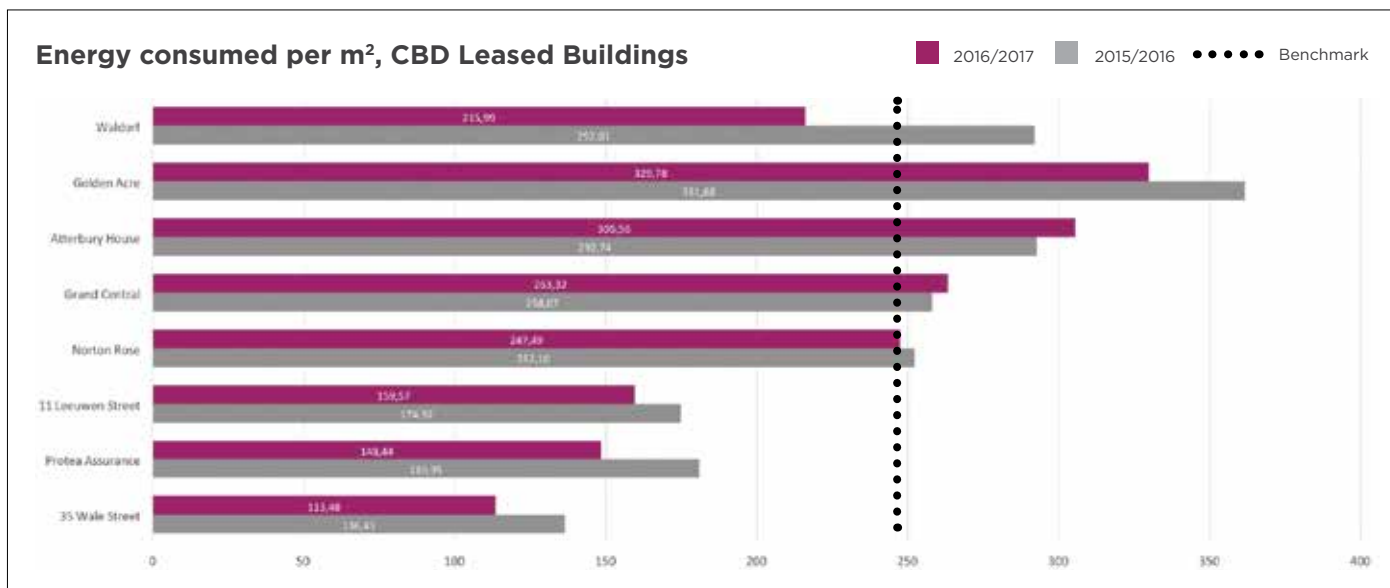
CBD Private sector benchmark



Most of the owned properties in the CBD portfolio showed an improvement in efficiency, with 9 Dorp, 4 Dorp, 7 & 15 Wale Street, and Hugenot being the exceptions. All of these buildings however outperformed the private sector benchmark, thereby indicating a strong performance. The new remote meters that have been installed at the various

CBD owned properties will eliminate any potential data verification issues that may have occurred in the past – such as an identified billing issue between 9 Dorp Street and 1 Dorp Street, which has subsequently been addressed with the municipality.





Leased buildings are, on average, less energy efficient than the private sector benchmark. However, where leased buildings have separate meters per lessee, we have noted performance below the benchmark average. This further supports the benefits of remote metering. The City of Cape Town’s electricity metering by-law clause states that landlords

who sell electricity onto lessees must have separate metering units for each leased premise.

The Department is therefore insisting on implementation of this clause to ensure that they can measure, monitor and manage the electricity consumption in the leased buildings.

## CASE STUDY - Remote metering

The Department’s pilot metering project was launched in 2014 at 4 Dorp Street, where 60 meters, including two energy display monitors in the foyers, were installed.

The primary purpose of the metering project was to drive behavioural change, and to establish various asset management functions and resource efficiency initiatives within the WCGs primary office portfolio. Functions and initiatives included measuring and identifying wastage, correcting inefficiencies and challenging utility accounts.

The installation of remote meters effectively enabled Public Works access to the necessary energy and water consumption data within its key commercial building portfolio. This in turn allowed the Department to apply the principals of Measure, Monitor and Manage to resource utilisation across the portfolio. Various forms of resource utilisation reporting such as monthly consumption reports, are now made possible via the metering data which in turn empowers the respective management teams to drive behavioural change within the respective buildings.

Phase one of the Remote Energy and Water Monitoring System installation was completed in the 2016/17 financial year and comprised the installation of 51 electrical and seven water meters. One building, 9 Dorp Street, was selected to receive full sub-metering and the remainder of the budget was utilised to install meters on the main points of supply to 12 other buildings, mostly in the CBD.

The project currently consists of two phases which covers the installation of 415 electricity and 54 water meters across 32 buildings, with phase three covering the balance of the key portfolio and leased accommodation.

The 2017/2018 rollout was increased tenfold to tackle the

**“If you can’t measure it, you can’t manage it...”**  
Peter Drucker

buildings that had not been fully metered in phase one. The primary focus of phase two is to provide the same level of granularity that was previously only available at 9 Dorp Street, and to add comprehensive metering in another 16 buildings. This phase is expected to be completed at the end of the 2017/2018 financial year.

The target for phase three is to install removable meters in the buildings that are tenanted, but not owned by WCG. The Department is currently in the process of identifying the appropriate buildings and negotiating with their respective landlords.

**51**

Remote electricity meters installed

**7**

Remote water meters installed

These remote meters will enable the Department to measure, monitor and report on their key owned buildings in real time, enabling it to track and immediately identify any faults or spikes in usage. This also enables the Department to implement the necessary processes to address maintenance issues effectively.

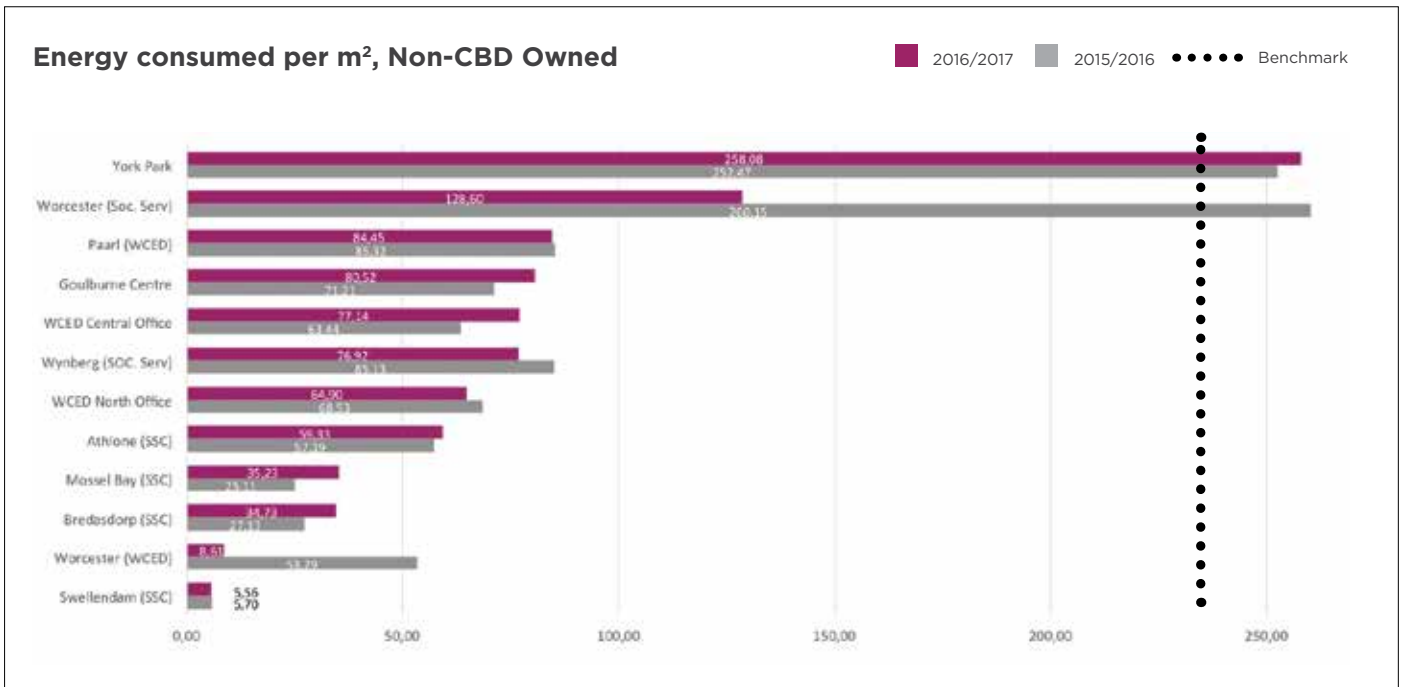
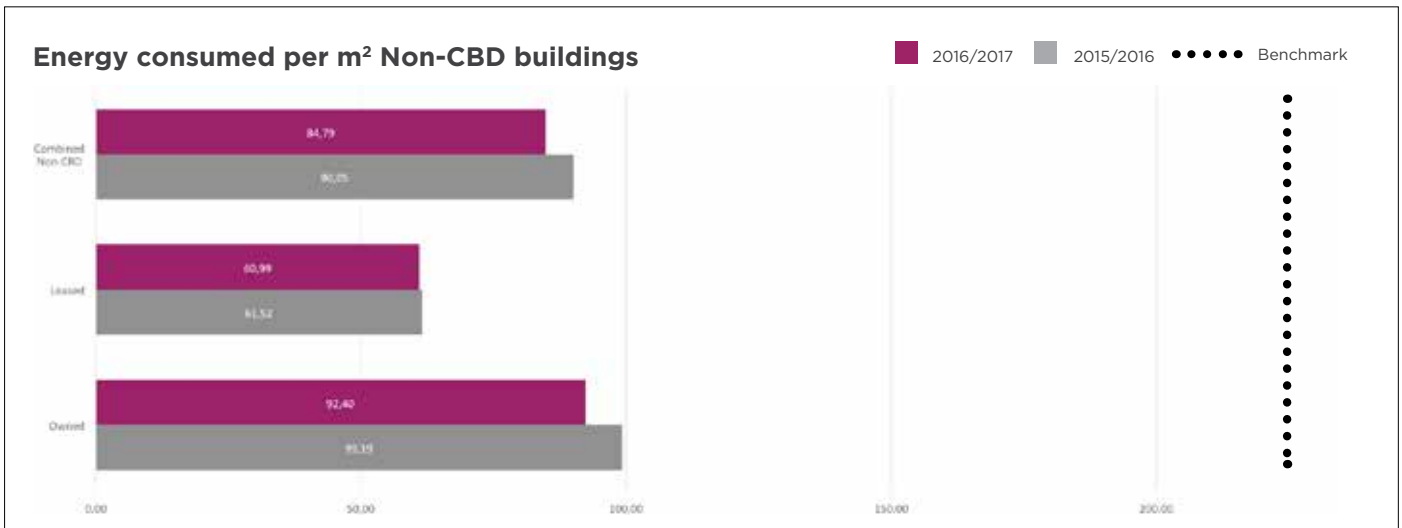
Continued commitment to improving the data integrity, reporting and benchmarking standards.

## Non-CBD Electricity

The non-CBD buildings are outperforming the private sector benchmark of 230 kWh/m<sup>2</sup>/pa. Owned buildings are performing slightly less effectively than the leased buildings.



