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PROPERTY MANAGEMENT EMPOWERMENT POLICY

Promoting an inclusive South African property sector

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Version 8

POLICY DRAFT

(FINAL VERSION)

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1. KEY CONCEPTS AND ACRONYMS

Term	Description/Definition
B-BBEE	Broad-Based Black Economic Empowerment
Black people	means Africans, Coloureds, and Indians who are citizens of the Republic of South Africa by birth or descent or who became citizens of the Republic of South Africa by naturalization - (a) before 27 April 1994: or (b) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalization prior to that date but were precluded from doing so by Apartheid policies
CBE	Council for the Built Environment
Department	Refers to the Department of Public Works and Provincial Public Works
Disabled	
Department	Department of Public Works
Designated Portfolio	Relates to prioritized property portfolio by the Executing Authority for purposes of administration, management and disposal by qualified Black-owned enterprises
GIAMA	
Government	Collective noun for Organs of State
Government-Wide	For the purposes of this policy, it refers to the organs of state, plus municipalities, municipal departments and municipal entities and relevant public entities which the MFMA have placed responsibility for the acquisition, administration, custodianship, management and disposal of property and immovable assets
MFMA	Municipal Finance Management Act
Organs of State	For the purposes of this policy, it refers to the national and provincial government departments, constitutional institutions, national and provincial trading entities, municipal entities and relevant public entities which have responsibility for the acquisition, administration, custodianship, management and disposal of property and immovable assets governed through PFMA.
Ownership	Black equity participation free from any third party financial obligations relating to the share acquisition as well as any financial obligations to its principals,
PFMA	Public Finance Management Act
PIP	Property Incubator Programme

PMTE	Property Management Trading Entity
Principal Department	An organ of state that has custodianship, ownership and/or management responsibility(ies) over government owned land and buildings
Property Industry	Refers to the economic immovable property sector and its specific services, with reference to only Property Management, Property Valuations, Asset Management, Property Research, Landlords, Estate Agents, Property Brokers, and Facilities Management
PSCC	Property Sector Charter Council
SACOB	
SACPMP	
SASSA	South African Social Services Agency
SARS	South African Revenue Services
Tenant	Client or User Department
Trade-offs	A “trade-off” refers to a business opportunity or property mandate an established company may acquire from DPW in an acknowledgement of an business opportunity provided to a PIP participant by such an established company
Whole of Government	see Organs of State
Youth	Persons between the ages of 15 - 35

2. BACKGROUND

2.1 Overview

- 2.1.1 Government-wide property portfolio of government administered and managed organs of state continues to produce non-satisfactory performance in the participation and empowerment of black-owned enterprises. Reported statistics indicates significantly poor record of successfully procured services from black-owned enterprises compared to significantly healthy procurement outcomes and projects secured by previously advantaged service providers and contractors.
- 2.1.2 All organs of state have the responsibility of ensuring that properties they own, have custody, administer or manage are properly managed or disposed including bringing on board qualified black-owned enterprises. The focus must always be on the government to outline a clear position on the empowerment of black-owned enterprises, industry transformation interventions and these must always be accompanied by relevant budget within applicable budget programmes.
- 2.1.3 Furthermore, government must, therefore, have a specified dedicated portfolio targeted for promoting black-owned enterprises. All related processes must be followed within the confines of the B-BBEE related legislation and prescripts. All organs of state are expected to be reasonable, apply flexibility and ensure increasing participation of qualifying black-owned enterprises.
- 2.1.3 As at 31 March 2016, and according to the latest Property Sector Market Size report by the Property Sector Charter Council research report the Public Sector has been estimated to be responsible for approximately R400 billion worth of assets, with the Department of Public Work's (DPW) property portfolio is estimated to be valued at approximately R220 billion and State owned enterprise valued at R66 billion.
- 2.1.4 The estimated fiscal impact arising from expenditure on the procurement on leases places the national spending at approximately R4 billion, eighty percentage of this amount the activities are reported to arise from transacting with about 27 landlords.

2.2 Strategic Context**2.2.1 Strategic Questions on Implementing Empowerment interventions requiring attention**

- 2.2.1.1 What is the total property portfolio owned and/or managed by each organ of state?
- 2.2.1.2 What is the extent of the property portfolio designated by each organ of state for the purpose of achieving objectives of this policy?
- 2.2.1.3 What budget has been set aside to ensure progressive drive for empowerment of black-owned enterprises in each of the beneficiary categories?
- 2.2.1.4 Is there an implementation strategy in place, within each of the organs of state, to cater for implementation of empowerment programmes?

2.2.2 Perspectives on Black Economic Empowerment and Transformation in the Property Sector

- 2.2.2.1 Closing the inequality gap in the property sector between established, large, predominantly white-owned operators and emerging black-owned enterprises alone could lift employment and growth of other connected sectors.
- 2.2.2.2 Continued preference of established previously advantaged operators to the exclusion of growing number of black-owned enterprises, is one of the main inhibitors to fair and equitable participation in the property sector
- 2.2.2.3 Women participation continues not to be the prerequisite for doing business in the sector and not at the forefront for sustainable empowerment initiatives and growth of black-owned enterprises
- 2.2.2.4 Property sector profession constitutes a pool from which government sources its skills, and it is also a source for training and delivery of outsourced services.
- 2.2.2.5 Skills development, innovative approaches, enterprise development and partnerships are needed to scale up black economic empowerment.
- 2.2.2.6 Achieving economic empowerment is not a “quick fix”. It needs sound policy, a holistic approach and long-term unwavering commitment from all industry players.

2.3 Problem Statement

The observation indicates that:

- 2.3.1 Recorded and advocated concern regarding the manner in which established previously advantaged companies continue to be favored with lucrative property management and disposal contracts generally across all organs of state
- 2.3.2 Black-owned enterprises that benefited from the government Property Portfolio, have demonstrated a complete lack of transformation and/or desired interest in promoting black-owned enterprises participating in public sector property management and disposal
- 2.3.4 Existing broad-based structures have not shown demonstrable signs of achievement in the public sector Property Management and Disposal Portfolio, thus needs improvement
- 2.3.5 Confirmed lack of uniformity across the whole of government regarding the status, use and occupation of state assets properties under ownership or management
- 2.3.6 Poor record of handling invoices that require to be timely certified with duly made payments within the prescribed thirty (30) day period. This scenario disadvantages that black-owned enterprises which thus struggles with sustainability and thus in certain instances failing to perform
- 2.3.7 The current reported overall performance trend that show a 90% opportunities skewed to established previously advantaged companies and 10 % towards black-owned enterprises

3. ANALYSIS OF TRANSFORMATION AND ECONOMIC EMPOWERMENT

3.1 Broad Based Black Economic Empowerment, 2003

3.1.1 The Department of Trade and Industry issued codes of Good practice under section 9 (1) of the Broad Based Black Economic Empowerment Act, No 53 of 2003. These codes came into operation on 09 February 2007 and the key principles are:

- a) The fundamental principle for measuring B-BBEE compliance is that substance takes precedence over legal form;
- b) In interpreting the provisions of the Codes any reasonable interpretation consistent with the objectives of the Act and the B-BBEE Strategy must take precedence;
- c) The basis for measuring B-BBEE initiatives under the Codes is the B-BBEE compliance of the measured entities at the time of measurement;
- d) Any misrepresentation or attempt to misrepresent any enterprise's true B-BBEE Status may lead to the disqualification of the entire scorecard of that enterprise;
- e) Initiatives which split, separate or divide enterprises as a means of ensuring eligibility as an Exempted Micro-Enterprise, a Qualifying Small Enterprises or a Start-Up Enterprise are a circumvention of the Act and may lead to the disqualification of the entire scorecard of those enterprises concerned;
- f) Any representation made by an Entity about its B-BBEE compliance must be supported by suitable evidence or documentation. An Entity that does not provide evidence or documentation supporting any initiative, must not receive any recognition for that initiative;
- g) Wherever a Standard Valuation Method applies to measuring an indicator, the same standard should apply, as far as reasonably possible, consistently in all other applicable calculations in this statement.
- h) B-BEE compliance by companies to be promoted by this Policy will be measured as per the provision of BBBEE Act of 2003 as illustrated above.

3.2 Property Sector Charter, 2012

3.2.1 The Property Sector Code, Section 9 (1) promulgated in 2012, building from Section 12 - as signed by the Minister of Public Works and all the role players in the property industry, aims at addressing the skew property market and to regulate it. The main objective of the charter, as contained in Section 2 of the BBBEE Act of 2003, is to:

- a) Promote economic transformation in the Property Sector in order to enable meaningful participation of black people including women;
- b) Unlock obstacles to property ownership and participation in the property market by black people;
- c) Promote property development and investment in under-resources areas which enhances basic infrastructure, encourages investment and supports micro and small enterprises;
- d) Achieve a substantial change in the racial and gender composition of ownership, control and management and enhance the participation of black people, including black women and designated groups in the property sector.

3.2.2 As a result Public Works must develop means to ensure that the private sector complies with the targets set in the Property Sector Charter thus ensuring the achievement of the set objectives:

- a) Determined areas where Private Sector Entities can participate in ensuring compliance with Charter objectives;
- b) Where permissible, created enabling environment by Government in ensuring Charter objectives are achieved as planned and budgeted;
- c) Designated Property Portfolio and related processes.

4. ESTABLISHING PURPOSE

4.1 Operational Aims and Rationale

4.1.1 This Policy seeks to ensure

- 4.1.1.1 an improved strategic direction and coordination of the transformation initiatives with regard to the acquisition, administration, management and disposal of government owned property portfolio in the whole of government.
- 4.1.1.2 focused and deliberate effort to identify, attract, assess and confirm qualifying black-owned enterprises within the enterprises and organizations doing business and transacting with government on its property portfolio.
- 4.1.1.3 structural transformation of the property sector, in order to create a conducive and equitable environment for black-owned enterprises to economically thrive and continually improve skills and capabilities.
- 4.1.1.4 planned and direct interventions aimed at increasing participation and growing pool of black-owned enterprises benefiting from doing business and transacting with the government as it pertains to the activities and functions on its property portfolio.
- 4.1.1.5 within reasonable period, organs of state implement planned and practical exit from doing business with companies/suppliers/contractors/property owners who are not transformed, demonstrated no interest in supporting transformation initiatives, and/or unwilling to participate in complying to B-BBEE legislation and its prescripts.

4.1.2 This Policy must achieve the following:

- 4.1.2.1 Recognition that property is a powerful socio-economic lever able to exert visible impact in driving capital formation, investment growth and social development;
- 4.1.2.2 Implementable strategic interventions focused on the empowerment of deserving new entrants, small, medium and large black-owned enterprises delivered through specific transformation programmes;
- 4.1.2.3 Consideration of views and input from relevant stakeholders;
- 4.1.2.4 Establishment of a clear performance scope, criteria and outcomes of the empowerment interventions and the applicable processes for the monitoring and evaluation to achieve the transformation objectives; and
- 4.1.2.5 Partnership within organs of state across government to establish collaborative and an integrated approach to meeting the objectives espoused by this policy to achieve the targets of the Property Sector Charter.

4.2 Scope of the Policy

4.2.1 This Policy applies to the “Whole of Government”

4.2.1.1 All organs of state with custodianship, ownership, administration and/or management responsibility(ies) on government owned land and properties within the scope of the property sector codes; and excludes municipalities, municipal departments and municipal entities and relevant public entities which the MFMA have placed responsibility for the acquisition, administration, custodianship, management and disposal of property and immovable assets

4.2.1.2 All Properties to be owned and/or managed by an institution of government or an organ of state

4.2.2 The Policy will apply to all private and public sector institutions, doing property related services, business and/or transacting with the government

4.2.2.1 All transactions where a government is a client, that is where the government is the procurer of property management services

4.2.2.2 All transactions where a Government, in its many manifestation, is a service provider, that is Government is the service provider delivering services

4.2.3 Scope of the Empowerment Policy and Linkages with other Policies and Strategies

4.2.3.1 All laws and policies administered by any organ of state or institution of government with responsibility to transact, manage, administer, dispose and/or acquire property and property management services;

4.2.3.2 Emphatic on the implementation of the Government Immovable Management Act (GIAMA) and related Guidelines, Procedures, Processes and Systems;

4.2.3.3 Sensitive to related Public Interest, Socio-Economic Policies and other environmental factors on realizing a balanced property sector market.