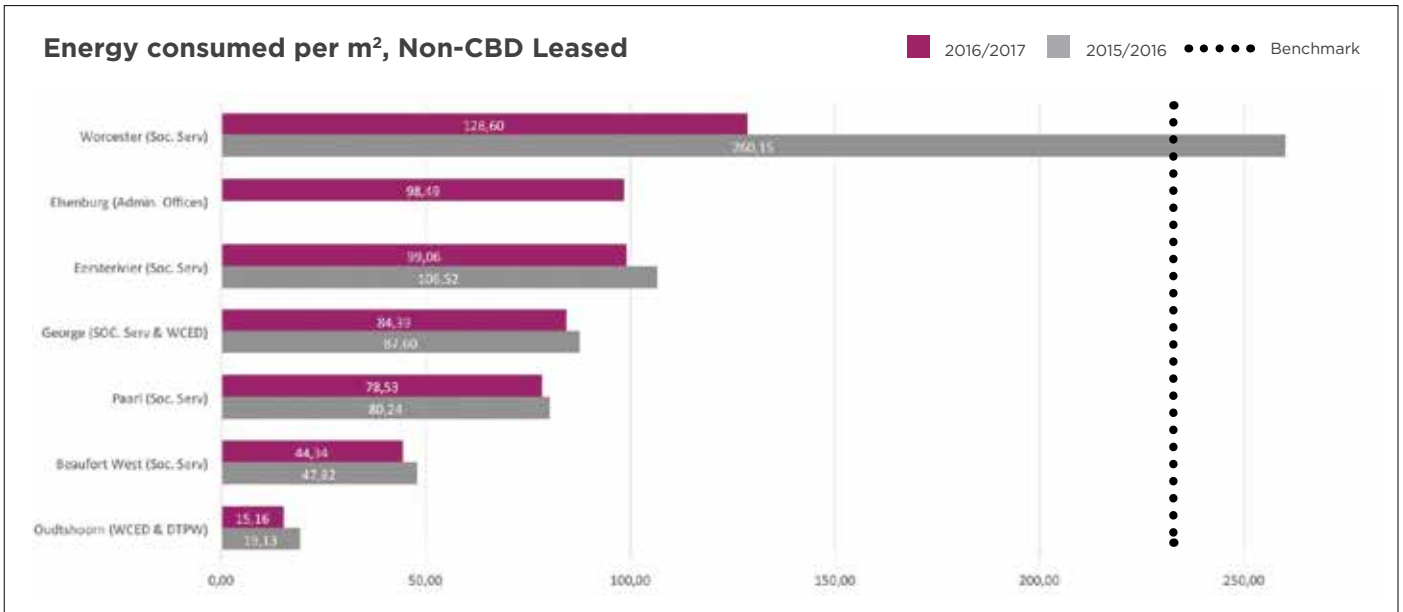
**Non-CBD buildings have shown a downward trend for the last three years.**



The majority of the owned buildings have shown a slight decrease in efficiency. However, on average these are still outperforming the industry benchmark, with York Park being the only exception. Historically, York Park has always been the outlier in the analysis; the increase in energy

consumption could be due to the extensive refurbishment and work that was done in the building during the last financial year. In general, the non-CBD building's portfolio continues to perform well.

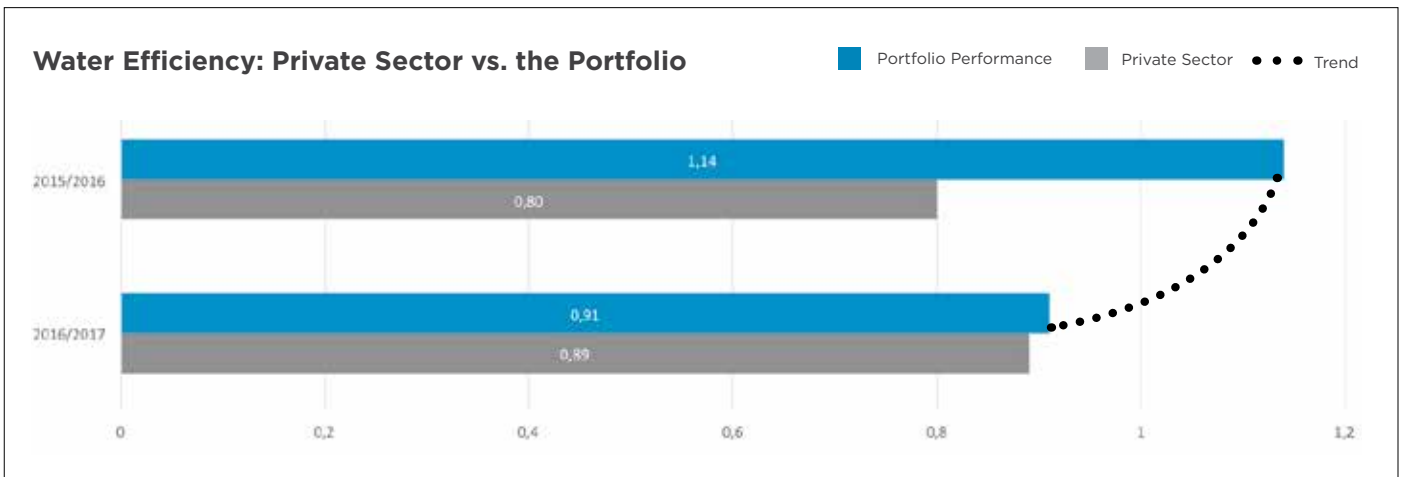




## Water

Accuracy of the water consumption data in the portfolio continues to improve. However, there are a number of challenges, including ageing infrastructure, lack of capital

investment by landlords and data unavailability, which needs to be addressed. The Department is actively committed to ensuring these areas receive attention.



Water consumption in the portfolio has decreased over the last three years by approximately 24%, and 20 % over this reporting period.

0.91 kL/m<sup>2</sup>/pa

Overall portfolio decreased its water consumption from 1.14 kL/m<sup>2</sup>/pa

0.89 kL/m<sup>2</sup>/pa

Still above the private sector benchmark

This emphasises the Department's dedication to promoting the efficient use of this very scarce natural resource.

In the next report, water consumption data will be more reliable and accessible with the aid of the remote water meters that are currently being installed across the portfolio.

**CBD Portfolio performance**  
**0.99**  
 kL/m<sup>2</sup>/pa

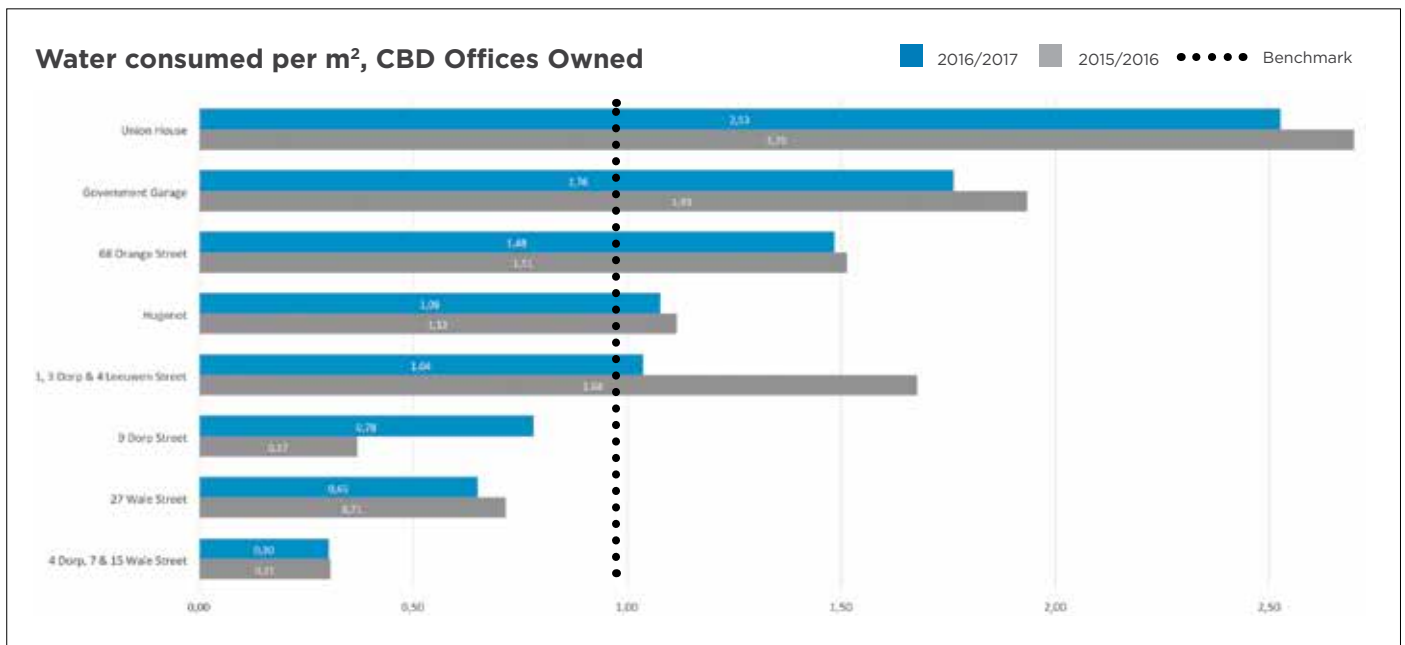
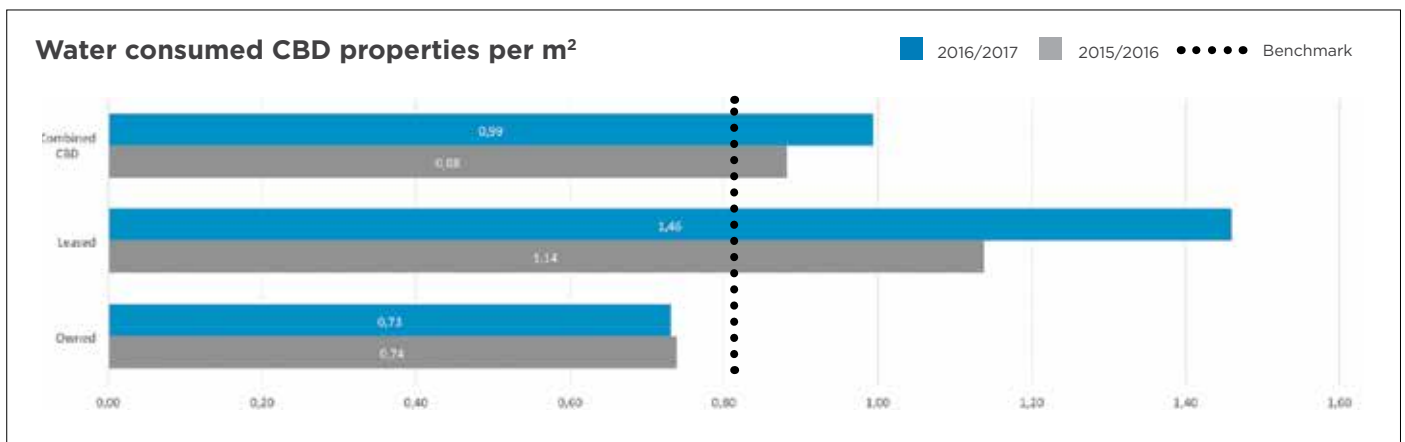
**CBD benchmark**  
**0.81**  
 kL/m<sup>2</sup>/pa

## CBD water

The CBD owned buildings' consumption average remained stable over the last year. Most of the owned buildings have shown a reduction in water consumption for the period 2016/2017, with 9 Dorp Street being the exception. This building has had a significant increase in water consumption over the same period. The 9 Dorp Complex consists of a consolidated assortment of facilities; being 9 Dorp Street, 140-, 142- and 148 Long Street. Although 9 Dorp Street has shown an increase in water consumption, it is still outperforming

the industry benchmark. As mentioned earlier the municipal billing issue identified at 9 Dorp and 1 Dorp Street has been resolved and could account for the decrease in performance.