4.2.3.3 Will supersedes all other government polices and strategies on black economic empowerment, as they pertain to the activities and functions covered in this policy and/ or are within the scope of the property sector codes

4.4 Property Management Empowerment Philosophy

The government, through this policy, demonstrates its commitment to implementing an integrated comprehensive policy to direct and co-ordinate efforts to deliver on the government's black economic empowerment agenda with respect to the transformation of the Property Sector.

To this end, this policy forms the basis;

- 4.4.1 Black-owned enterprises and black-women owned businesses to be given highest priority and preference in the release and allocation of property opportunities;
- 4.4.2 Redistribution of property business opportunities arising from government owned properties that are not performing optimally or surplus to government needs;
- 4.4.3 Advance the participation of black-owned enterprises, in particular black women-owned, black youth and the disabled in decision making structures, holding executive roles and in the ownership of property; and
- 4.4.4 Granting of access to property opportunities on favorable terms based on clear broad-based economic empowerment, B-BBEE race and gender credentials

4.5 Policy Approach and Intent

- 4.5.1 Provide for inclusive economic growth by addressing the skew patterns of ownership and break the inequitable access to property opportunities currently in the South African property industry
- 4.5.2 Remove structural barriers and create an enabling environment for new and emerging property players to access property opportunities arising from government property holdings
- 4.5.3 Actively encourage preference towards entities in the property sector which has direct and active participation of Black people in Ownership, Management and Control;
- 4.5.4 Assist Government in attaining its priority goals with a specific focus on job creation, poverty alleviation and skills development.
- 4.5.5 Align all the transformation interventions and initiatives of government to promote the realization of the Property Sector Transformation Charter and the BBBEE legislation as the minimum guiding prescripts.

4.6 Key Guiding Principles

This policy demonstrates commitment of government to the broader transformation of the Property Sector and to the implementation of the black economic empowerment agenda.

The key principles guiding this policy are; Fairness, Equity, Value for Money, Transparency and Competitive.

4.6.1 **Fairness** - Between public sector and their private sector counterparts should contribute towards making sure all people, enterprises and communities interacting, transacting or conducting business with government are treated equally without favoritism or discrimination.

4.6.2 **Equality**;- In the achievement of the ideals encapsulated in this policy, government through delivery of its mandate to attain transformation is required to promote good governance, whilst driving the quest for equal access to economic opportunities and realize equal benefit.

4.6.3 **Economical (Value for Money)** - In attaining its vision for transformation government and its private sector partners should strive to prevent wastage of the State resources and ensure a level of accountability, integrity, honesty and professional restraint.

4.6.4 **Transparency**, - Government and its private sector partners in doing all their dealings commits to driving commitment to pursuit for openness, clarity, and free flowing communication.

and

4.6.5 **Competitive**. The drive to attain vision for Black economic transformation in the property sector, in the context of government, must be platform to attaining highest quality service standards, professional efficiency, and service excellence.

4.7 Key Focus

This policy must assist in removing obstacles to market access, address inequities in representation and participation, strengthen some of the initiatives introduced by government in dealing with Black economic transformation and challenge the prevailing status quo that favours the previously advantaged.

To this end, the policy is designed specifically to focus on uplifting and progressing black-owned enterprises in the following key intervention areas;

- 4.7.1 Education, Skills Development and Training-** the acute shortage of skilled black property professionals and low levels of training in the property sector are some of the foremost reasons used to explain very poor industry performance in appointing Black people in core practices, managerial positions and executive roles. This has been identified as a major obstacle to achieving economic growth and the advancement of black-owned enterprises.

Therefore, in order to achieve full economic empowerment and the transformation of the property industry, progressive and integrative measures will be introduced through this policy to ensure appropriate access to education, skills development and training targeted at black entrepreneurs, with a particular focus on black women, youth and the disabled.

- 4.7.2 Small Business Support through Enterprise Development;-** The history of South Africa as it pertains to property ownership, access to economic opportunities and participation in entrepreneurial ventures has created a legacy of poor commercial property ownership and weak enterprise training, thus low levels of enterprise mobility affecting primarily black-owned enterprises.

This policy strives to advance the implementation of mechanisms that allows for all black-owned enterprises to fully participate in, contribute to, and benefit from economic participation and market growth.

Specific enterprise development programmes, that may include the Property Incubator Program (PIP) of the department of public works, together with other initiatives, in partnership with the private sector and established business, will be employed as part of strategies to support small, emerging and/or start-up enterprises to increase the number of Black people who manages, own and control competitive and sustainable enterprises in the property sector.

- 4.7.3 Access to Markets and Finance -** Limited focus on enterprise development that result in sustainable black-owned enterprises, unreasonably high and restrictive barriers to entry and lack of dedicated allocated monetary resources towards the development of black-owned enterprises meant limited (mostly poor) access to economic opportunities.

Preferential sourcing of property management services, equitable allocation of professional and consulting services, and establishing contracting models that enables (facilitates the process that ease) access to finance are some of the mechanisms

that will be employed to ensure a fair and equitable distribution of economic opportunities arising from the ownership, management and control of the government property portfolio.

It is believed that a combination that includes partnership with the private sector (in particular finance houses or equity partners) and other innovative funding instruments will play a significant role in enabling access to finance for black-owned enterprises.

- 4.7.4 **Market Development and Economic Empowerment** - For the past two decades, since the inception of the democratic dispensation, to date, the property sector have experienced massive growth in commercial returns and rapid increase in new growth areas. These have been attributed to the significant growth in Black Middle class and the introduction of residential and commercial developments in historically under-developed black areas that were predominantly commercially unserved.

Although, black people have been and continues to be a significant economic force whose contribution to the business expansion of the property sector is far reaching, regrettably black-owned enterprises have benefited very little and inequitably.

This policy introduces stringent efforts that will enable greater participation of Black-owned enterprises, particularly women, youth and the disabled in mainstream property activities and core services of high-value and/or high-return. Further, thorough this policy, introduce interventions that actively seeks to remove barriers that have been structured to favor established business and the historically advantaged, and further seeks to promote preferential access to new and expanding markets.

- 4.7.5 **Policy Development, Advocacy and Recognition** - Through the development of this policy government will endeavour to increase participation and involvement of relevant industry stakeholders, private sector and government institutions, in order to ensure an improvement in the ways in which black enterprises can gain better representation, access relevant up-to-date information, participate in public debates and industry consultative forums.

Government thus has the responsibility to foster the development of legal, regulatory and/or policy interventions that seeks to actively promote black economic transformation, champion the voice for change in the property sector, and reinforce the advocacy networks by private, public and social groups that seeks to build the capacity of the target groups to have their voices sufficiently heard when decisions affecting them are taken.

and

- 4.7.6 **Enforcement, Monitoring and Evaluation** - The failure of majority of empower i mplementation of measurement and reporting standards, lack of established clear outcomes. It is critical therefore that this policy is designed in such a way to ensure proper measures are implemented for assessing progress in achieving economic empowerment and transformation initiatives.

4.8 Target Groups

- 4.8.1 Through this policy mechanisms will be created to ensure a transformed property sector is achieved by driving fair and equitable access to markets, preferential procurement, increased skills development and equitable distribution of opportunities targeted towards black-owned enterprises, with particular focus on black women, youth and the disabled.
- 4.8.2 Accordingly, the targeted beneficiaries of this policy must be black-owned enterprises, with a key focus on the empowerment of black-women, youth and disabled owned businesses
- 4.8.3 This policy, therefore, defines outputs and benefits of a transformed property sector by the increase in skilled practitioners, progression in experience, access & participation in supply chain and equity in distribution of opportunities achieved by black-owned enterprises, in particular black women, youth and the disabled.

5. OBJECTIVES OF THE POLICY

5.1 Address the skewed patterns of ownership and inequitable access

Address the inequitable access to property opportunities and the prevailing skewed patterns of ownership in the South African property sector to provide for an inclusive economic growth.

5.1.1 Design criteria that aligns access to property opportunities to Black Ownership, Management and B-BBEE status level

- 5.1.1.1 Establish an acceptable qualifying criteria based on a combination of black ownership, black management and control, and the B-BBEE status level in all areas of transacting with the government
- 5.1.1.2 Preference to be given to entities that provide a valid B-BBEE verification certificate issued in terms of the Property or Construction Sector Charter Codes
- 5.1.1.3 Commensurate to the qualifying combination of black ownership, black management and B-BBEE status level should be favorable commercial terms and contract tenure
- 5.1.1.4 In all areas of transacting with government there shall be a pre-qualifying requirement for respondent bidders to submit a *Empowerment Plan*. The *Empowerment Plan* is purposed to commit respondent bidders to specific actions advancing black-owned enterprises and to support the cause for transformation
- 5.1.1.5 The *Empowerment Plan* should express the extent to which the supplier/contractor will use the contract to improve or maintain its BBEE status and commit to implementing specific programs/activities to drive transformation
- 5.1.1.6 Respondents bidders shall be required to include in the Empowerment Plan a commitment towards skills development, enterprise development and/or supplier development initiatives over the duration of the contract. The commitments made shall, upon awarding of approved tender, be incorporated as part of contract terms and monitored for compliance
- 5.1.1.7 The principal departments to implement general measures to enforce or sanction appointed suppliers/contractors who fail to achieve, implement, and/or evidently demonstrate satisfactory progress on the *Empowerment Plan* commitments as incorporated in the contract terms and monitored for compliance

5.1.2 Prioritize Property Portfolio to target equitable distribution of economic opportunities

- 5.1.2.1 Designate in a program or otherwise a portfolio of properties to be prioritized for transformation initiatives;
- 5.1.2.2 Designate certain geographic area/s, function/s, portfolio of properties, and/or work package/s to be prioritized for allocation to qualifying black owned enterprises;
- 5.1.2.3 Preferential procurement processes targeted at sourcing property management services and/or property professionals from black-owned enterprises; in particular black women, youth and the disabled
- 5.1.2.4 Prioritize skills areas in the property sector defined and appropriately classified as Critical and/or Scarce;
- 5.1.2.5 Advertised calling of bids to be clear on the pre-qualifying criteria, terms of reference and the mechanics that detail how inequalities amongst differing economic statuses or business advantage will be addressed through evaluation process
- 5.1.2.6 Establish a supply chain management policy specific for property management, as a tool to ensure equitable, relevant and product specific sourcing of property management services;

5.1.3 Establish processes within Government that seeks to promote preference for Black Property Practitioners

- 5.1.3.1 Incorporate in the procurement processes measures that are targeted towards opening opportunities and/or create interventions for the advancement of black-owned enterprises to do business with government on a sustainable basis
- 5.1.3.2 Implement specific program/s and/or project/s as initiatives for direct intervention that seeks to promote B-BBEE, as well as enable black property practitioners
- 5.1.3.3 Articulate measures, qualification criteria and timelines on programs and/or projects implemented as initiatives for promoting B-BBEE, as well as interventions that enable black property practitioners to participate equitably
- 5.1.3.4 Incorporate relevant aspects of the Property and Construction Sectors' codes in all the programs and/or projects implemented as initiatives and interventions aimed at promoting B-BBEE, as well as to enable black-owned enterprises
- 5.1.3.5 Make certain of the undertakings to deliver on B-BBEE and transformation initiatives by driving enforcement of the commitments made, and deliverables promised, in conditions preceding any awarding of contract by government

5.2 Promote the advancement of Black-owned, Managed and Controlled Enterprises

5.2.1 Capable and performing black-owned Enterprises brought on board by government

- 5.2.1.1 Establish acceptable qualifying levels of participation for black people in ownership, management and control as prerequisite for conducting business with government
- 5.2.1.2 Preference to doing business with entities where enterprise governance and executive authority resides predominantly with black people
- 5.2.1.3 Designate areas of competence where specific activities and/or initiatives may be implemented to drive the development of technical capability, executive competence and enterprise development for the graduation of black-owned enterprises.