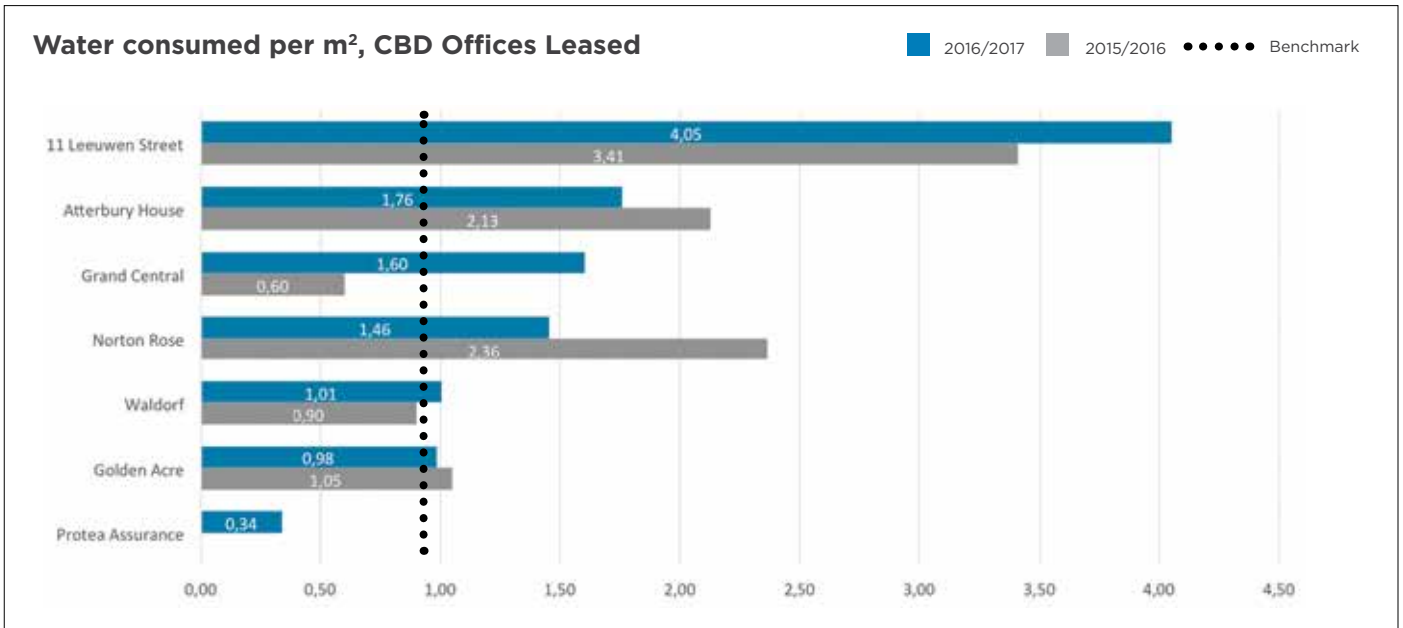
Owned buildings outperform leased buildings. Leased buildings have shown a decrease in efficiency of nearly 28%, mainly due to a huge increase in consumption at Grand Central. This issue is under investigation at the time of this report.



Over the same period, the CBD buildings, at 0.99 kL/m<sup>2</sup>/pa, consumed more water than the industry benchmark of 0.81 kL/m<sup>2</sup>/pa. The increase in consumption may be due to the age of the buildings, unknown leaks or old infrastructure. New remote water meters are being

installed in these buildings and the next reporting period should provide a better indication of the actual consumption. Improvements will however, be dependent on timely completion of the rollout and how well-equipped the Department is to address any identified issues.





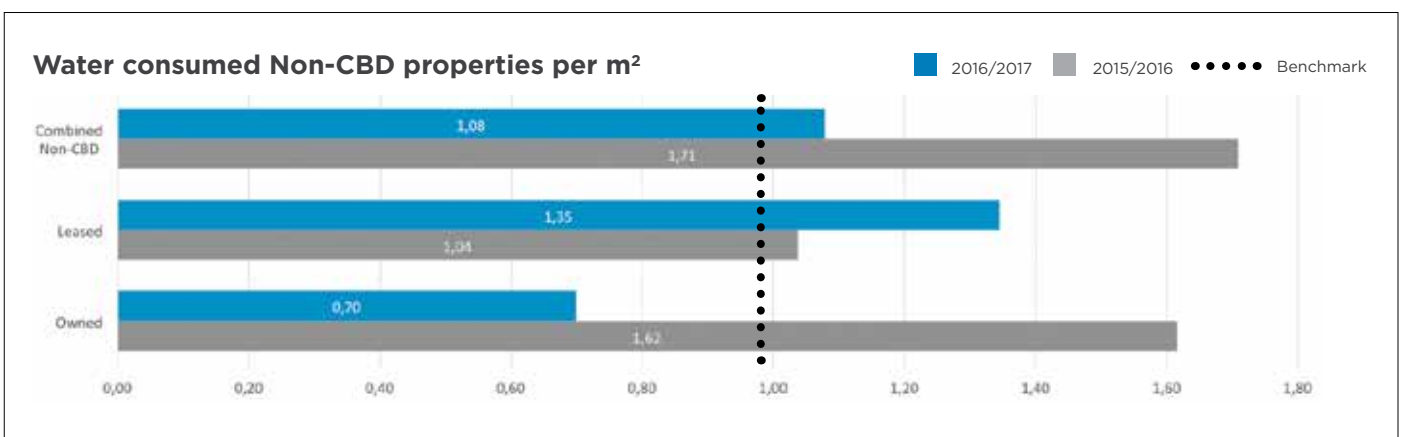
The water consumption in three of the leased premises has increased over the period, the main reason for this is the current structure of the leases. Currently landlords have the right to allocate water consumption on a pro-rata basis, usually based on the size of the premises occupied. As a tenant, WCG is not a large water user but, based on current leases, they are responsible for a large percentage of the various buildings' consumption. The Department has no control over the consumption in leased premises as most of this space does not yet have designated water meters measuring the consumption in the areas occupied by the Department. Efficiency projects in the leased buildings

are the responsibility of the landlord, however, from the Departments side, active steps are being undertaken to negotiate "green-lease" addendums with these landlords to ensure separate metering and accountability.

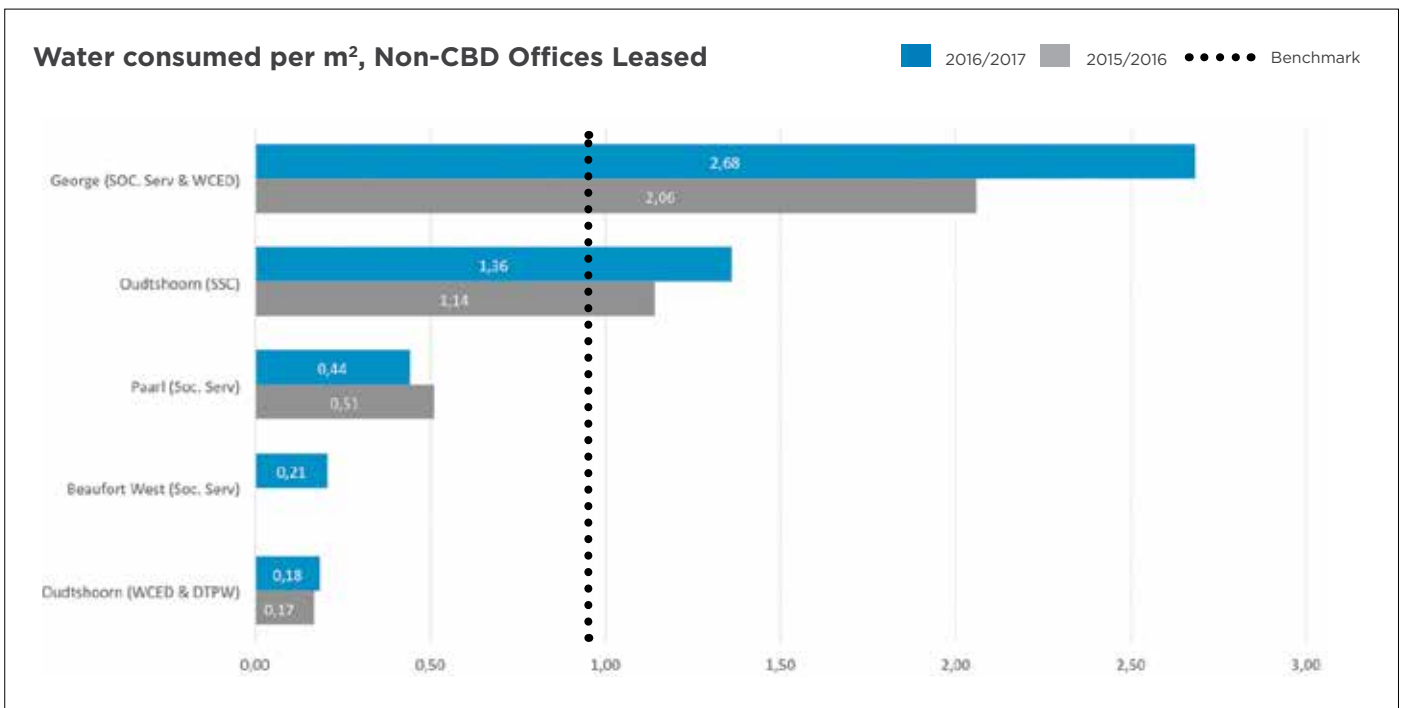
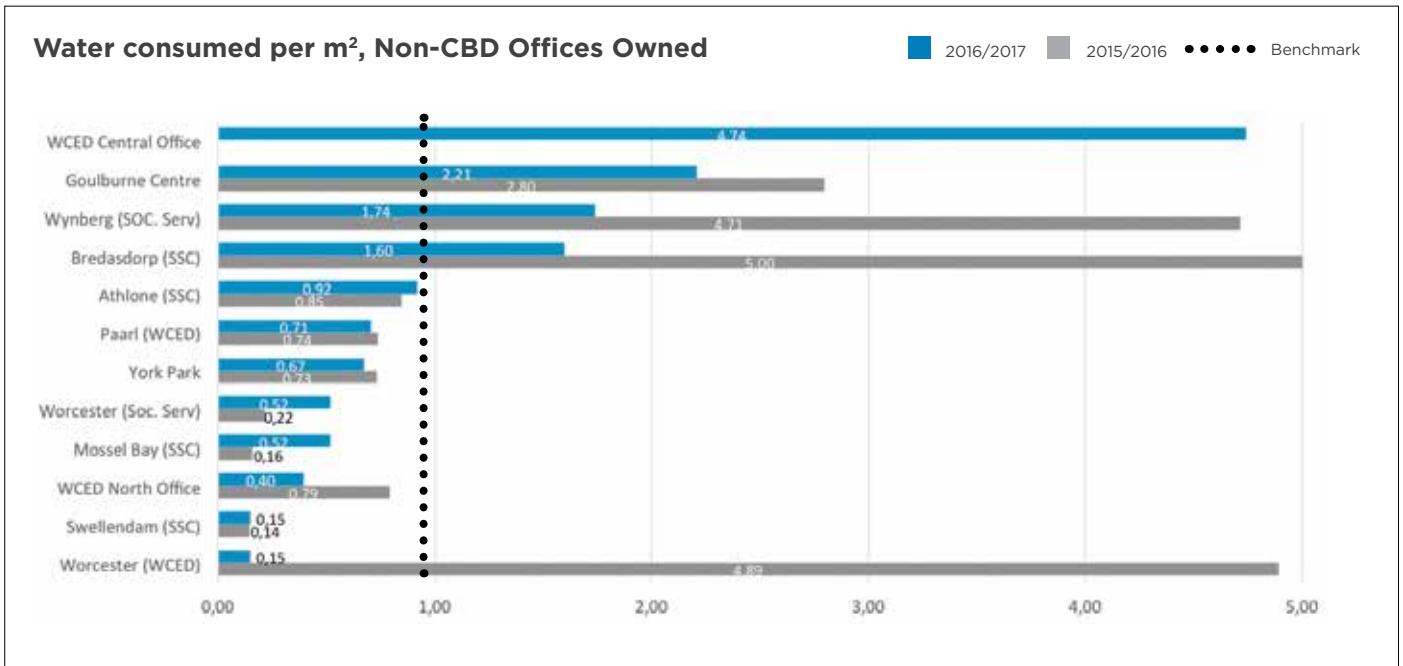
There are still a few leased buildings where no data is available; this is due to the format of the current leases. The Department has undertaken to address these clauses in the leases as they come up for renewal. Furthermore, the Department is taking active steps to engage with the City of Cape Town to introduce bylaws similar to that of electricity to ensure that landlords are required to measure the water they re-sell.