5.2.2 Establish sustainable interventions and control measures that promote participation of Black-owned Enterprises

- 5.2.2.1 Establish a funded program, project/s, otherwise a portfolio of properties designated to be prioritized for transformation with specific targets for transactions directed towards Black-owned entities in each financial year
- 5.2.2.2 Designate targeted functional areas that will prioritize delivery of certain property management services by black property professionals and/or Black-owned enterprises.
- 5.2.2.3 Targeted scope calling for bids that encourage response from Black property professionals and/or Black-owned enterprises.
- 5.2.2.4 Incorporated in the Suppliers' Empowerment Plan firm commitments towards Enterprise Development initiatives specifically to address development and progression of Black-owned enterprises in core property services
- 5.2.2.5 Conditions precedent towards awarding of any contract/s shall be specific skills development interventions that successfully build or expand a pool of knowledgeable and skillful black property practitioners.
- 5.2.2.6 Ensure that the appointment of, and/or the contracts awarded to black-owned enterprises are commensurate with the transformational objectives encapsulated into this policy, and there's equity between the volume of the work, variety, complexity and procurement value.
- 5.2.2.7 Contribute to the development of in-house pool of expertise in those areas of property management that are in line functions and are peculiar to government nationally and provincially.

5.3 Create an enabling environment for Emerging Black-owned Property Enterprises

5.3.1 Deliberate Support for Emerging and Qualifying Black-owned Enterprises in the delivery of Property Services

5.3.1.1 Designate certain property services for preferences to create a platform for increased participation of emerging black property enterprises

5.3.1.2 Incorporate into the supply chain management processes the relevant sections of the Property Sector Transformation Charter dealing specifically with procurement of property services from black owned Property Service enterprises and empowerment of emerging and small sized enterprises

5.3.1.3 Alignment of the incubation program to the development and graduation of black-owned Emerging and medium sized enterprises entities in the property sector

5.3.1.4 Designate certain opportunities in property services arising from the administration of the government property holdings towards black-owned emerging small or medium sized enterprises

5.3.2 Champion the role of the financial sector in contributing to a vibrant all inclusive property sector in support of Black-owned Enterprises

5.3.2.1 Establish transparent, B-BBEE friendly and investment grade commercial terms that are attractive to engender willingness of the funders, finance houses and lenders to participate in supporting black-owned enterprises

5.3.2.2 Champion co-operation with financial services sector to engender willingness to do business with new and emerging enterprises that are contracted to the DPW through its own property portfolio.

5.3.3 Remove structural barriers and create an enabling environment for the procurement of property services

5.3.3.1 Establish a Supply Chain Management Policy specific for Property Management, as a tool to ensure equitable, relevant and product specific sourcing of property management services;

5.3.3.2 Take into account the relevant sections from the Property Sector Transformation Charter specifically dealing with property services and empowerment of Emerging and medium sized enterprises suppliers

5.3.3.3 The development of a tariff model, that will support and advance transformation objectives, to eliminate the risks of pricing becoming a discriminator for B-BBEE and to guarantee a cost effective delivery of services to government

5.3.4 Address the scarcity and broaden the pool of Black Property Practitioners

5.3.4.1 Through the awarding of contracts create a platform for building property management skills and expansion of professional expertise needed in the advancement of black property practitioners

5.3.4.2 Suppliers who are appointed, correspondingly property services contracts awarded, by government are to ensure a fair and equitable representation of black people

5.3.4.3 As a mechanism to ensure transfer of skills, in the awarding of contracts government to have explicit conditions, that requires;

- every discipline/work package to have an artisan/learner/candidate/junior practitioner to be actively involved in the performance of all activities connected with the execution of the contracted work

- where, multiple disciplines are required on a project and/or more than one professional is required to execute on a contract, the disciplines/professionals shall be evenly distributed integrating race and gender requirements of the target beneficiaries

- Black-owned enterprises, preferably women and women-owned entities, to be actively involved as the principal/project lead providing full supervision in the performance of the contract activities

5.4 To assist Government in attaining its priority goals**5.4.1 Capitalize on opportunities to engender employment intensive Programs and/or Projects**

- 5.4.1.1 In the delivery of core functions on the property portfolio designate certain property services from the government towards jobs and employment creation;
- 5.4.1.2 Identify Programmes/Projects specifically intended to fight effects of poverty and joblessness within communities where the principal departments are operational;
- 5.4.1.3 Create linkages to applicable Anti-Poverty Strategic policies and initiatives;
- 5.4.1.4 Advertised calling of bids must have details on the target/s to create jobs and/or initiatives to address incidences of poverty,

5.4.2 Alignment to the EPWP, Job Creation Programs and other Poverty Alleviation Initiatives within Government

- 5.4.2.1 Create a platform in which government-owned property assets can be accessed to be used as catalyst for jobs and employment creation, thus reducing the incidences of people living in poverty;
 - 5.4.2.2 Where applicable, and wherever practical, incorporate requirements for job creation and poverty alleviation into the property services envisaged in this policy;
 - 5.4.2.3 Introduce jobs and employment creation as one of the measures for accessing work, projects and contracts from government, incorporating a deliberate preference towards businesses who commit to deliver the most number of jobs or invest in labour intensive work packages;
- and
- 5.4.2.4 Incorporate, wherever practical, criteria and guidelines that advances the creation of jobs and employment opportunities directed towards immediate communities, support for local businesses and/or economic development of neighborhoods.

5.5 Promote the realization of the Property Sector Transformation Charter**5.5.1 Promotion of the Property Sector Transformation Charter as it relates to development and progression of Emerging and Medium sized enterprises**

- 5.5.1.1 In partnership with the Property Sector Charter Council initiate, fund and deliver on capacity building programs directed towards majority black-owned emerging and medium sized enterprises to promote and inculcate service provision of the highest standard;
- 5.5.1.2 Through the PIP strategy of the Department implement and/or support initiatives to promote enterprise and supplier development;
- 5.5.1.3 Introduce initiatives in partnership with established business in the sector, relevant member organizations and experienced industry players for the development and skills transfer towards upliftment of black-owned emerging and medium sized enterprises
- 5.5.1.4 In the sourcing of property related services incorporate an obligatory requirement for an Empowerment Plan that is targeted towards creating opportunities for the development of black-owned new entrants, small and medium sized enterprises;

5.5.2 Address barriers in the current system that results in Black-owned enterprises being excluded from participating fully in the opportunities created;

- 5.5.2.1 Contracts awarded by government to be used as an effective tool towards applying preference, advancement and development of black-owned enterprises;
- 5.5.2.2 Awarding of contracts, and conditions precedent thereof, to favour black-owned enterprises, preferably black women and black women-owned enterprises, as the principal/project lead in the performance of contract activities
- 5.5.2.3 Encourage the use of partnerships, co-operatives, joint ventures, consortia etc. as an effective mechanism for achieving broad based empowerment, creating a wider platform for participation of black-people and broadening access for the inclusion of black-owned enterprises and to assist them in gaining relevant expertise
- 5.5.2.4 Government-owned property assets to be used as a tool that make it obligatory for the organs of state in the performance of all activities connected to the delivery of property services create a platform in which enterprise and supplier development opportunities shall implemented

6. POLICY POSITION

6.1 Key Outcomes of the Policy

6.1.1 Participation Outcomes (increasing and growing involvement of black-owned enterprises):

6.1.1.1 To encourage participation of New Black Entrants and Black-owned startup enterprises with allocation and awards of contracts of at least 15% of all opportunities arising from property management activities of government.

6.1.1.2 Direct majority of the procurement opportunities, which must translate into 51% or more equivalent actual rand value of contracts and expenditure of government, on services and activities within the scope of this policy towards majority black-owned, managed and controlled enterprises.

6.1.1.3 Black women-owned, black youth-owned and disabled-owned enterprises to be prioritized with allocation of 30% of all procurement opportunities and value contracts, which must translate to actual expenditure by government, arising from the implementation of this policy.

6.1.1.4 Use the procurement processes, to encourage the use of co-operatives, joint ventures, consortia etc. as an effective mechanism for creating a platform and achieving broad based inclusion of Black-people.

6.1.2 Structural Interventions (changing the face of the industry):

6.1.2.1 All suppliers/service providers/contractors to the government, thus all contracts to incorporate enterprise development and skills development requirements; identifying specific programmes, structures and processes employed specifically to support black-owned enterprises,

6.1.2.2 The awarding of bids to be aligned to the B-BBEE performance status of the prospective bidder, therefore, awarding of all contracts to be in accordance to the performance of the bidders composite performance on a mix of B-BBEE elements

6.1.2.3 A precondition in the procurement process will be a requirement to submit a Plan demonstrating using the contract award to improve the B-BBEE status level of the recipient and to deliver empowerment initiatives, to the extent that at the end of the project/contracted relationship there's demonstrable improvement on the supplier status and government empowerment initiatives

6.1.2.5 To ensure appropriate implementation of skills development intervention, by implementing a requirement that ensures appointment a candidate or learner to be involved in the performance of activities in the delivery of the contract work packages awarded through the government procurement processes.

6.2 The Policy Beneficiaries

- 6.2.1 **Black-owned enterprise** refers to an enterprise (a juristic person) in which black people have shareholding or similar interest, enjoy rights to economic interest and exercisable voting rights.
- 6.2.2 **Black women-owned enterprises** for the purposes of this policy, refers to a Black-owned Enterprise in which black women have shareholding or similar and enjoy a right to economic interest that is 30% or more of the total such rights.
- 6.2.3 **Black-owned small enterprises** refer to Black-owned enterprises with an annual revenue as per the thresholds of an EME as defined in the complex structure of the Property Sector Charter Codes of **DATE (as amended)**. These are all EMEs and start-up enterprises with 100% black ownership, that would have received a Level 1 B-BBEE status or 51% black-owned with a level 2.
- 6.2.4 **Start-up enterprises** - for the purposes of this policy and in order to encourage broad participation of black-owned enterprises, are defined as black participants new entrants who hold rights of ownership in a company and who, before holding those have not held equity, which has a total value of not more than R50 Million.
- 6.2.5 **Black-owned Medium enterprise** refers to Black-owned enterprises with an annual revenue as per the thresholds of a QSE as defined in the complex structure of the Property Sector Charter Codes of **2012 (as amended)**. These are all QSEs with 51% black ownership, that would have received a B-BBEE status not below Level 4.
- 6.2.6 **Black-owned large enterprise** refers to Black-owned enterprises with an annual revenue as per the thresholds of a Large Business as defined in the QSE threshold of the Property Sector Charter Codes of **2012 (as amended)**.
- 6.2.7 Black-owned Consortia, partnership and co-operatives:
- 6.2.8 **Black-designated groups** as defined in the B-BBEE Act means
- Unemployed not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution
 - Black people who are youth as defined in the National Youth Commission Act of 1996
 - Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act
 - Black people living in rural and under-developed areas

6.3 Criteria for Qualifying Entities

6.3.1 **Black ownership** - any entity with black participants who hold rights of ownership in a company or have equity participation in a private or public company below 10% ownership level, will, henceforth upon approval of this policy, not be considered desirable for doing business or transacting with the government as it pertains to the activities, functions and mandates of such organs of state which are within the scope of this policy.

Wherein, instances of black ownership greater than 10% but less than 51% will be acceptable only to the extent that they are accompanied by equal or higher representation of black people in management and control, or have partnered, joint ventured or combined with black-owned enterprise/s.

6.3.2 **B-BBEE Status Level** - Level 4 and above must be considered the most acceptable and relevant level status to consider doing business or transacting with the government, in as far as any of the activities, functions and mandates which are within the scope of this policy.

6.3.3 **Management and Control** - within government, organs of state must establish criteria that target preference for doing business and transacting with entities that have best combination of black participation in management and control with a specific representation not less than the level of black ownership.

6.3.4 **Composite of 1:1:1 or higher <preferred>** - means that the level of participation in management and control be closely equivalent or higher to the level of black ownership.

6.3.5 The awarding of opportunities must be aligned to the composite empowerment performance categorization for the enterprise of the prospective service provider/supplier/landlord/contractor/property owner, viz;

a) **Ownership** - meaning Black equity participation free from any third party financial obligations relating to the share acquisition as well as any financial obligations to its principals,

b) **Management** - measured on the employment equity performance; and

c) **Control** - derived from the measured Black representation on the Board of Directors and Executive Management represented on the Board;

6.3.6 Awarding of opportunities aligned to the B-BBEE performance status of the prospective property owner/landlord/service provider/contractor/supplier (e.g. the number of years (tenure) offered congruent to a composite of B-BBEE performance)

6.4 Categorization for the Qualifying Enterprises

- 6.4.1** Depending on the resulting composition achieved by prospective service provider/ contractor/supplier/property owner, the corresponding terms of agreement must be augmented by applying the category requirements of such an outcome;;
- a) **Category A** - refers to segment of enterprises which are not less than 80% up to 100% black-owned, managed and controlled and with a B-BBEE certificate status level 3 or above assessed in terms of the property sector codes or construction sector charter.
 - b) **Category B** - refers to enterprises which are majority (51% and above) black-owned, managed and controlled, however with at most 20% participation by beneficiaries outside the definition provided in the property sector codes, construction sector charter and/or as defined in this policy,
 - c) **Category C** - refers to types of enterprises who have less than majority black ownership accompanied by an equivalently low or disproportionately matched black representation in Management and Control; whereby
 1. high percentages black participation in ownership is accompanied by very low representation in management and control
 2. very low black participation in ownership, however accompanied by disproportionately high representation in management and control
 3. equivalently low black participation in ownership, management and control.
 - c) **Category D** - this is, a transitional category which in the long-term implementation of this policy must've limited application or cease to exist. It caters for the types of enterprises which;
 1. have significantly very low overall black representation in Management and Control. although in certain instances may have very high black participation in ownership, and/or
 2. may represent enterprises who are not transformed, demonstration no interest in supporting black participation, and/or unwilling to participate in complying to B-BBEE legislation and its prescripts.

6.5 Skills and Enterprise Development Intervention in this Policy**6.5.1 Skills Development Interventions**

- 6.5.1.1 The government, in partnerships with relevant stakeholders in both public and private sector, to design and implement education, training and skills development programmes for the target group in the development of property technical skills and build business knowhow.
- 6.5.1.2 To execute on the development of quality property agents/broking/sales skills this policy require government in partnership with relevant stakeholders, including property owners and/or property managers, to establish a development programme targeted at the development of and growing a pool of black property agents/brokers.
- 6.5.1.3 For every professional discipline or technical work package a candidate/artisan/learner must be actively involved in the performance of all activities connected with the delivery of the projects.
- 6.5.1.4 Where multiple technical disciplines are or more than one professional is required on a contract/project, the disciplines and professionals shall be evenly distributed based on integrating race and gender requirements.

6.5.2 This Policy seeks to drive enterprise development

- 6.5.2.1 Government to give preference for long-term leases to landlords who are majority black-owned, managed and controlled and who have demonstrated strong support for transformation, are willing to participate in enterprise development initiatives to build and operate what the government will lease with an intention for black beneficiaries to eventually own in part or whole own building/s or property assets from the participating landlord/s.
- 6.5.2.2 To support black-owned enterprises and to foster increased property ownership, qualifying 100% black-owned, managed and controlled enterprises, to be offered initial tenure contracts of 20 years to 30 years, complimented with appropriate contract terms and conditions, which may include but not limited to co-development agreements, co-ownership, equity participation, sale leaseback, etc.
- 6.5.2.3 Government to explore changing the highly restrictive acquisition processes and introduce aided acquisition models that permit for successful participation of black-people and black-owned enterprises, such models may include but not limited to, co-ownership, public-private partnerships, sale-leaseback, equity participation etc;

7. POLICY GUIDANCE - GIVING EFFECT TO FUNCTIONAL MANDATES

7.1 Leasing and Leasehold Portfolio

7.1.1 There is a great need for government to use its leasing activities, leasehold portfolio and owned property holdings to address the race and gender inequalities in property the property sector, and government's leasing and leasehold portfolio lends itself suitably to the achievement of this.

7.1.2 It is crucial, therefore, for government to use its leasing and leasehold portfolio to change the current reality where predominantly black-owned enterprises do not own commercial properties, by offering preferential conditions and favorable commercial terms to enterprises that are majority black-owned, managed and controlled

7.1.3 Alignment to Transformation Interventions and Outcomes

7.1.3.1 Government, in particular those organs of state that have responsibility or mandate to procure leases on behalf of clients and/or hold leased portfolios, will be required to establish database of qualifying landlords to enable Government to have pre-screened landlords that can participate in the sourcing, supply and satisfaction of the accommodation needs of government. The landlord qualifying criteria to be clear, widely publicized and designed to favour black-owned and black-women-owned enterprises.

7.1.3.2 Organs of state to align the implementation of this policy with the plans for the Client Departments' User Asset Management (UAM) requirements by ensuring preferential and favourable terms for the qualifying landlords is satisfying the accommodation needs of government in general.

7.1.3.3 Awarding and allocation of leasehold contracts thus lease tenure on any land, property/ies and/or building/s must be congruent to the categorization of the qualifying entities, thus ensuring long-term leases are reserved for enterprises which offer superior combination of B-BBEE status, black ownership level, participation of black people in management and control.

7.1.3.4 Capacitate black-owned enterprises and ensure broad-based empowerment is achieved by giving preference to partnerships, joint ventures and/or consortia formed with established landlords who have strong enterprise development program/s focused primarily on direct property or building ownership

7.1.3.5 Establish monitoring, evaluation and accountability mechanisms as key tools to be implemented linked to GIAMA for the execution of the UAM plans. Through the application of the provision of GIAMA, Organs of state must deliver on the black economic empowerment and transformation objectives advanced in this policy

7.1.4 Promoting BEE through Leasing and Leaseholds

7.1.4.1 The awarding of leasing opportunities to be aligned to the categorization of the qualifying enterprise, thus, the number of years (tenure) offered and certain of the terms on a lease contract will be in terms of such categorization.

7.1.4.2 The use of categorization of qualifying entities, to decide on the lease tenure and enhance the contracting terms for the purposes of this policy is to be referred to as Tenure enhancement method (TEM).

		B-BBEE CERTIFICATE LEVEL STATUS						
	FULL	<Level 4	4	3	2	1	FULL	
	100%	3yrs	5yrs	10yrs	10yrs	10yrs	100%	
	52%-	3yrs	5yrs	10yrs	10yrs	10yrs	80%	
	MAJORITY 51%	2yrs	5yrs	5yrs	5yrs	5yrs	MAJORITY 51%	
	30%	2yrs	2yrs	2yrs	2yrs	2yrs	30%	
	10%	2yrs	2yrs	2yrs	2yrs	2yrs	10%	
	MINORITY	10%	30%	51%	80%	100%	MINORITY	
		BLACK OWNERSHIP						

7.1.4.3 In application of the above tenure enhancement method, and in following on the qualifying criteria encompassed in this policy, all entities and enterprises with B-BBEE certificate status below Level 4 and/or black ownership below 10%, henceforth from approval of this policy, may not be considered for participation in any new leasing and leasehold opportunities.

7.1.4.4 Therefore, the TEM is applied in cognizance of the need to be deliberate about changing the patterns of property ownership in the country using the government lease portfolio as a catalytic lever.

7.1.4.5 Applying this approach, the tenure enhancement method, requires at best preference to be given to entities that have at a minimum an equally matched combination between black ownership, black participation in management and control, with the level of black ownership being the determinant element in the composition. Thus, should any of the two measured elements be less than ownership level such resulting compositions must not be given preference.

- 7.1.4.6 These applicable conditions must be applied in concert with resulting categorization achieved by the prospect or applicant;
- a) **Category D:** - this is, a transitional category which in the long-term implementation of this policy must have limited application or cease to exist. It caters for the types of enterprises which will be afforded 2 years non-renewable lease, whilst during the ensuing transition period, the government to implement a planned exit of any such categorized relationship and property(ies), establish procurement arrangements and sourcing that is highly favorable to growing pool of black-owned properties and/or develop owned-accommodation.
 - b) **Category C:** - afforded 3 years contract renewable only on achievement of a either an increase in ownership which leads to majority black participation and/or achievement of above 75% of all procurement from black-owned enterprises, to the extent that these changes improves the overall B-BBEE certificate status with one level up, which improvements must be reflected in the scorecard for a period not less than 12months at the point of requiring renewal.
 - c) **Category C:** - single period renewal 5 years contracts, provided the entity maintains the categorization of the assessed B-BBEE composite elements and the certificate status level does not fall below the initial category anytime during the tenure of the contract.
 - d) **Category D:** offer of an initial contract period of 9 years 11months, renewable 20 years to 30 years, provided the entity maintains the category requirements of the assessed B-BBEE composite elements and the certificate status level does not fall below the initial score anytime during the tenure of the contract.
- 7.1.4.8 To further support Black landlords and to foster increased property ownership, qualifying 100% black-owned, managed and controlled enterprises, must be offered initial tenure contracts of 20 years to 30 years, complimented with appropriate contract terms and conditions, which may include but not limited to co-development agreements, co-ownership, equity participation, sale leaseback, etc.
- 7.1.4.9 The question of beneficiaries of this policy transacting, disposing or selling off benefits derived from application of the policy, is of a major concern, however given that this policy aims to advance entrepreneurship in general, such beneficiaries will not be prevented from taking advantage of the market opportunities, however precedent conditions are creates as measures that must be applied to such transactions and interests in protection of both the transformation process and the objectives of this policy.
- 7.1.4.10 It will therefore be required that any beneficiary of this policy and programs arising a result of this policy, the TEM conditions must be applied in similar fashion to the subsequent recipient/s or buyer of such interest to an extend that the result-

ing TEM categorization must be applied in determining the contract terms forthwith and to the end of the current contract. Consequently, should the resulting TEM scoring be similar or higher, same terms and conditions will continue to apply as was afforded the incumbent beneficiary.

7.1.5 Development of New Black Entrants and Startup Landlords

7.1.5.1 In order to encourage participation of black-owned startup enterprises in direct ownership of property assets or for the development/support of emerging new black landlords, government to award 15% of leasehold portfolio opportunities to New Black Entrants and Startup Enterprises.

7.1.5.2 Accordingly, government in its need to develop black landlords and, thus, grow a pool of black-owned property assets, the government through its leasing activities, using its leasehold portfolio, with 'new' developments or using the disposal of owned-assets, must establish a specific landlord development program for this purpose, of which;

- The program will be strictly for the participation of black-owned startup enterprises, that is new entrants who have not held any equity instruments, enjoys economic interest nor have shareholding in an entity that holds/held title or rights in property(ies) which have an market value exceeding R50 million;
- Targeted at black-owned startup enterprises who are not current property owner/s, property portfolio owner/s, commercial building owner/s and/or fund owner/s, who are qualifies as TEM category A; there will be a need for government to provide specific support measures to ensure sustainability and success, such as, but not limited to co-ownership, sale-leaseback, equity participation, soft contract terms, asset swaps, financial guarantees etc
- Participants that reach benefit/s from leaseholds and property transactions arising from this program aggregating annual gross receipts, turnover or gross operating income of at least R10 million consistently for a period not exceeding three years must be graduated from the programme as they would have gained requisite property skills and wealth that can enable them to be successful property investors.

7.1.5.3 The success of the landlord development program must be measured based on a percentage of annual government property rental expenditure and leasing budget whereby the requisite participation outcome can be achieved.

7.1.5.4 The implementation of the landlord development program can and must be implemented, in partnership with and by incumbent property owners, established landlord/s and/or property funders that have successfully secured leasehold business with government or any of its organs.

7.1.5.5 Only participants in the form of a legal entity such as public company, private company, not-for-profit organization, co-operative, trust et cetera, will be allowed to be in the programme.