## Non-CBD water

Non-CBD owned buildings have increased their efficiency over the last year, whereas the leased premises' efficiency decreased. The non-CBD buildings are currently underperforming against the industry benchmark and ways in which performance can be improved are being explored.



# Chapter 1: Environmental performance



As mentioned before, the Department continues to engage with landlords on the issue of “green leases” to address resource consumption at these premises. Focus has been on the CBD leased buildings however, attention will also be given to non-CBD buildings in due course. George (Social Services and Western Cape Education

Department) and Oudtshoorn (Shared Service Centre) are the only leased premises that are underperforming against the benchmark. Improving the accuracy of the water data continues to be a priority, and the buildings are being investigated for potential leaks and ways of implementing further efficiency gains.

## CHAPTER 2: Space utilisation

Overall space efficiency showed an improvement over the reporting period. It is worthwhile to note that not all changes in space utilisation are due to the Office Modernisation Programme, some of the internal changes are driven by the requirements of the department occupying the space (i.e. adding more workspaces/desks).



The portfolio achieved

**26.6m<sup>2</sup>**

per desk, down from 28.80m<sup>2</sup>,  
for the reporting period.



Despite this generally small movement, some of the premises

**have shown significant improvements**

in space efficiency.

**There is still a clear distinction in space efficiency between CBD and non-CBD offices measured in space per desk.**



CBD portfolio **21 m<sup>2</sup>**

Industry benchmark **14-17 m<sup>2</sup>**

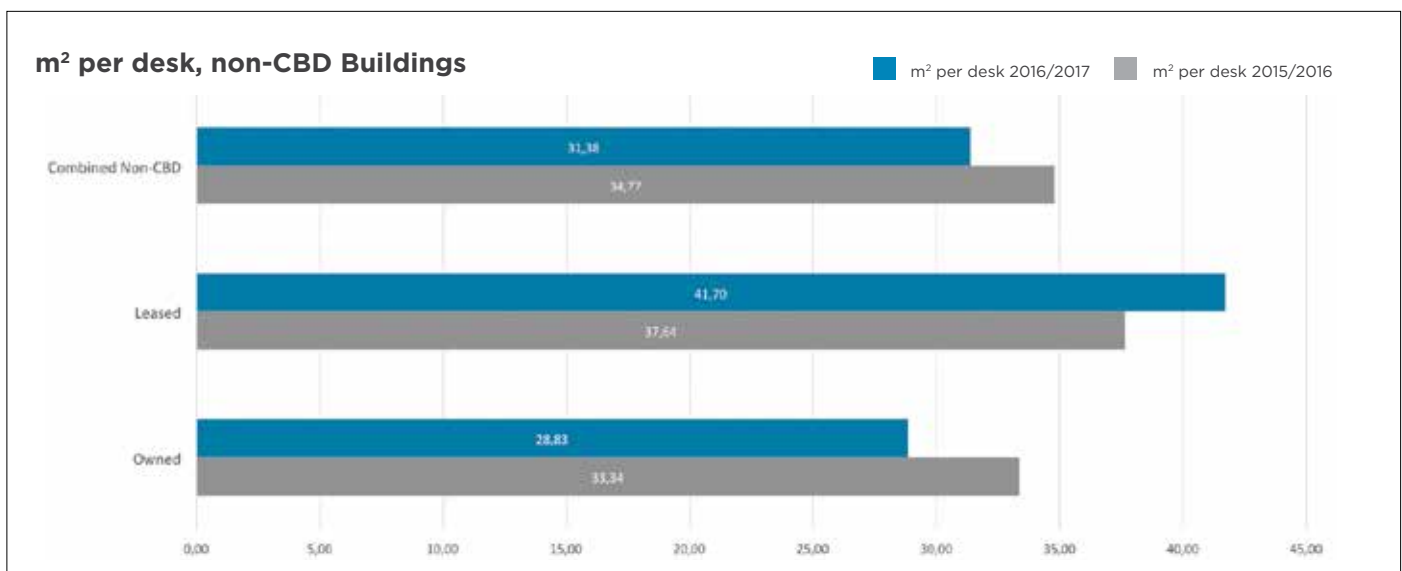
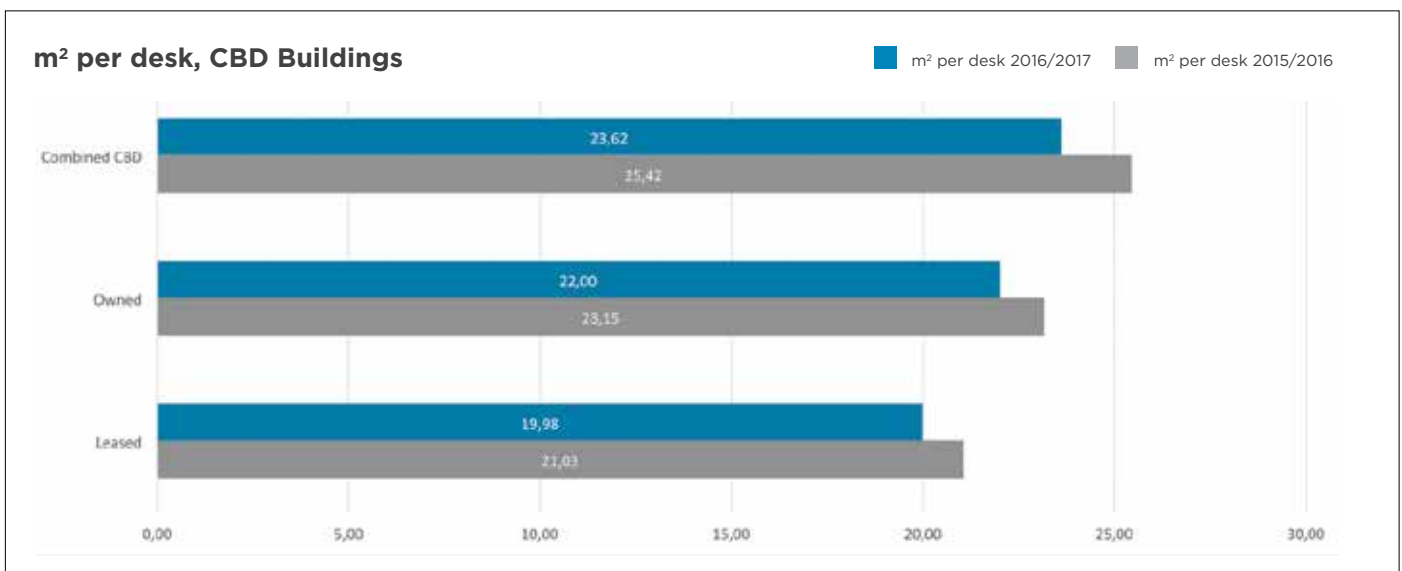
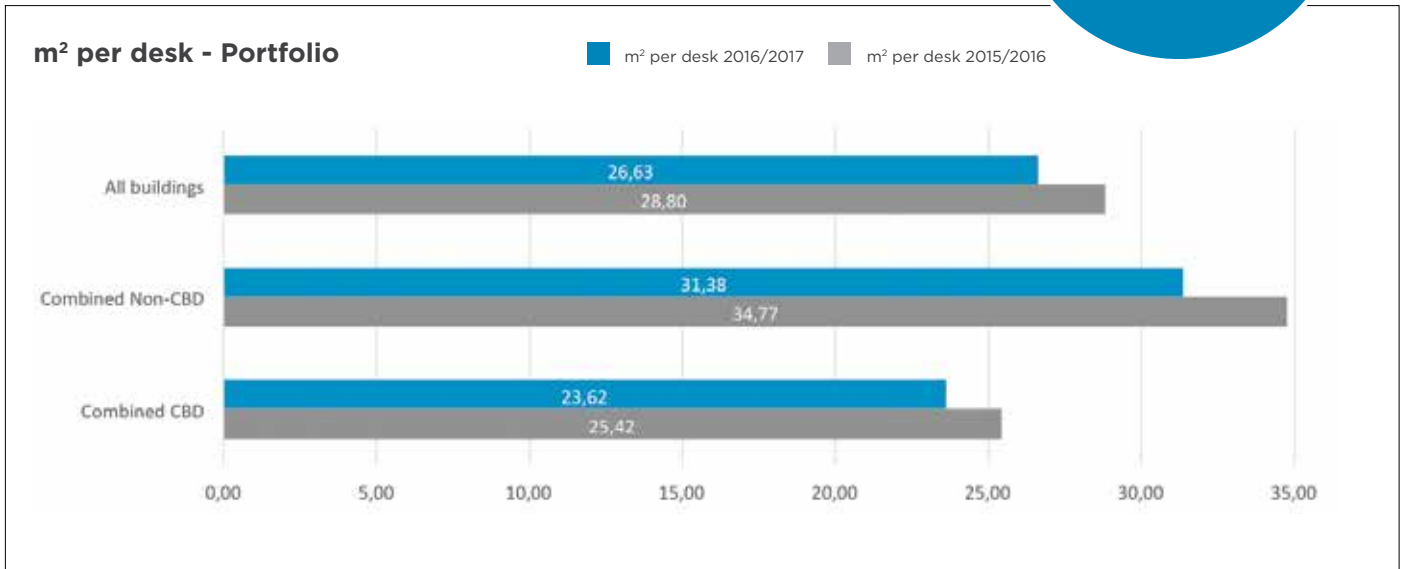
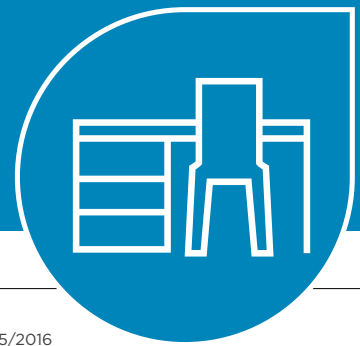
Non-CBD portfolio **31 m<sup>2</sup>**



**15m<sup>2</sup>**  
per desk

The Department is aiming for an efficiency of 15 m<sup>2</sup>.