7.1.6 Landlord/s' Qualifying Criteria for the PMTE Landlords Database

7.1.6.1 Competitive negotiation

- a) The entity will negotiate with the selected landlords to determine the best value solution. The levers that will be used in the negotiation process include;
 - the optimum cost-to-utilisation-ratio in terms of the space norms;
 - term of lease; rates and escalation;
 - the empowerment plan of the landlord;
 - level of empowerment;
 - selected socio-economic and targeted groups in terms of the BEE act in designated areas of property ownership or subcontracting for maintenance or facilities management and job creation; and
 - and other negotiation levers approved from time-to-time PMTE
- b) After successful negotiations, prospective landlord must submit a final offer based on the negotiation. This final bid offer will be submitted in terms of the SANS 7485:1 Procedures for Competitive Negotiation. The offer will be evaluated against those of the other successful bidders if more than one has been invited. In the event of only 1 (one) bidder submission after the negotiation, the tender must be evaluated and may be awarded, provided that the final bid offer reflects the negotiation.
- c) Where the bidder is notified as a selected bidder, pending negotiation, the bidder must within a period of 5 (five) working days from date of receipt of the notification, advise the Entity of its intention to proceed with the negotiation. Failure thereof, the tender, will be regarded as non-response and negotiations may be terminated. PMTE will then enter into negotiations only with the remaining selected bidders.

7.1.6.3 Confidentiality

All information generated, communication produced, and data acquired and any other material produced under the auspices of this project remain the intellectual property of government.

The landlord/building owner will be bound by the same clauses of confidentiality and code of ethics as applicable to officials of the public service.

7.1.6.5 Fraud and Corruption

All prospective panelists of landlords/building owner/s are to take note of the implications of contravening the Prevention and Combating of corrupt activities Act, Act no 12 of 2004 and any other applicable Act.

7.1.7 Lease Specifications to Empowerment

7.1.7.1 All property rental and lease transactions, thus rental tariffs thereof, entered into by or with the government to be based on market related rates and measures must be implemented that ensure lease contracts have 5 year reviews to ensure rates are normalized in line with market, thus does not become exorbitant.

7.1.7.2 Currently, there are operational geographies where a single or limited number of landlords dominates property opportunities arising from transacting with the government, this policy set out the following interventions to be implemented to limit and/or minimize this type of market dominance by a single property owner or a select small group of landlords;

- Markets dominated by single landlord, the government to insist on partnerships, joint ventures and/or consortia accompanied by an enterprise development program that will deliver direct ownership and economic interest in a building/s, portfolio of properties and/or property services enterprise.
- Where a landlord/s is/are unwilling to comply to leasing specifications and/or have created an environment where the government involuntarily has to enter into uncompetitive/unfavorable lease conditions, the government to implement a planned exit of such arrangements and enter into long-term arrangements with Black-Owned enterprises to develop owned-accommodation, through procurement arrangements and sourcing methods that are highly favorable to such an arrangement.
- In turn, such property owner/s and landlord/s who is/are not transformed, display (covertly/overtly) no interest in supporting transformation or empowerment interventions, and/or unwilling to participate in enterprise development initiatives to be categorized TEM Category D status, whilst alternative methods which enables black participation or transfers such interests to black-owned enterprises are being sought.

7.1.7.3 Therefore, there is a need to be deliberate about advancing black economic empowerment;

- By entering into long-term leases with landlords who are majority Black-owned, managed and controlled or landlords who have demonstrated strong support for transformation, are willing to participate in enterprise development initiatives to build and operate what the Government will lease with an overt intention for black beneficiaries to eventually own in part or whole own building/s or property assets from the participating landlord/s.
- Create and support sustainable leasing models that confers ownership to black-owned enterprises whilst equally ensuring continued delivery of the desired level of quality service and value-added benefits related Government Programmes

- 7.1.7.4 Through the participation in such an enterprises development program, the measure of success should incorporate outcomes that black-owned enterprises to be enabled to;
- Accumulate their own revenue;
 - Build necessary expertise and capability to be economically and technically competitive;
 - Develop the capacity to invest further in property ownership or management; and
 - Become sustainable entities that have built capability and capacity to satisfactorily deliver to government to the same extent and scale as established landlords.

7.1.8 Applying the Policy in Tenant Installations (TI)

- 7.1.8.1 When Government hires new building/s or renews leases, there is a requirement for the landlord to refurbish the building/s to meet the needs of the Client Departments (the tenant), to invest in tenant installations.
- 7.1.8.2 To ensure the actualization of transformation, the majority of the value of procurement arising from tenant installation project/s must be primarily directed towards supporting beneficiaries of this policy, thus benefitting the government's transformation initiatives.
- 7.1.8.3 The government, therefore, to require no less than half of the actual expenditure value arising from the tenant installations and the accompanying refurbishments to be directed towards black owned suppliers, contractors and service providers.
- 7.1.8.3 Similarly, address the over-reliance on the landlord to deliver on the tenant installation requirements to the exclusion of the direct involvement of government, this has proven to be disadvantageous to the delivery on black economic empowerment and transformation initiatives, the principal department, therefore, must, together with the property owner/landlord, participate and drive the tenant installation decision making and procurement processes, as it relates to the delivery to the tenant.
- 7.1.8.4 The tenant installation and/or refurbishment programs/projects to integrate and embody EPWP/NYS principles and landlords must employ these principles when executing those programs/projects on behalf of government thus creating jobs and alleviating poverty in the process.
- 7.1.8.5 The landlord/s must incorporate into their procurement processes, as it relates to the government's portfolio, details that demonstrate clear support and implementation of EPWP/NYS principles by identifying specific work packages that are earmarked specifically towards EPWP/NYS beneficiaries.
- 7.1.8.6 For fairness and equity in the distribution of procurement opportunities, the work packages identified for tenant installations, the landlord to integrate race and

gender specific requirements in the sourcing of all products, good and services pertaining to such a project.

7.1.9 Lease Management and Maintenance

- 7.1.9.1 The principal department/s to require leasing management of building/s majority occupied by government or organs of state are the majority tenants to be managed by black-owned property companies, whole or in partnership, to enable Black entities to build the necessary property management capability that they can then use in growing expertise, competitiveness and wealth.
- 7.1.9.2 The above requirement to apply in similar fashion to facilities maintenance and service contracts for those leased properties where Government is a majority tenant in a building.
- 7.1.9.3 Notwithstanding the above, preference towards appointing property services providers must be given to majority owned 51% black-owned, managed and controlled enterprises and to increase a pool of competitive property services enterprises.

7.1.10 Promoting BEE in Property Brokering

- 7.1.10.1 Owing to the prevailing patterns of land and property ownership in the country, this has contributed to acute shortages of Black property practitioners who are property agents and brokers. As the large consumer of property services, it is crucial for government to contribute to the development of top quality leasing and property intermediary services.
- 7.1.10.2 Government to use its procurements processes to introduce interventions to create opportunities and support increasing the pool of highly skilled, professional, black property practitioners. Accordingly, incorporated in the issued leasing mandates will be requirements to appoint of black agents/brokers and to include requirements for the development of black-owned enterprises with leasing and broking skills.
- 7.1.10.3 The following measures to be implemented and applied as pre-conditional to leasing mandates, (including property management services that contain a leasing mandate), issued to ensure that skills development and knowledge transfer happens;
- a) The sourcing, procurement and supply chain processes for the execution of leasing/broking activities or property management services that includes leasing/broking connected to the delivery of the property services to the government to prioritize appointment of black property practitioner/s that are actively involved in all leasing and broken activities
 - b) Agents rely on commission received from the landlords to earn a living and also gain the necessary skills and knowledge on property issues. Therefore

mandates issued to all landlords to be explicit on the active involvement of black property practitioner/s in all intermediary activities connected to the delivery of such a mandate

- c) Where more than one agent/broker/intermediary is required to deliver on the activities connected to the mandate, at least one of the involved practitioners to be a black-woman
- d) The service provider is required to report on the allocation of work to black agents/brokers within its employ and the outsourced where it has been contracted to deliver property services and/or leasing/broking activities to government.

7.1.10.4 To execute on the development of quality broking and intermediation skills it will require the government in partnership with relevant stakeholders, including property owners and/or property managers, to establish a development programme targeted at development of a pool of black property agents/brokers.

7.1.10.4 To support such a development initiative, there is a need for government to hire accommodation with certain value thresholds directly from the property owners and property managers participating in this program thus ensuring that the landlords pay the necessary commission to the broker.

7.1.10.5 Property owners who are participants in the Landlord database and/or Landlord development program will be required to implement such measures, for the development of property agent/brokers, as pre-conditional to their participation in any of the aforementioned.

7.2 Acquisition (Purchasing) of Properties**7.2.1 Promotion of BEE Compliant Entities during Purchasing of Properties**

- 7.2.1.1 In order to seriously advance this policy, thus transformation of the property sector, government to use its acquisition capability to address the race and gender inequalities in land and property ownership
- 7.2.1.2 To this extend, there's a necessity for Government when it comes to acquiring properties, or rights in property, where it must be reasonable practicably possible, to target purchasing land, from black-owned enterprises, least give preference to land and properties properties owned by black people
- 7.2.1.3 It is therefore crucial that government change the current highly restrictive acquisition processes and to explore aided acquisition models that permit for successful participation of black-people and black-owned enterprises, such models may include but not limited to, co-ownership, public-private partnerships, sale-lease-back, long-term (20-30yrs) leases; etc.

7.2.2 Promotion of BEE Compliant Entities using Government owned land

- 7.2.2.1 Where government or an organ of state requires new development/s or improvement of its owned land and/or refurbishments of owned buildings, preference to be given to entering into partnership/s with qualifying majority (51%+) black-owned, managed and controlled enterprises have the land improved to satisfy accommodation of the client departments and service delivery needs of government.
- 7.2.2.1 The government, through its organs, to identify black owned land or buildings, enter into partnerships with black-owned enterprise/s to have the land developed or the buildings improved and ensure that developed/improved properties are used to satisfy accommodation of the client departments and service delivery needs of government
- 7.2.2.2 Furtherance to par 7.1 above, government must, where it does not own the land, purchase the property outright and create specific programmes implemented in a manner that promotes sustainability of black-owned enterprises and black property owners.

7.2.3 Promotion BEE Compliant Property Agents

- 7.2.3.1 It is crucial for government to use the acquisition processes to contribute to the development of top quality leasing and property intermediary services, in order to address the acute shortage of Black property agents, as a result, government to preferably use primarily and largely only black agents in acquisition.

7.3 State-Owned Portfolio Management

7.3.1 State-Owned Properties

- 7.3.1.1 Government owns a vast property portfolio which can be used to address the racial and gender inequities in property ownership and control;
- 7.3.1.2 As a result, government must prefer to enter into long term contracts with black-owned enterprises for the provision of property services, as it relates to its own portfolio. This will allow the these entities to not only raise capital for improving the land or securing a paying client, it guarantees long-term revenues that secure sustainability;
- 7.3.1.3 Government, where practical, must support the Black-owned enterprises by committing itself to providing tenants to its own buildings that will occupy the improved property in a form of a client department, so to enable investment into the premises and improvement of the land
- 7.3.1.4 Government to consider allocating property assets which are for revenue generation for management in partnership with black-owned enterprise as a mechanism to grow black property services providers and a intermediary services by leasing out these properties to black owners to develop on behalf of government or property managers to appropriately manage and maintain
- 7.3.1.5 Government to use primarily black-owned enterprises for the provision of property intermediary services to market its properties for sale (incl. auction) and/or lease with the view of finding tenants to occupy those properties or purchasers.

7.4 Disposal of Immovable State Assets

7.4.1 Disposal of Immovable State Assets as a Catalyst for Economic Development and Property Sector Transformation

7.4.1.1 It is a well established theory that there is a positive relationship between secure property rights and the level of economic development. Consequently, strategic disposal of immovable state assets will have an impact on capital formation and spatial transformation, therefore impacting directly on economic growth.

7.4.1.2 The government must, as a result, create disposal program to strategically address the patterns of property ownership, promote entrepreneurship and stimulate investment. Implement a planned immovable assets disposal program that must enable black-owned enterprises to secure rights in property which they could use to access financial instruments.