## Cape Town CBD offices



**CBD OWNED PROPERTIES** showed an increase in space efficiency.

- Hugenot - **35%**
- 1, 3 Dorp & 4 Leeuwen Street - **25%**
- Union House - **13%**
- Government Garage - **31%**
- 9 Dorp Street - **28%**.



**CBD LEASED PROPERTIES** properties increased their utilisation over the reporting period.

- 35 Wale Street - **32%**
- Golden Acre - **16%**



# Chapter 2: Space utilisation

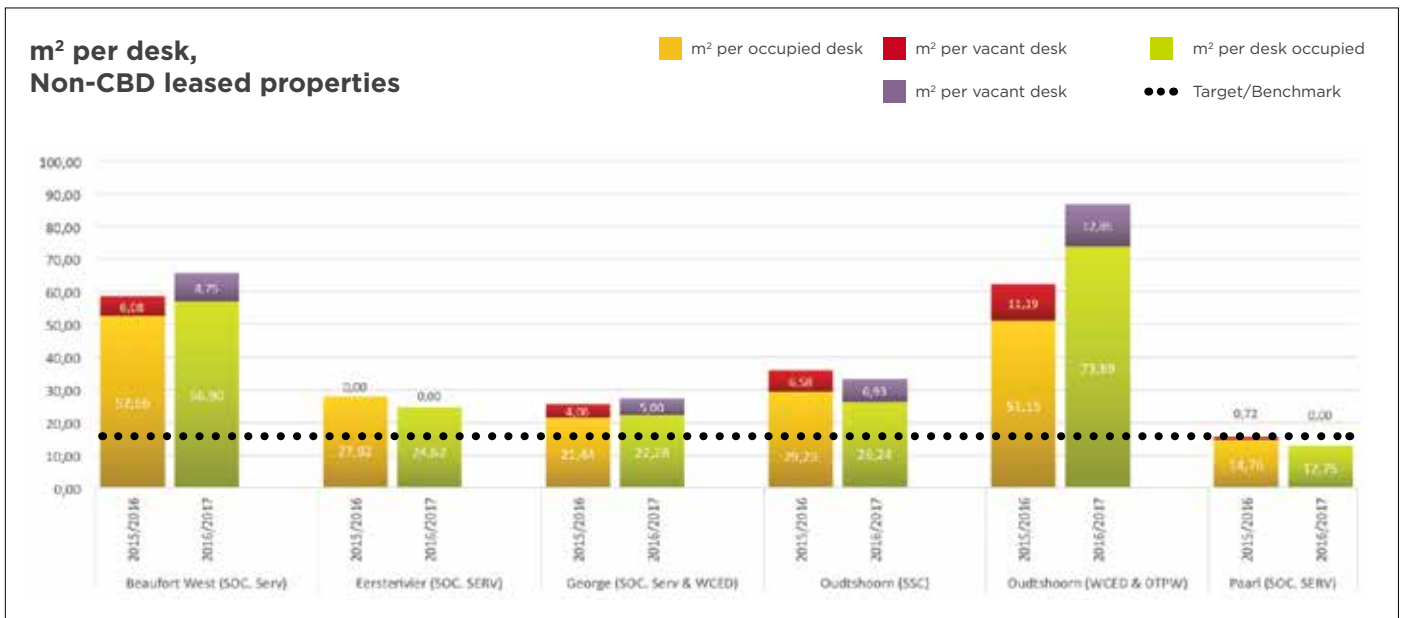
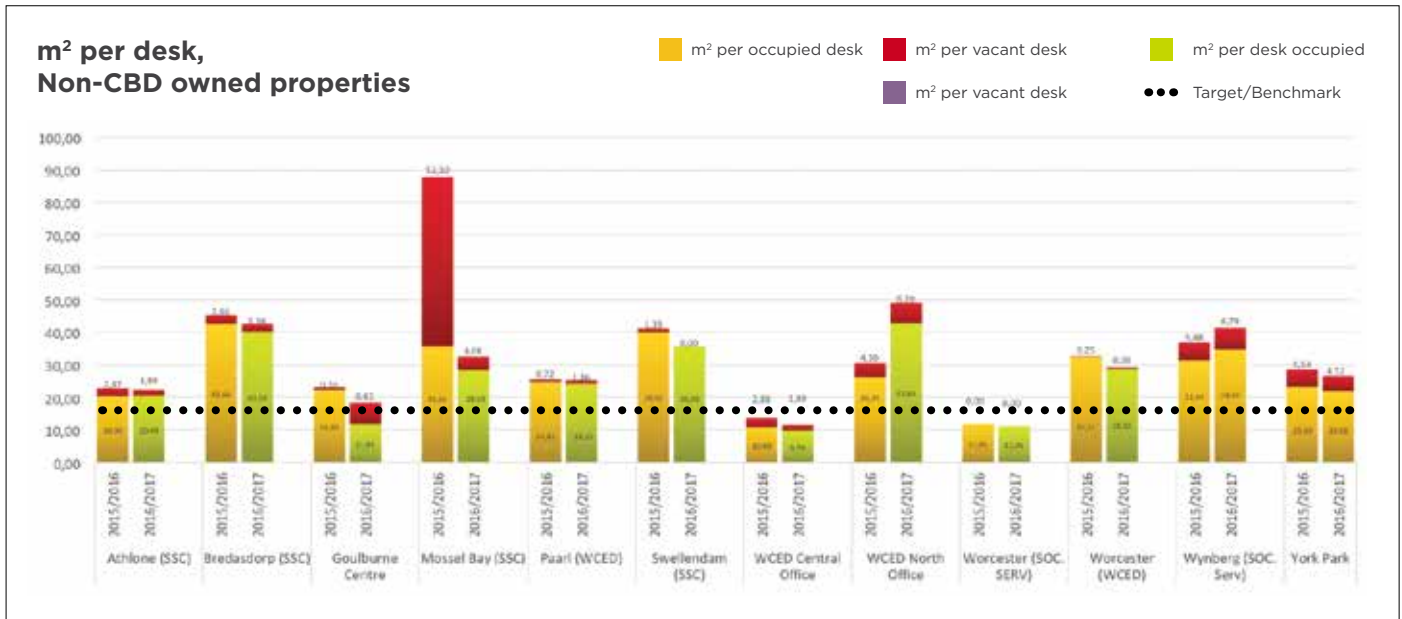
## Non-CBD offices



**14 NON-CBD OFFICES**  
the current m<sup>2</sup> per desk **exceeds** 20 m<sup>2</sup>



**12 NON-CBD BUILDINGS**  
10 have shown an **increase in space efficiency.**



The majority of the opportunities where substantial improvements can be made, are still in the non-CBD portfolio. A variety of these premises are leased, thus enabling the Department to make the necessary changes and improvements to the efficiencies when these leases expire. The Department can either negotiate a new “green-lease” were the efficiency requirements are clearly stated and monitored,

or relocate into an owned building with greater control over the efficiency programme. Public Works continues to develop their understanding of the portfolio’s performance across the office sector. The analysis of captured and metered data forms the base and each year this leads to a higher level of understanding and commitment to responsible allocation of government resources.



### CASE STUDY - Office Modernisation Programme

A significant portion of the Western Cape Government's budget is allocated to accommodating its employees in suitable commercial office buildings. Therefore, efficient and effective utilisation of its owned and leased office accommodation is an essential part of the Department's immovable asset management strategy.

The WCG, Department of Transport and Public Works (DTPW) Office Accommodation Norms and Standards defines office modernisation as: the process of providing efficient and effective office accommodation in line with contemporary objectives and best practice.

#### The main objectives of the Office Modernisation Programme are:



Increasing the FTE capacity of provincially owned buildings, by optimising the usable area (gross lettable area) of each building;



Reducing the amount of leased space



Improving work place efficiencies



Implementing versatile space, furniture and fittings to create an efficient, modern working environment

Office accommodation is modernised to improve the WCG's immovable asset portfolio by taking into account the following considerations:

1. Office accommodation must allow for flexibility and adaptability to change efficiently and cost-effectively. These considerations must be reflected in all elements of the design; for example structure, emergency escape, circulation, services strategies, office layouts, and the selection of furniture.
2. In terms of the indoor environmental quality, office accommodation requires the ability to provide adequate levels of comfort for the health and productivity of occupants. This includes day lighting, optimising external views, acceptable indoor air quality, thermal comfort and reasonable acoustic conditions.
3. In the selection of possible accommodation, consideration is given to lifecycle costs, for example the operational costs of maintaining the space, and cleaning and energy costs. These are carefully considered and, where appropriate, minimised.
4. All office accommodation used by WCG must be inclusive and accessible. This requires office layouts, procurement and management processes to provide a quality environment that enables a wide diversity of people (including the elderly, parents, children and people with special needs) to visit and work in the building with reasonable comfort.
5. All office accommodation used by WCG must be fully compliant with OHS and all applicable building regulations, including NBR and local authority bylaws. Consideration is also given to pending legislation and legislative trends, such as the increasingly stringent water and energy consumption standards and universal accessibility.
6. Service delivery is the WCG's main focus and it follows the government's Batho Pele (People First) policy, therefore its office accommodation must include a component which is open to the general public, and it has to ensure that appropriate service delivery standards are maintained. The practical implications for design and management of public service areas include the need for universal accessibility, legible way finding, and effective fixtures and fittings, which all facilitate access to WCG services.

Public Works executes the Department's mandate of planning and modernising office accommodation. User departments each identify their accommodation needs on an annual basis and register these needs with Public Works via the prescribed channels. The Chief Directorate: Immoveable Asset Management evaluates all registered requests, and takes into consideration the required staff area needs and departmental dependencies in terms of its key functions in relation to available building floor area. The accommodation must be fit-for-purpose and careful consideration is taken to achieve maximum efficiency and effectiveness for the user department in its proposed office accommodation, such as organisational characteristics, function, size, culture, work methods and business relationships. The building's constraints, such as location, structure, floor configuration and heritage status, play a further role in this process.

The Office Modernisation projects for the 2016/2017 financial year amounted to approximately R113 million.