7.4.1.3 Disposal of immovable state assets to be completed at rate that requires fair market value in line with regulatory and legislative prescript, however the assessment of value to derived from such a disposal transaction will be determined commensurate to the Black ownership and B-BBEE status level of the acquiring party, such that value appreciation methodology could be applied.

7.4.1.4 The value enhancement methodology in the disposal pricing shall be as follows;

		B-BBEE CERTIFICATE LEVEL STATUS						
		<Level 4	4	3	2	1		
MANAGEMENT	FULL	100%	110pt	115pt	120pt	120pt	100%	OWNERSHIP
	80%	105pt	110pt	115pt	120pt	120pt	80%	
	MAJORITY 51%	105pt	110pt	115pt	115pt	115pt	51%	
	30%	100pt	105pt	105pt	105pt	100pt	30%	
	10%	100pt	100pt	100pt	100pt	100pt	10%	
	MINORITY	10%	30%	51%	80%	100%	MINORITY	
		BLACK OWNERSHIP						

- 7.4.1.5 The Application of the value appreciation model is aimed at recognizing the 'best' empowerment structure and accordingly act as a differentiation mechanism. The value enhancement model as a differentiation tool introduces a recognition that B-BBEE Certificate status performance and level of black-ownership are not the only measure of successful implementation of B-BBEE. It therefore provides that the 'best empowerment structure' is the one that provides an optimal combination of black-ownership, management and control, together with the certified B-BBEE Certificate Level Status.
- 7.4.1.6 To this end the calculation for the application of the value appreciation method shall be as follows;

$$A = B \times (\text{VEM ratio} \div 100)$$

WHERE:

A = is the Final Assessed VAM Adjusted Score/ Value Offer

B = is the Bid Evaluation Score achieved/Bid Amount/Offer Price

VAM ratio = the allowable VEM multiplier as per VEM assessment table

7.4.2 Categories of Immovable State Assets to be disposed by Government

- 7.4.2.1 Immovable state assets that are no longer required for the purposes of delivering public services, does not support service delivery objectives, is not required to deliver basic municipal services, are not used efficiently (underutilized) or cannot cost effectively be upgraded or not occupied/utilized for any public good (unutilized).
- 7.4.2.2 Government no longer interested in the current/future type of use of the subject property/immovable asset
- 7.4.2.4 Government cost of continuous holding of the subject immovable asset too high or not in line with the current/future government use of the property/asset
- 7.4.2.5 Confirmed processes that designate the immovable asset will never in future be deemed necessary for Government Use or the subject property/asset is confirmed to be redundant
- 7.4.3 Once a property asset has been identified for disposal and disposed through and following the processes as highlighted above such a property asset must not be used by the new owner to engage with Government within a period less than 5 years from date of confirmed disposal.
- 7.4.3.1 Where the property asset has been identified for a disposal to support specific transformation initiative or empowerment intervention, the budget to be spent by a government department must not exceed the current cost to government of holding the same asset.

- 7.4.3.2 Where the amount and cost for Government to fix and use a building or property for client department/s far exceeds private sector transacting or acquiring a new building for future use of such a property/asset for satisfaction of similar property or accommodation needs;

7.4.5 Release of Land to Support Poverty Alleviation

- 7.4.5.1 Release of state-owned land assets to prioritize support for Government land reform projects
- 7.4.5.2 Identified Properties that can be used in the implementation Anti Poverty Programmes;
- 7.4.5.3 Ministerial/Premier/MEC confirmed Priority Areas and Projects;
- 7.4.5.4 Implementation of set objectives and clearly spelt out targets for each financial year;

7.4.6 Release of Land to Support Government Programmes

- 7.4.6.1 Government must also give priority on the release of land based on Government programmes such as releasing land to address housing provision, as well as for development the development of infrastructure for health, education and delivery of basic municipal services;
- 7.4.6.2 Organs of state must support such initiatives which arise out of and/or are in line with the Presidential/Ministerial/Premier/MEC pronouncements, including but not limited to State President's State of the Nation address, Ministerial Budget Speeches; etc.
- 7.4.6.4 It is also paramount that Government, release land to appropriately registered and qualifying non-profit organizations (NPOs), community based organizations (CBO's) and faith based organizations (FBOs) on appropriately designed long-term leases at nominal rental so as to allow the qualifying organizations to embark on community upliftment and social development projects that seek to support government programmes in priority areas identified through the Department of Social Development.
- 7.4.6.5 Permanent or temporary release of land, should be done to strategically support spatial transformation initiatives in a manner that is in line with spatial development framework of municipalities and seeks to promote integrated development thus promoting economic development of communities.
- 7.4.6.5 To achieve the objectives that seeks to narrow the racial and gender gap that currently exist, through a properly planned disposal program, the government to release land assets for the development of public infrastructure

7.5 Facilities Management**7.5.1 Facilities Management Services within Government and its Impact on the Implementation of Broad Based Transformation**

- 7.5.1.1 Accompanying the mandate of organs of governments responsible for land and property assets ohs the requirement to satisfy and deliver on facilities management and maintenance by ensuring the subject properties/buildings are suitable for continuous occupation and efficient use.
- 7.5.1.2 The government employs hundreds of contractors, service providers and professionals who provide facilities management and maintenance services; it is, therefore, essential any of the organs of state to ensure transformed, professional, cost conscientious, efficient and highly skilled facilities management services
- 7.5.1.3 To ensure its own institutional efficiency, the government must establish methods and structures to enhance the effectiveness and efficiency of its internal capacity for well coordinated, cost effective, sound and quality provision of facilities management and maintenance services, in order to minimize the unhealthy reliance on outsourced service providers and contractors, by developing in-house expertise in critical areas that are peculiar to government
- 7.5.1.4 The government to use it procurement strength to create methods for equitable sourcing of facilities management and maintenance work, with a view to achieving a fair distribution and transparent allocation of work that will not be based on handful of contractors and the government's over reliance on reputation
- 7.5.1.5 Through this policy black-owned enterprises; in particular women, youth and the disabled, must receive preferential access to the outsourced opportunities, this is intended to strengthen the entrepreneurial capacity, nurture skills and build competitiveness of the target beneficiaries
- 7.5.1.6 As a result of par 7.5.1.5 above, majority of all outsourced property facilities maintenance and management services, consequently actual spending towards these services, must be directed predominantly towards black-owned enterprises, with preference given to black woman-owned and black youth-owned.

7.5.2 Functional Alignment of Facilities Management Operations to B-BBEE/Transformation

- 7.5.2.1 To assist in creating a relief towards satisfying the huge maintenance obligations of the state-owned buildings, in tandem driving to achieve B-BBEE, the government to consider entering into structured funded partnership/s with qualifying black-owned enterprises to deliver on the maintenance programme
- 7.5.2.2 The envisaged structure of the partnership/s intended to deliver on the maintenance programme will be premised on the '*Total Cost of Ownership*' to underpin and recognize the full economic value of the government immovable asset, with

the government to establish clear 'line-of-sight' for the maintenance strategy through planning the delivery of the maintenance activities.

- 7.5.2.3 The government to establish a Maintenance Delivery Program established to enable Government to better reflect the activities and full cost of the activities in which government property/assets are involved

7.5.3 Government Procurement Practices a way to Promoting Black-owned Enterprises

- 7.5.3.1 The government to take advantage of maintenance services and the contract that are less complex, easy to execute and have low barriers of entry to significantly increase participation of black-owned enterprises, in particular women and youth entrepreneurs

- 7.5.3.2 These identified targeted services and work packages, to be earmarked primarily for qualified Category A and B enterprises, who have the potential to provide significant employment opportunities, thus contribute to job creation; therefore job creation and majority black-ownership to be South African citizen, (that is, the number of employment opportunities to be created);

- Cleaning;
- Security;
- Horticulture; and
- Gardening Services

- 7.5.3.3 Majority (greater than 50%) of the procurement contracts, thus actual expenditure on the target services must be directed towards black women-owned, black-youth and disabled entrepreneurs. This is because these services are the target for contracts because of low barriers of entry and the significant contribution they make towards developing informal businesses into fully fledged formal businesses that can provide employment opportunities.

- 7.5.3.3 To this end, the government through its procurement process, to encourage the use of co-operatives, joint ventures, consortia etc. as an effective mechanism for creating a platform and achieving broad based inclusion of Black-people.

- 7.5.3.4 Organs of state scoped into this policy are therefore obligated to establish appropriate programmes, structures and processes to support black-owned enterprises, accordingly regular reporting is required confirming a specified percentage of black-owned enterprises (that is; create conducive environment for operating, quality checks, timeous payments for work proven as satisfactorily done and detailed reporting on value-add to Government).

7.5.4 Facilities Management Practices a way to Promoting Labour Intensive Methods

- 7.5.4.1 Contracts awarded by the government for delivering facilities management and maintenance services are an effective tool to engender job creation; therefore in its approach to procurement of these services government must require the use of labour intensive methods that integrates EPWP principles, and must give preference to contractors/service providers that conforms accordingly
- 7.5.4.2 Further condition precedent to awarding such contracts that Black-owned enterprises, preferably black women-owned enterprises, to actively be involved as the Principal/Project Lead and provide full supervision in the performance of contract activities connected with the delivery of facilities management and maintenance services
- 7.5.4.3 The government through its procurement processes establish programmes and structures to identify, partner and encourage the use of co-operatives, local communities, youth-based consortia etc. as an effective mechanism for creating a platform and achieving broad based inclusion of Black-people
- 7.5.4.4 The government, in partnerships with relevant stakeholders in both public and private sector, to design and implement education, training and skills development programmes for the target group in the development of technical skills, support enterprise development and build business knowhow.

7.5.5 Day-to-Day Maintenance Programmes

- 7.5.5.1 Historically, procurement of unscheduled maintenance services tended to favour males to the disadvantage of women and the disabled, therefore governments must establish programmes, structures and mechanisms as interventions specific to identifying and bring on board women, youth and disabled in order to achieve broad based inclusion of Black-people
- 7.5.5.2 Government departments to give preference to black-owned enterprises with the appropriate CIDB registration to handle unplanned or day-to-day maintenance;
- 7.5.5.3 At least 30% percentage of all opportunities arising from the unscheduled maintenance and unplanned works must be directed towards black-women, black-youth and disabled-owned enterprises
- 7.5.5.4 Principal departments must identify day-to-day maintenance projects where Departments will efficiently and effectively employ EPWP/NYS principles. This would be subject to the following:
- Applicable Compliance Issues;
 - Set Targets;
 - Reporting on Progress made by respective Departments; and
 - Integrating into the black economic empowerment program/s

7.5.6 Appointed Contractors on Big/Major Projects

- 7.5.6.1 There has been a general outcry that the allocation of contracts to deliver on major maintenance projects for the government are inequitably distributed to the disadvantage of black-owned contractors/service providers, similarly the value of the contracts allocated are not commensurate to transformational objectives
- 7.5.6.2 It is, therefore, incumbent on the government to establish a more transparent contracting process with the aim that all contractors/service providers have a fair opportunity to be allocated projects to work on. Accordingly, the principal departments must establish criteria that ensures an even distribution of the volume of work and an equitable spread on the complexity and variety of work
- 7.5.6.3 Commensurate to the distribution of the works/projects must be the equitable annual procurement spend arising from the delivery of major projects directed towards black-owned contractors/service providers
- 7.5.6.4 In cases where there are acute shortages of skills and/or service providers that can be adequately sourced that are black-owned contractors/service providers, the government to insist on partnerships, joint-ventures or consortia to deliver specifically on skills transfer and enterprise development
- 7.5.6.5 Government must therefore establish tools to monitor, measure and evaluate the transfer of skills and enterprise development interventions between established contractors and those who are still in developmental stage
- 7.5.6.6 Notwithstanding the above, all contracts for major projects issued acquired through government, should be issued with explicit conditions, tandem measures to ensure skills development and knowledge transfer happens, that;
- for every discipline or work package in a project an artisan/learner/candidate/junior practitioner must be actively involved in the performance of all activities connected with the delivery of the project
 - where multiple disciplines are or more than one professional is required on a project, the disciplines/professionals shall be evenly distributed based on integrating race and gender requirements to inculcate the grow, support and advancement of black skills, capacity and capability.
 - consideration to be given to black-owned enterprises, preferably black women and black women-owned enterprises, that are/will be actively involved in full supervision as the Principal/Lead providing in the performance of all the contract activities connected with the delivery of project
 - These appointed contractors will be subjected to employing labour intensive methods and/or EPWP/NYS principles when executing work packages on the project such the delivery and execution could be judged on its ability to create opportunities for jobs;