## Office Modernisation projects 2016/2017



### 4 Dorp Street - Owned

Floor	Usable Area m <sup>2</sup>	Number of desks		m <sup>2</sup> /desks Before	m <sup>2</sup> /desks After Modernisation	% saving
		Pre-Modernisation	Post-Modernisation			
7	787	10	10	78,7	78,7	0,00
8	729	13	47	56,1	15,5	72,37
9	795	66	67	12	11,9	0,83



### 9 Dorp Street - Owned

Floor	Usable Area m <sup>2</sup>	Number of desks		m <sup>2</sup> /desks Before	m <sup>2</sup> /desks After Modernisation	% saving
		Pre-Modernisation	Post-Modernisation			
G	1,486	89	119	16,7	12,5	25,15%
1	1,670	84	131	19,9	12,7	36,18%
4	1,493	71	122	21	12,2	41,90%



### Waldorf - Leased

Floor	Usable Area m <sup>2</sup>	Number of desks		m <sup>2</sup> /desks Before	m <sup>2</sup> /desks After Modernisation	% saving
		Pre-Modernisation	Post-Modernisation			
6	1,295	35	87	37	14,9	59,80%
7	1,461	84	124	17,4	11,8	32,30%
8	1,431	0	122		11,7	
9	1,431	109	109	13,1	13,1	0,00%
10	1,294	75	81	17,3	16	7,40%
11	1,145	58	70	19,7	16,4	17,10%
12	977	34	57	28,7	17,1	40,40%







## CHAPTER 3: Performance measurement cost

The portfolio's total cost per m<sup>2</sup> increased over the reporting period; this is mainly due to the continued capital expenditure undertaken and the inefficiencies which result from the poor occupancy of certain buildings.



The overall cost per m<sup>2</sup> has increased by approximately **21%, to R3 195** across the portfolio over the last financial year.



Full Time Equivalent (FTE) increased by more than **20%** over the same period, with an average cost of R8 189 per FTE.

The cost is still significantly higher than the South African average of R47 152. The difference is primarily due to continued occupancy inefficiencies (i.e. vacancies) in the portfolio, notably in some of the non-CBD buildings. Due to the weak economy, private investors and landlords are limiting large capital expenditure and only priority capital and maintenance items are addressed.

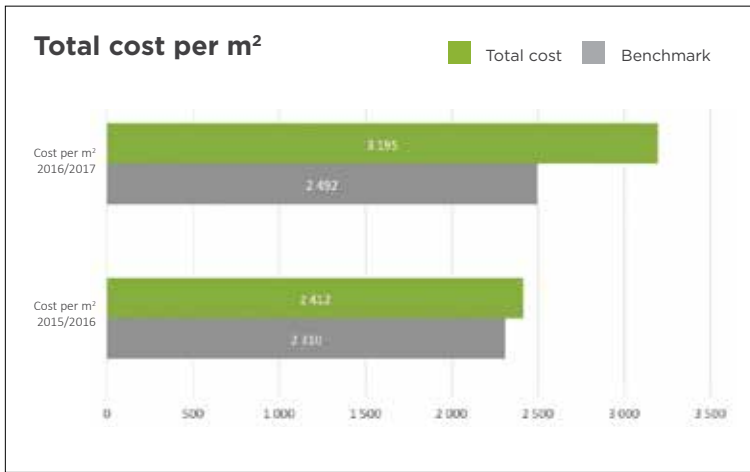
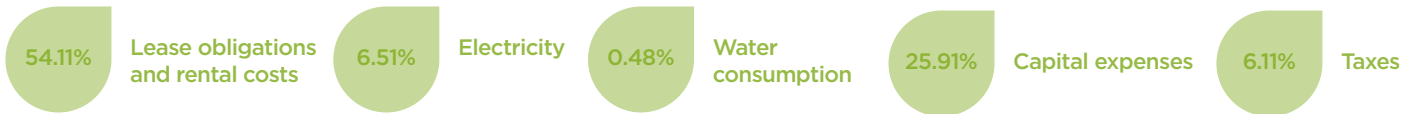




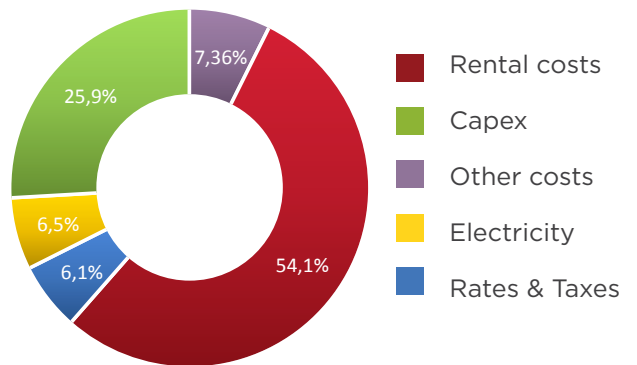
**R194m**

### Spent on capital expenses

over the last financial year, in order to improve and maintain the portfolio.

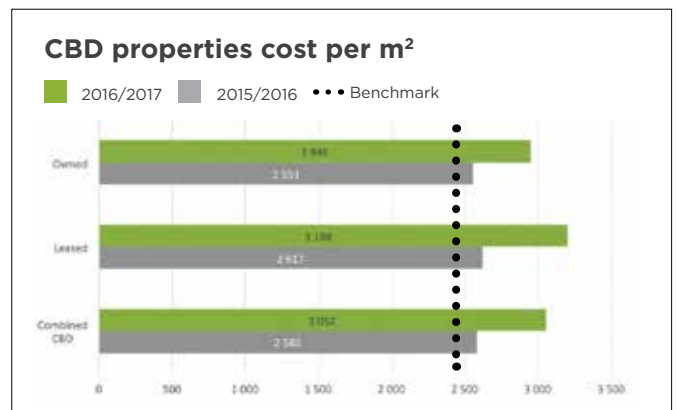
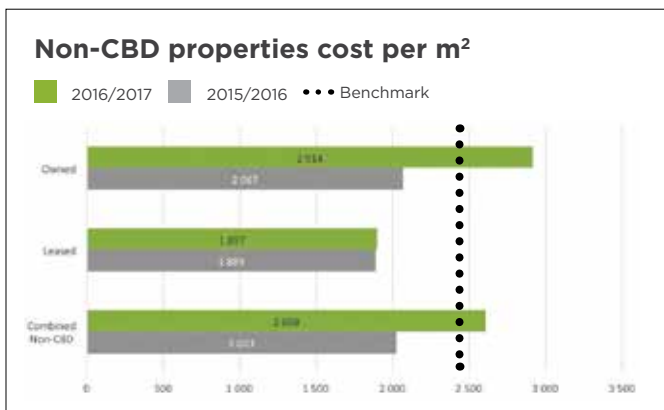


### Percentage breakdown of main cost items

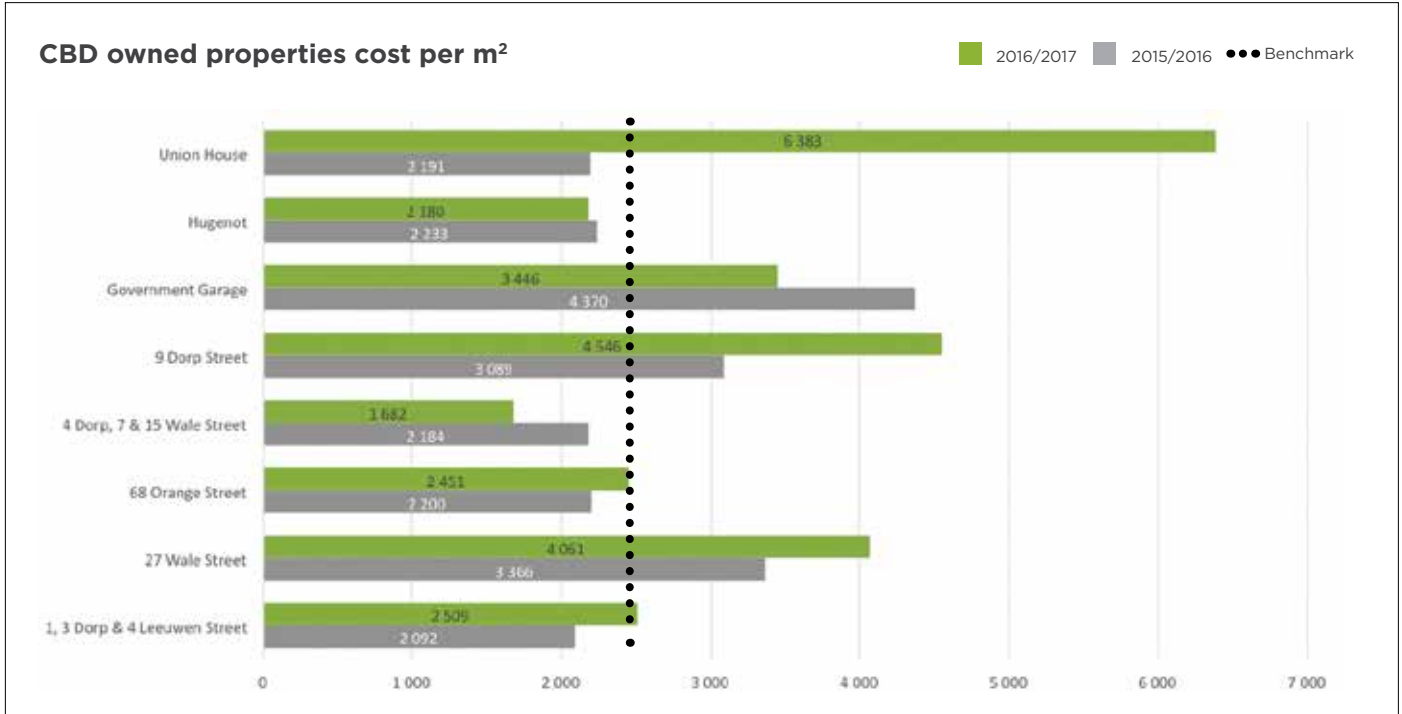


The average overall cost per person across the WCG portfolio has shown a noteworthy increase in cost expenditure during 2016/2017, but remains significantly higher than the South African corporate occupier average cost of R47 152. The cost per person in CBD owned offices is currently at R74 312 and at R65 555 for leased offices. Non-CBD owned premises are at

R69 749 and leased premises are at R50 858. The remaining inefficiency of the portfolio is driven by the continued poor occupation of space, especially in the non-CBD premises. Operating cost for the portfolio equates to approximately R25/ m² over the reporting period, which is in line with the industry benchmark over the same period.

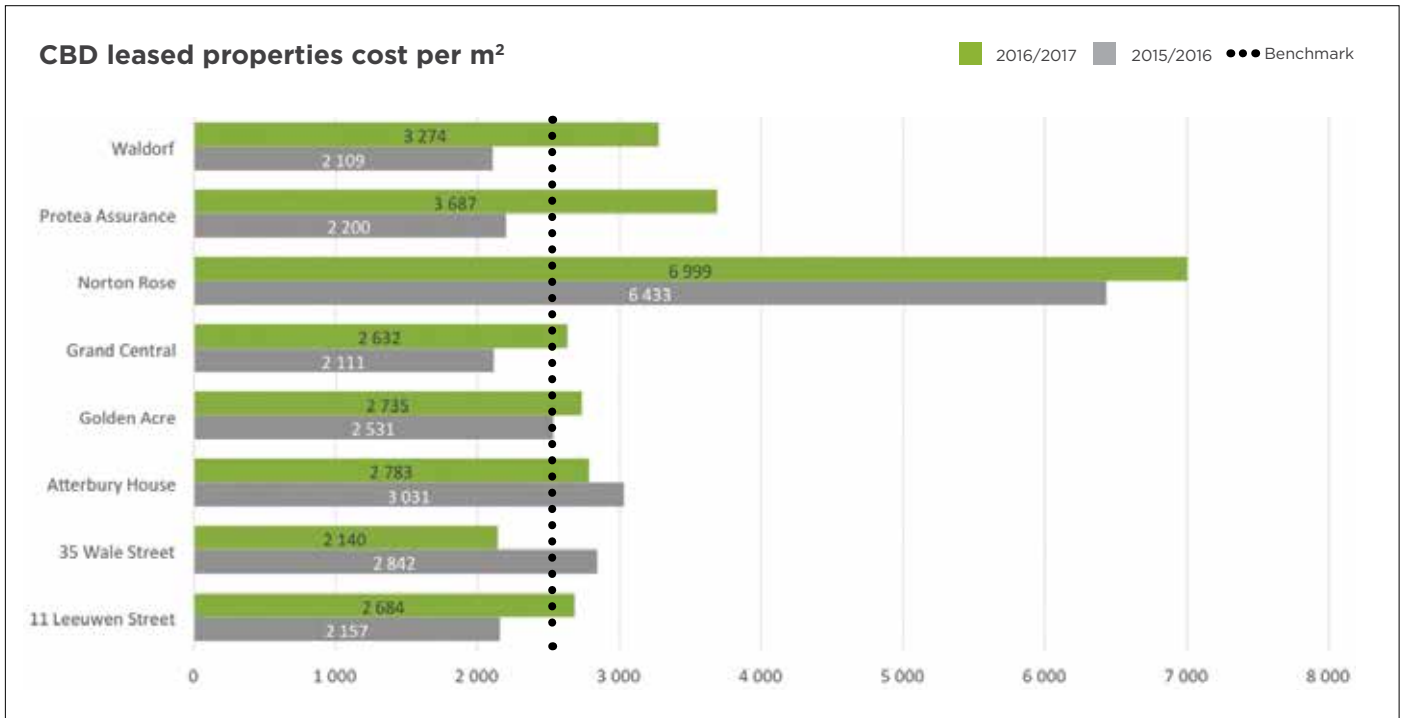


Cape Town CBD offices



Of the owned CBD buildings, Union House, 9 Dorp Street and 27 Wale all had notable increases in the cost per m<sup>2</sup> during the reporting period.

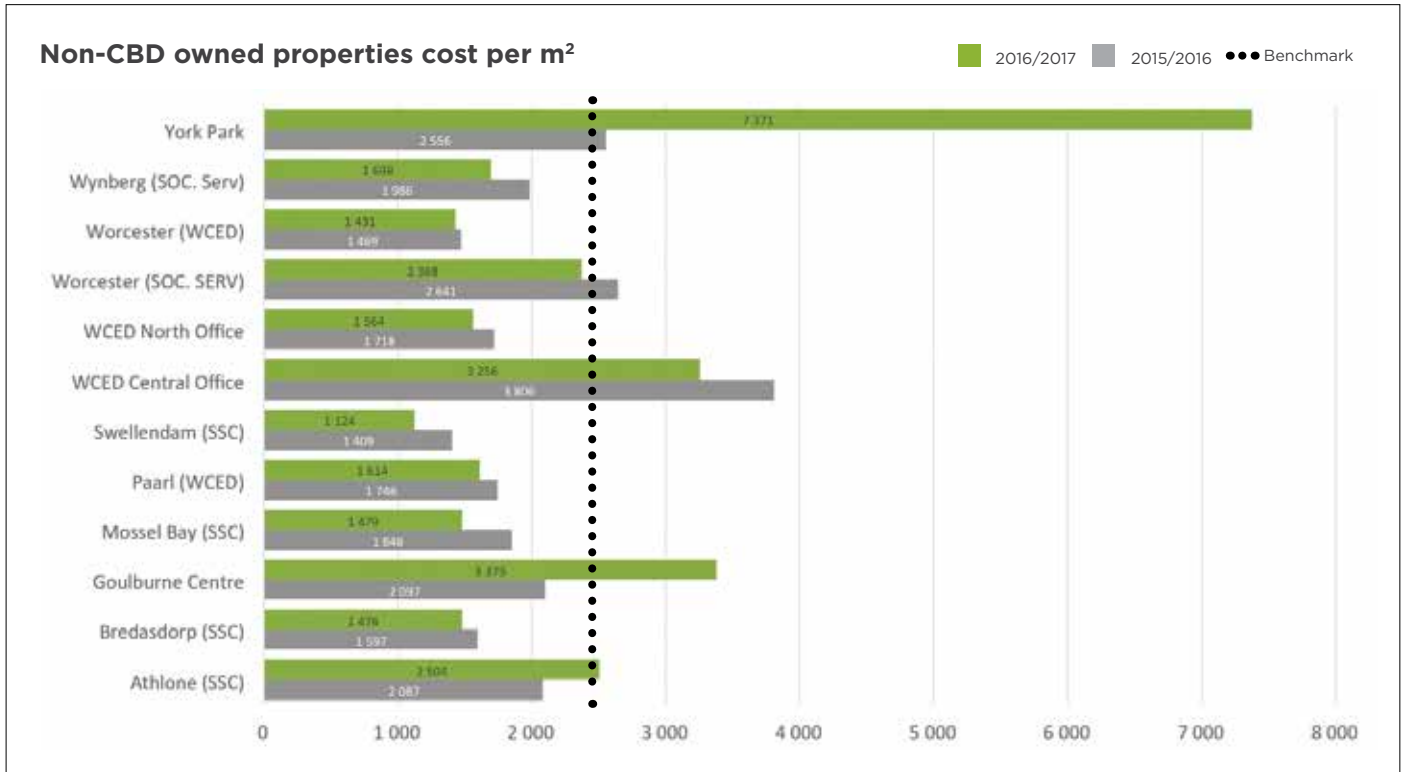
These increases are attributable to the large amounts spent on refurbishment, repair and maintenance of the respective buildings.



The leased CBD premises show an overall increase in cost over the reporting period, the most notable increases being at Protea Assurance (>60%) and Norton Rose (8.8%). The increase in cost at Protea Assurance is attributed to the

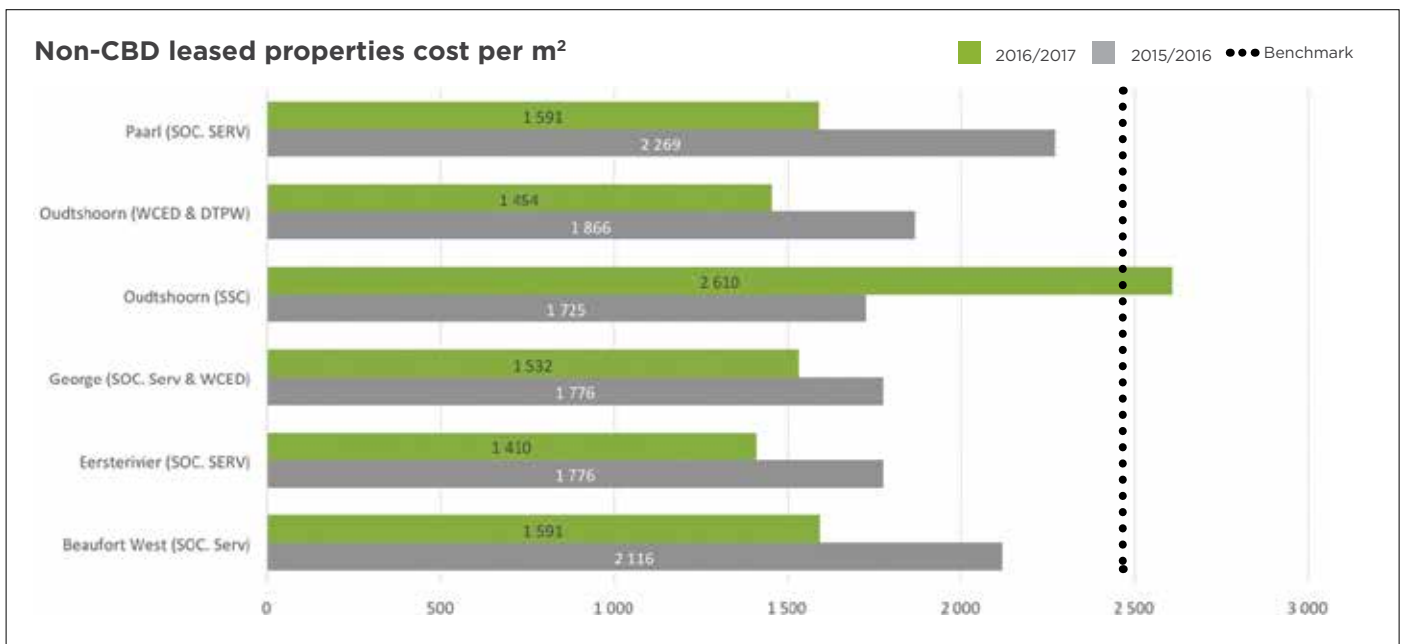
very high security cost. One must acknowledge also that changes in space leased during the reporting period can also have an effect on the performance criteria.

Non-CBD Offices



Non-CBD buildings, in general, show a reduction in cost per m<sup>2</sup>, with York Park and Goulburne Centre being the exceptions. York Park underwent extensive operational maintenance

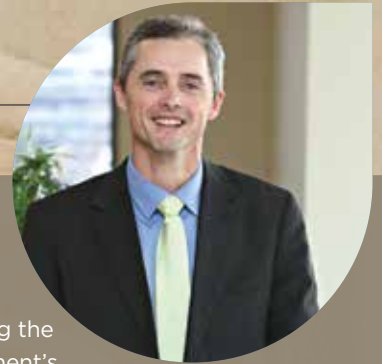
during the last financial year and Goulburne Centre received capital expenditure in excess of R3.6 million. This consisted mainly of building and mechanical work.



Non-CBD leased premises all had a reduction in cost per m<sup>2</sup>, the exception being Oudtshoorn (SSC), due to a capital expenditure of R1.5 million.



Gavin Kode - Deputy Director General  
Provincial Public Works



## CHAPTER 4: The way forward

As is demonstrated by this 6th publication of the Department of Transport and Public Works' annual Property Efficiency Report (PER), the Public Works Branch of the Department remains a most strategic, effective and sustainable government immovable asset manager in South Africa. We consistently strive for excellence and this publication goes a long way to enabling the provincial property custodian to measure its key property portfolio's operational performance, resource efficiency, and environmental impact. As a result, the principals of Measurement of the Data, Monitoring of the Performance and Management of the Opportunities, remain the cornerstone of our focus to improve all round efficiencies. Cost savings are key, but even

more so is reducing the provincial government's demand on scarce resources. The implementation of the metering installation program has been a significant step forward undertaken by the Department in its aim to achieving its sustainability goals. Furthermore, the recent recruitment of a dedicated "Resource Champion" to drive the Department's efficiency campaigns and various interventions has been a significant step towards achieving its goals.

Through these interventions, the Department will be in a better position to measure, monitor and ultimately manage the efficiency of its key property portfolio.

### Data

- Quality is critical
- Must be timeous and relevant
- Transparency is key
- Must be used and exploited
- Must be utilised to better inform strategic asset management

### Performance

- Outliers must be verified and understood
- Comparisons must be made between leased and owned buildings
- Compare real estate portfolio performance to that of the private sector
- Future comparisons against other public-sector buildings

### Opportunity

- Identify and action opportunities for improvement
- Develop and implement, identified efficiency and effectiveness opportunities

The Department's Office Modernisation Programme has also progressed during the 2016/2017 financial year in our CBD portfolio. The continued consolidation of provincially owned office space is vital to ensuring more effective space utilisation, resulting in a reduction in leased-in office accommodation.