7.6 Management of Municipal Accounts**7.6.1 Management of Municipal Accounts a Catalyst for the Advancement and Development of the Youth and Youth-owned Enterprises**

- 7.6.1.1 The management of municipal accounts requires knowledge in municipal billing, revenue collection, credit control, and meter reading services, these are all sub-activities in finance/accounting and property operations management. Government should, therefore, take advantage in the procurement of these services, to package in a manner to specifically target black-owned enterprises, in particular black-youth entrepreneurs
- 7.6.1.2 The contracts awarded by government for the management of municipal accounts, are generally designed to be self funding and self-sustaining (due to fees payable on success) as a result can be an effective tool to engender enterprise and supplier development, thus creating a pool of knowledgeable Black-owned enterprises that specializes in the delivery of these services
- 7.6.1.3 In its approach to procuring these services government must require enterprise and supplier development plan/program which integrate an extensive use of youth, incorporating NYS principles, and government to give preference to contractors/service providers that conforms and commits to deliver accordingly;
- 7.6.1.4 The principal departments, in partnerships with relevant stakeholders in both public and private sector, to design and implement education, training and skills development programmes for the target beneficiaries specifically tailored to the delivery of the aforementioned services, provide enterprise development support and build business knowhow
- 7.6.1.5 Measures by government to ensure skills development and knowledge transfer will be implemented and contracts to be awarded with explicit conditions, that;
- for every discipline involved in the execution of contract/s a learner/s to be actively involved in the performance of contracted services
 - preference to be given to service providers/suppliers/contractors who, or target to, employ youth, predominantly from within the local municipal area, who have completed high school or further, with accounting and/or mathematics as a subject
 - for every senior person where multiple disciplines and/or more than one skilled practitioner are required to deliver on the contract, the disciplines/practitioners should be evenly distributed integrating race, age and gender requirements from the target beneficiaries
- 7.6.1.6 Performance of the youth should be monitored to ensure they are gaining the required experience that may assist them to get employment in other sectors or even be absorbed within the property sector;

7.6.2 Service Related Opportunities for Promoting Black-owned Enterprises

7.6.2.1 Government must take advantage in the management of the municipal services, and the contracts thereof, because of low barriers of entry, to significantly increase participation of black-owned enterprises, in particular women, youth and the disabled entrepreneurs

7.6.2.2 Certain services and activities involved in the management of municipal services have the potential to be packaged in such a manner to create opportunities for entrepreneurship and job creation. The specific services and activities involved are the following;

- Meter reading;
- Energy savings methods;
- Water savings methods;
- Waste management and refuse removal; and
- Recycling

7.6.2.3 Furthermore, government line departments in partnership with certain state owned enterprises and relevant industry stakeholders, design programs that targets the employment of youth in meter reading, fixing public infrastructure such as plumbing, on Government buildings where these services are not provided by a different sphere of government;

7.6.2.2 Government is also expected to implement Green Building Policy, which incorporates energy, water, environment and waste management methods and it is therefore essential that black-owned enterprises are employed and involved to implement thus ensuring economic growth benefits all sectors of society.

7.6.3 Management of Waste at certain State Buildings

7.6.3.1 Waste Management or Refuse removal in Government buildings should be done by employing EPWP principles;

7.6.3.2 Co-operatives, joint ventures with established business, consortia and partnerships are the economic empowerment tools ideally suited for the delivery of this type and category of service where broad-based black economic empowerment could be achieved with sufficient success;

7.6.3.3 A number of young people and women should be employed thus ensuring that poverty is alleviated and the gap between the second and first economy is narrowed to acceptable levels.

7.6.4 Job creation in Municipal Services

- 7.6.4.1 As Government employs youth to deal with reconciliation of accounts, deal with refuse and waste removal, meter reading and contractors dealing with energy saving methods, jobs will be created;
- 7.6.4.2 These jobs will include both formal and informal jobs which needs to be measured and reported accordingly as they assist with the overall measure of economic growth and per capita income of the country.

7.7 Surplus State Owned Property Portfolio - Third Party Leases
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7.7.1 To address the skewed patterns of ownership in the country, government must use its property portfolio to:

- 7.7.1.1 Advance the growth of black-owned enterprises and transformation of the property sector, by employing its capacity to use government-owned surplus property portfolio to address the race and gender inequalities in property ownership and the dearth in property management skills, thus improve its management practices and promote black property ownership
- 7.7.1.2 Strategically dispose government-owned unutilized, underutilized and surplus properties to address the patterns of property ownership, promote entrepreneurship and stimulate investment.
- 7.7.1.3 Package well the portfolio of properties envisaged in par 7.7.1.2 to enable black-owned enterprises to easily secure property rights, create revenue opportunities and/or acquire property management expertise which they could use to take full advantage of opportunities in the market, access funding and/or create wealth.
- 7.7.1.4 Improve its Management Practices of all properties: by establishing mechanisms and structures that seeks to ensure its own internal institutional efficiency and build the effectiveness of its capacity for the management of the third party leases and outsourced functions/portfolios;
- Capture levels of optimal use;
 - Capture levels of limited use and relevance;
 - Capture levels of redundancies and alternative modes of management
 - Use **GIAMA, Lease Management Policy, Facilities Management Policy and the Green Building Policy** as instruments to bring uniformity to property management, maintenance, and/or ultimate disposal
- 7.7.1.5 Promote Black Participation – Distribution of work: in packaging the distribution of the outsourced contracts, conducting procurement practices and/or execution of internal management services in such a manner to favour and significantly increase participation of black-owned enterprises, in particular women and youth entrepreneurs 65% of outsourced contracts package in such a manner to favour significant participation of black-owned enterprises Black owned, contractors/ service providers
- 7.7.1.6 Promote Black Ownership – Qualified B-BBEE Enterprises: in packaging the distribution of the outsourced contracts, conducting procurement practices and/or execution of internal management practices in such a manner to favour and significantly increase participation of black-owned enterprises, in particular women and youth entrepreneurs;

- Identified and confirmed Areas of Top Priority;
- Identified and confirmed Number of Properties to be used in a designated Property Portfolio;
- Outlined Processes and Compliance Issues;
- Delivery Timeframes;
- Related Budgets;
- Management of approved Action Plans
- Reporting

7.7.1.7 Enhanced Control and Management Processes:

- Government should at all times be knowledgeable about the status of ownership and/or management of properties under its control;
- Determined number of properties should be continuously managed by User or Custodian Department;
- Determined number of properties to be subjected to Executive Authority decision-making on whether or not those are to be continuously managed or subjected to Disposal Qualification Criteria.

7.7.2 In order to assist Government in achieving its goals:

- 7.7.2.1 Government, in general, must use property management to create job opportunities targeting the poor thus contributing to halving poverty;
- 7.7.2.2 There is, however, a need to ensure that the Property Portfolios are properly accounted for by both national and provincial, thus ensuring governmental Plans are implemented using best practices when managing designated property portfolios.

7.8 Property Professional Services

- 7.8.1 Government is the largest primary procurer and major consumer of built environment and real estate professional services; as a result it is well positioned to contribute to addressing the acute shortages of build environment professional skills and black-owned service providers
- 7.8.2 Further, there has been a general outcry that the allocation and/or appointment of property professionals rely predominantly on sourcing based on existing relationships and are inequitably distributed to the disadvantage of black-owned service providers. Similarly the value of the contracts allocated is not commensurate to transformational objectives of government
- 7.8.3 It is, therefore, expected on the government to use its procurements processes for interventions to create opportunities and support increasing the pool of highly skilled, professional, black built environment and real estate professionals.
- 7.8.4 To promote and facilitate the development of black property professionals deliberate skills development and knowledge transfer measures must be integrated and applied as pre-conditional to bidding requirements in the procurement of built environment professionals and real estate professional services.
- 7.8.5 For practical implementation of the transformational objectives, principal department to implement procurement and contracting process that achieves not less than even (50/50) distribution of the available work and equitable spread on the complexity and variety that offers all contractors/service providers a fair opportunity to be allocated work.
- 7.8.6 Procurement practices in the following specific professional services to ensure work packaging in such a manner targeted to significantly increase the participation of black professionals and black-owned service providers;
- registered professionals regulated under the Council for Built Environment;
 - Professionals registered under the SACOBS and SACMPMP
 - Market Research Specialists/Property Economists/Market Analysts;
 - Specialists Consultants; and
 - Certified Green Building Consultants.
- 7.8.7 Where there are proven shortages or unavailability of black professionals and black-owned service providers that can be adequately sourced, government to require appointed service providers and/or built professionals to form partnerships, joint-venture or consortia to deliver specifically on skills development and knowledge transfer.

- 7.8.8 Notwithstanding paragraphs 7.8.1 - 7.8.7 above, all contracts that requires appointment of built environment and/or real estate professionals issued by government must be issued with explicit conditions and measures that ensures skills development and knowledge transfer, such that;
- for every discipline or work package a candidate/learner must be actively involved in the performance of all activities connected with the delivery of the contract
 - where multiple disciplines are involved on a project or more than one professional is required in a contract, the disciplines and professionals shall be evenly distributed based on integrating race and gender requirements
 - consideration to be given to black professionals and black-owned service providers, preferably black women and black women-owned service providers, that are and will be directly responsible for the full supervision as the Principal/Lead providing in the performance of all the contract activities
- 7.8.9 To make certain of graduation and progress, tools must be established to monitor, measure, evaluate and report on the transfer of skills and development interventions between established built environment and/or real estate professionals and those black professionals and black-owned service providers who are still in developmental stage

8. GOVERNANCE

8.1 Roles and Responsibilities

- 8.1.1 Government gives full support and commits to the implementation of this policy. Accordingly, this policy shall be a demonstration of its commitment to the transformation of the property sector and empowerment of black-owned enterprises.
- 8.1.2 Upon approval, all organs of state in the government shall become directly responsible for the full and correct application of this policy, jointly and severally accountable to ensure the achievement of the targets, outcomes and/or deliverables as envisaged.
- 8.1.3 Promotion of this policy shall henceforth be a key function of all management levels in government and the successful implementation thereof will be included in the criteria on which performance is assessed. The table below details the roles and responsibility in respect to effecting this policy. This also serves as a high level accountability framework.