In addition, our environmental resource behaviour change program is key to ensure the buy-in from our staff and service providers. Our targeted 2014/2015 baseline energy consumption reduction for 2017/2018 and 2018/2019 are 6% and 19% respectively. The commitment to the effective management of the real estate portfolio continues with departmental focus on monthly consumption reporting systems, including space management, the continued installation of remote access and time of use metering system, addressing identified outlying inefficiencies and improving the accountability and relationship between Public Works and the user departments and entities of the WCG who occupy the various owned and leased buildings and facilities in the property portfolio. Furthermore, a key Departmental objective is to build on the relationship between the workplace and productivity, as a positive dependency has been proven via recent studies.

All buildings in the current portfolio play a significant role in service delivery across the Province and the 7th addition of the Property Efficiency Report (for 2017 - 2018) will see the introduction of up to four additional office buildings. The Department is further investigating the reconciliation of all data into an integrated database. Personally, I would like to see the continued evolution of this publication together with the progressively positive stories that it conveys. Together we can achieve the delivery of a world class government owned property portfolio that effectively and efficiently supports the delivery of public services. Immovable asset management deals with the very tangible reality of infrastructure and accommodation but none of this is possible without people. I would like to take this opportunity to thank the committed and courageous property people of Provincial Public Works who have dared to lead in the public sector property arena. A publication such as this as well as much of their work as property professionals would not see the light of day or produce the fruit that it does without their dedication to their tasks and their passion for property.

# Chapter 5: Portfolio overview

Building	Usable Area	Owned or Leased	FTE	Electricity 2015/2016	Electricity 2016/2017	Upward/ Downward	Water 2015/2016	Water 2016/2017	Upward/ Downward	Space Utilisation m <sup>2</sup> /desk 2015/2016	Space Utilisation m <sup>2</sup> /desk 2016/2017	Upward/ Downward
CBD												
11 Leeuwen Street	1 726	Leased	131	174,92	159,67	-15,26	3,41	4,05	0,64	13,28	13,18	-0,11
35 Wale Street	5 564	Leased	308	136,43	113,48	-22,95	0,00	0,00		26,37	18,06	-8,30
Atterbury House	6 159	Leased	361	292,74	218,24	-74,50	2,13	1,76	-0,37	19,13	17,06	-2,07
Golden Acre	8 505	Leased	432	361,68	293,37	-68,31	1,05	0,98	-0,06	22,24	19,69	-2,56
Grand Central	18 844	Leased	689	258,07	269,23	11,16	0,60	1,60	1,00	27,76	27,35	-0,41
Norton Rose	5 215	Leased	263	252,10	205,73	-46,37	2,36	1,46	-0,91	14,55	19,83	5,28
Protea Assurance	6 888	Leased	301	180,95	148,44	-32,52	0,00	0,34	0,34	21,53	22,88	1,36
Waldorf	9 964	Leased	457	292,01	236,00	-56,02	0,90	1,01	0,10	23,39	21,80	-1,59
1, 3 Dorp & 4 Leeuwen Street	7 022	Owned	340	78,89	66,01	-12,89	1,68	1,04	-0,64	27,57	20,65	-6,91
27 Wale Street	11 166	Owned	440	164,59	164,62	0,03	0,71	0,65	-0,06	26,09	25,38	-0,71
68 Orange Street	1 368	Owned	71	195,46	193,30	-2,16	1,51	1,48	-0,03	17,78	19,27	1,49
4 Dorp, 7 & 15 Wale Street	41 666	Owned	1 579	160,59	163,72	3,14	0,31	0,30	0,00	25,85	26,39	0,54
9 Dorp Street	15 477	Owned	604	160,58	162,66	2,08	0,37	0,78	0,41	20,05	25,62	5,57
Government Garage	2 332	Owned	117	249,11	193,99	-55,12	1,93	1,76	-0,17	15,27	19,93	4,66
Hugenot	2 123	Owned	105	31,63	45,26	13,62	1,12	1,08	-0,04	31,21	20,22	-10,99
Union House	5 721	Owned	308	148,86	130,53	-18,33	2,70	2,53	-0,17	21,40	18,57	-2,83
Non-CBD												
Beaufort West (SOC. Serv)	1 701	Leased	26	47,82	44,34	-3,48	0,00	0,21	0,21	58,73	65,65	6,92
Eersterivier (SOC. SERV)	1 157	Leased	47	106,52	99,06	-7,45	0,00	0,00		27,92	24,62	-3,30
Elsenburg (Admin. Offices)	0	Leased	0	0,00	98,49		0,00	0,00		0,00	0,00	
George (SOC. Serv & WCED)	4 500	Leased	165	87,60	84,39	-3,21	2,06	2,68	0,62	25,51	27,27	1,77
Oudtshoorn (SSC)	1 758	Leased	53	6,65	25,79	19,14	1,14	1,36	0,22	35,87	33,17	-2,70
Oudtshoorn (WCED & DTPW)	1 995	Leased	23	19,13	15,16	-3,98	0,17	0,18	0,01	62,34	86,74	24,40
Paarl (SOC. SERV)	1 594	Leased	125	80,24	78,53	-1,71	0,51	0,44	-0,07	15,47	12,75	-2,72
Athlone (SSC)	6 556	Owned	293	57,19	59,33	2,14	0,85	0,92	0,07	22,76	22,38	-0,39
Bredasdorp (SSC)	2 894	Owned	68	27,13	34,73	7,60	5,00	1,60	-3,40	45,22	42,56	-2,66
Goulburne Centre	2 213	Owned	120	71,21	80,52	9,31	2,80	2,21	-0,59	23,04	18,44	-4,60
Mossel Bay (SSC)	1 141	Owned	35	25,11	35,23	10,12	0,16	0,52	0,36	87,75	32,60	-55,15
Paarl (WCED)	2 632	Owned	104	85,32	84,45	-0,86	0,74	0,71	-0,03	25,55	25,31	-0,24
Swellendam (SSC)	1 606	Owned	45	5,70	5,56	-0,13	0,14	0,15	0,01	41,23	35,69	-5,54
WCED Central Office	1 902	Owned	164	63,44	77,14	13,69	0,00	4,74	4,74	13,68	11,60	-2,08
WCED North Office	3 726	Owned	76	68,53	64,90	-3,63	0,79	0,40	-0,39	30,54	49,03	18,49
Worcester (SOC. SERV)	1 150	Owned	104	260,15	128,60	-131,55	0,22	0,52	0,30	11,85	11,06	-0,80
Worcester (WCED)	4 324	Owned	148	53,29	8,61	-44,69	4,89	0,15	-4,74	32,76	29,22	-3,54
Wynberg (SOC. Serv)	4 024	Owned	97	85,13	76,92	-8,21	4,71	1,74	-2,97	36,92	41,48	4,57
York Park	6 749	Owned	254	252,47	258,08	5,62	0,73	0,67	-0,06	28,72	26,57	-2,15

# Glossary

APP	Annual Performance Plan
BBBEE	Broad-based Black Economic Empowerment
Benchmark	In this report, the portfolio is benchmarked against a comprehensive database of office buildings in the same geographical area compiled by the Green Building Council of South Africa (GBCSA).
Capital Expenses	Includes capital and maintenance expenditure.
CBD offices	The 2016/17 report includes the 16 WCG offices located in the Cape Town CBD. The estate comprises around 147,000 m <sup>2</sup> of occupied office space. A list of buildings is featured in the Appendix.
DEADP	Department of Environmental Affairs and Development Planning
DTPW	Department of Transport and Public Works
FTE	Full time equivalent (staff).
GBCSA	Green Building Council of South Africa
Immovable Assets	Immovable property is an immovable object, an item of property that cannot be moved without destroying or altering it – property that is fixed to the earth, such as land or a building
kWh	The kilowatt hour is a unit of energy equal to 1,000-watt hours. The kilowatt hour is the most commonly known unit to measure energy delivered. Average annual power consumption can be expressed in kilowatt hours per year, per square metre or per FTE user
Non-CBD offices	The 2016/17 report includes the 19 WCG offices located outside of the Cape Town city area. The estate comprises around 51 000 m <sup>2</sup> of occupied office space. A list of buildings is featured in the Appendix.
Occupancy costs	Those costs related to occupying a space including; rent, real estate taxes, personal property taxes, insurance on building and contents, repairs and maintenance, depreciation and amortization expenses.
Occupied space (Usable Area)	The net internal area, measured in square metre, of office space occupied by organisations. The space has been defined in accordance with SAPOA guidance and is equivalent to the SAPOA usable area.
Office estate	The report examines the performance of 35 offices, which represent around 198 000 m <sup>2</sup> of occupied office space. The estate represents the vast majority of the provinces office accommodation.
Performance	Performance of the Western Cape office estate has been assessed using three standard metrics of property efficiency (cost per square metre, space per FTE and cost per FTE) to report internal efficiencies and also through comparison to a benchmark average of South African corporate occupiers. Additionally, sustainability performances have been assessed using data to develop energy and water consumption metrics.
Property Efficiency Report Portfolio	The portfolio under report remains at 35 office buildings, being all leased-in and owned office accommodation throughout the province greater than 1,000m <sup>2</sup> . The change is due to combining 4 Dorp and 7 & 15 Wale for reporting purposes.
Public Works	The Western Cape Department of Transport and Public Works (DTPW). Public Works develops and maintains appropriate infrastructure and related services for sustainable economic development which generates growth in jobs and facilitates empowerment and opportunity.
Reporting period	The reporting period for the Property Efficiency Report is from 1 April 2016 to 31 March 2017.
SAPOA	South African Property Owners Association.
SSC	A shared service centre (SSC) is an office building occupied by various WCG departments and often with shared facilities and a public interface.
Other Departments that contributed information	Resource Efficiency and Property Systems Manager General Infrastructure Department Social Development Supply Chain Management Operational Property Management Property Support
WCG	Western Cape Government



# Acknowledgements

It is essential to acknowledge the broad ranging sources of property management related data required to pull together a publication such as the Property Efficiency Report, still the only one of its kind in the South African Public Sector across all three spheres of Government. A huge thank you to each and every member of the Public Works family who contributed to, advised on and guided the compilation of the 6th Edition of the publication. Without each individuals' dedication to their daily work functions and their commitment shown to making the Western Cape Government "Better Together", this report and the good story it tells would not be possible. We hope that this installment of the Property Efficiency Report attracts many new readers with its fresh perspective and inclusive nature. It has been a pleasure working on. - Team Leader



(from left to right)

Gerrit Kemp - General Infrastructure  
Chevon Papier - Property Planning and Information  
Gerhard Kirchner - Resource Champion  
Edwin Bath - Property Planning and Information (Team Leader)  
Denzil Samuels - Dept. Community Safety  
Lev Binkowski - General Infrastructure  
Edward Pieters - Property Planning and Information  
Jade Feder - Graduate Intern  
Portia Abrahams - Property Planning and Information

Not in Photograph:

Michelle Britton - Resource Efficiency and Property Systems Manager  
Deon Johnson - General Infrastructure  
Alleta Cronje - General Infrastructure (George Office)  
Maurice Robinson - Dept. Social Development  
William Sharp - Supply Chain Management  
Alvino February - General Infrastructure  
Cheryl Petersen - Operational Property Management  
Tracy Davids - Property Support  
Errol Sawall - General Infrastructure

Special credit to Chrystal Asbury for contributing all of the pictures for the report



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