Policy Outcome/Deliverable		Responsibility
Oversight/Champion		
Sponsor		
Noting		
Approval		
Integration		
Consultation		
Execution		
Implementing Agents		
Planning and Reporting cycle (Monitoring and Evaluation)		
Institutionalization and Mainstreaming into government		

8.2 Monitoring and Evaluation

- 8.2.1 There must be commitment on the part of the participating organs of state to ensuring regular reporting in their annual reports the National Department of Public works to enable reporting to the Parliamentary Portfolio Committee on Public Works, on B-BBEE and Transformation activities, initiatives and interventions undertaken by government, private sector and all other relevant institutions impacted by this policy
- 8.2.2 The reports must cover all works/projects/programs within the scope of this policy awarded and/or contracted by government and its functionaries, and should, but not limited to, the number of contracts awarded, the allocation and/or distribution of the contracts integrating race and gender, the volume (number) and value of the contracts, the number of work/s arising from the contracts and the disciplines covered and the transformation results achieved from the allocated contracts.
- 8.2.3 It is critical that government establish quantitative goals against which the outcomes and impact of works/projects/programs/interventions envisaged in this policy are to be assessed. These quantitative goals will form part of the performance management key data and statistics which will be used to assess the effectiveness of the policy interventions on an ongoing basis
- 8.2.4 The value of this policy can only be achieved through the commitment of whole of government, individuals involved and the private sector and all institutions involved in accurately and consistently collecting and reporting on the progress of its implementation.
- 8.2.5 Immediately upon putting this policy into practical implementation, government must establish measurement standards, tools and reporting structure to collect, collate, analyze and report on the performance information and assessment of progress
- 8.2.6 The participating principal departments should endeavor to make all reports that support and inform the progress of the B-BBEE and economic transformation initiatives available annually to the public and the relevant industry bodies as soon as reasonably possible immediately they become available
- 8.2.7 The annual report with regard to the various elements to be submitted by the line managers, via their respective Executive Committees, to the office of the Director General, for the purposes of reporting to Minister regarding black economic empowerment practices and initiatives implemented to drive transformation in the property sector.
- 8.2.8 To ensure government maintains objectivity and drives the relevant transformation elements, for transparency and openness the annual report envisaged in paragraphs 8.2.1, 8.2.2 and 8.2.7 above shall be addressed for concurrence and validation on the impact with the property sector through the Property Sector Charter Council and the Transformation Coordination Committee

9. THE TRANSFORMATION CO-ORDINATING COMMITTEE

9.1 Members

- 9.1.1 The transformation coordination committee shall be comprised on industry representatives and government officials, where the composition must be majority comprised of independent persons who are non-government officials
- 9.1.2 The committee must comprise not less than twelve members, at least two-thirds of whom must be officials or persons who is/are not involved in the day-to-day management of the government business, nor be in the employ of any government institution and must not have been so involved within the previous three financial years
- 9.1.3 The majority of members should be representatives of industry bodies and signatories of PSCC, of which the majority should be independent. Two members should be appointed as subject matter experts (SME) be appointed to the committee through public nomination
- 9.1.4 The chairperson of the committee must be an independent person who is not a current member of the committee, does not hold an official position within or in an industry body nor a person in the full-time employment of government/government institution
- 9.1.5 The Committee shall meet four times a year, and additional meetings can be arranged if such a request is demanded to address pertinent issues of the committee
- 9.1.7 Attendance and membership of the committee is voluntary
- 9.1.6 Therefore composition and representation on the committee shall be as follows;
- 3 Government Representation
 - 9 Non-government representation
 - 6 - Industry bodies
 - 2 - Subject Matter Experts/Academics/Industry Experts
 - 1 - Independent Chairperson

9.2 Appointment of Members

- 9.2.1 It is the responsibility of the Department to recommend officials to be representatives on the committee as members to represent Government. The recommended officials must endeavour to cover the spheres of government in its levels, as covered by the scope of this policy.
- 9.2.2 The PSCC, thus the Chairperson of the PSCC, as the leader of business on Transformation must be responsible to co-ordinate Industry representation, the recommend the representatives on the committee as members to represent Industry. The recommended representation must endeavour to cover a wider spectrum of industry bodies, representation and voice.

- 12.2.3 The Chairperson of the committee shall be a person, who is not the current member of the committee, nominated by invitation and voted-in from a list of nominations by the majority of the Committee members.

9.3 The Responsibility of the Committee

- 9.3.1 The committee is appointed to be responsible to provide overall governance, leadership, and support with subject matter expertise and provide independent oversight to ensure the implementation of programmes aimed at delivering on this policy. It is therefore not the responsibility of the committee to concern itself with day-to-day operations and executive management issues of the principle department or working of any of the affected organs of state.
- 9.3.2 Giving effect to this policy is grounded in the implementation of the B-BBEE and transformation strategy of government.

9.4 Authority and Accountability

- 9.4.1 To the extent that the committee exercises appropriately and effectively its role, it does not have the authority beyond such a role accorded to it. Thus, the committee will not have authority to be involved in directing the operational activities of any of the organs of state, nor be involved directly/indirectly in programs or projects being executed by any of the participating organs of state or principal departments.
- 9.4.2 The Coordination Committee will serve public purpose objectives and is envisaged to be partially independent from the department, and government in general, however will have responsibility for coordination, consultation, performance assessment and industry reporting on the implementation of this policy. The committee will also advice on policy reviews.
- 9.4.3 The committee will be accountable to the Minister of Public Works, accordingly decisions and recommendations made by the committee shall be addressed for the attention of the Minister of Public Works
- 9.4.4 Notwithstanding, the committee shall have the unreserved right to summon any member of the Executive Committee/s of the participating principal departments and/or organs of state where it seek input, clarity or additional information to enable effective execution of its mandate.

9.5 Reports and Reporting

- 9.5.1 The committee shall receive reports from the Department, which reports shall consolidate performance of government in as far as implementation of this policy and its achievement of outcomes
- 9.5.2 Each meeting of the committee shall produce minutes which shall capture deliberations arising from the meetings, Transformation Statement which will be an as-

sessed indication of industry progress as regards implementation of this policy and any Recommendations/Decisions for the consideration of the Minister of Public Works

- 9.5.3 Annually the Committee, in partnership with the Minister of Public Works, shall release an Annual Transformation statement on the state of public sector transformation as it regards progress in transformation and empowerment interventions in the property sector.

10. IMPLEMENTATION OF THE POLICY

10.1 Stakeholder Consultation

- 10.1.1 It is important to acknowledge all the stakeholders who have been involved in the formulation and consultative process in the drafting of this policy, the department would not have succeeded in driving this process solely by itself from within government without their input.
- 10.1.2 The partnership formed in the development of this policy is also needed in carrying out its goals and to ensure its full implementation.

10.2 The Responsibility of government

- 10.2.1 In as much as the department will be responsible to ensure the implementation of programmes aimed at delivering on this policy and to provide leadership in its implementation, government requires support to provide coordination and oversight on the implementation of this policy.

10.3 Coordination Framework

- 10.3.1 Accordingly, through this policy, a Transformation Coordination Committee should be established to assist government on the effective management and oversight in the implementation of the policy.
- 10.3.2 The Transformation Coordination Committee will serve public purpose objectives and is envisaged to be partially independent from government, however will have responsibility for coordination, consultation, performance assessment and industry reporting on the implementation of this policy. The committee will also advice on policy reviews.

10.4 Implementation Framework

- 10.4.1 It is the responsibility of all Executive Committees of the principal departments and their respective line managers to achieve the objectives of this policy in the various areas which the B-BBEE and transformation elements address.
- 10.4.2 Giving effect to this policy is grounded in the implementation of the B-BBEE and transformation strategy of government.
- 10.4.3 Where specific institutional arrangements requires committees to provide strategic direction, oversight/monitoring or implementation functions relating to any part of whole of the elements of this policy, such committees will be responsible for ensuring the alignment of their functions with this policy.
- 10.4.4 The objectives and outcomes encapsulated in this policy will be incorporated into the performance contracts of the relevant managers.

10.5 POLICY REVIEW

- 10.5.1 Progress reporting will be undertaken annually, with an extensive performance review of this policy to be conducted biennially that is every two years. The purpose of the review will be to ensure continued alignment to the quantitative performance targets, assess continued relevance of set objectives and where applicable make necessary adjustments; and

- 15.5.2 A full revision, which is envisaged to provide for a total overhaul of this policy, must take place at least every five years or as and when the need arises by government, through the National Department of Public Works. taking into account the institution's policy, legislation, regulations and best practices relating to B-BBEE

11. SUPPORTING LEGISLATION AND RELATED MANDATES

11.1 Legislative and Related Mandates
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11.1.1 Constitution of the Republic of South Act, 1996 (Act 108 of 1996)

- a) Public Works mandate in terms of State Asset Management and Disposal Policy, strategy and guidelines development and monitored implementation of related programmes;
- b) Concurrent functions regarding National and Provincial Departments of Public Works mandate and applicable synergistic approaches
- c) Capacity and budget related programmes intended to ensure the delivery of outlined programme of action.

11.1.2 Government Immovable Management Act (GIAMA), 2007

- a) Custodial Relationship, with regards to immovable properties;
- b) User Relationship, with regards to immovable properties;
- c) Maintenance Strategy and implementation thereof;
- d) Guidelines, including role of Black-owned enterprises and Seasoned property companies

11.1.3 State Land Disposal Act, 1963

- a) Roles of various Public Property Owners and related coordination;
- b) Developed and Implemented Policies.

11.1.4 Expanded Public Works Programme (EPWP)

- a) Relationship between appointed Black-owned enterprises and related EPWP objectives and targets;
- b) Applied Exemption from Procurement policies and/or certain parts thereof

11.1.5 Procurement Policies

- a) Placed Advertisements calling for Black-owned enterprises to submit and compete;
- b) Unsolicited Bids approved by the Executing Authority - Identification; Qualification; Assessment; Decision-making and implementation of programmes
- c) Applicable evaluation and decision making processes

11.2 Supporting Legislation**11.2.1 The Preferential Procurement Policy Act No 5 of 2000 (PPPFA) as amended**

- a) Submitted Proposals;
- b) Assessment Models;
- c) Evaluation;
- d) Provide for the regulation of Verification Agencies;
- e) Establish B-BEE Commission to deal with compliance of B-BBEE;
- f) To provide for offenses and penalties;
- g) Decision-making;
- h) Contractual Obligations on the part of successful bidders;
- i) Performance Reporting;
- j) Effected Payments on certified invoices.

11.2.2 The Public Financial Management Act No 1 of 1999 (PFMA) as amended

- a) To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.
- b) Implementation of relevant clauses and accounting practices;
- c) Applied flexibility models;
- d) Performance Reports by Black-owned enterprises;
- e) Accounting Officers versus Executing Authority;
- f) Overall Compliance Issues

11.2.3 Broad Based Black Economic Empowerment Act, (Act 53 of 2004) as amended

- a) To establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.

11.2.4 National Treasury Regulations, on Supply Chain Management, March 2005

- a) The government must take into account these regulations in respect of sale and lease of immovable property. According to regulation 16A11.3 and 4 any disposal of immovable property must be at market related price, unless the relevant treasury authorizes otherwise.

11.2.7 The Prevention and Combating of Corrupt Activities Act, 12 of 2004

- a) The Act provides for miscellaneous offenses relating to possible conflict of interest and other unacceptable conduct, such as acquisition of private interest in contract agreements. Other offenses relating to corrupt activities such as accessory to or after an offense, conspiracy and inducing another person to commit an offense are addressed. Penalties and related matters are also dealt with.

11.3 Supply Chain Management Policy for Property Management Services

11.3.1 Overview

Government procurement is one of the key strategic tools and catalyst to the implementation of the property sector reforms in South Africa. The Property Management Trading Entity, an entity of the National Department of Public Works, mandated with the overarching responsibility to manage property holdings on behalf of National Government, is therefore ideally positioned to impact greatly on the supply chain activities of the Department.

The current department's supply chain management policy falls short in appropriately addressing issues specific, relevant and pertinent to the property sector. As the current SCM does not sufficiently recognize property as a socio-economic lever for spatial and economic development.

The experience of property sector, as it is expressed by industry practitioners and current players, in their interactions and/or transacting with department express frustration with the department's supply chain practices, particularly as it relates to its relevance to the industry specific issues, Black economic transformation imperatives, in particular relates to dealing with Black business, and Black practitioners; and operational efficiencies and productivity.

It is against this backdrop that the current supply chain policy is seen as a structural impediment to socio-economic development, and failing in its relevance in driving procurement of property services as a catalytic tool to achieve economic growth.

This policy has been developed to be a foundation for an establishment of a supply chain management policy specific to the delivery of property management services of the Department and this document constitutes the conceptual design for the review of the current supply chain management practices.

To achieve these imperatives the Department should come up with an all-encompassing supply chain management policy for property management, a policy that will be responsive to the current socio-economic realities of South Africa, drive property sector transformation taking into account the Property Sector Transformation Charter and BBBEE legislation and encompass framework proposed by other government policies in respect of growth of the Small, Medium and Micro Enterprises (SMMEs).

The purpose of such a policy must be to set the criteria, guidelines and principles within which, appropriate, relevant and specific supply chain processes and procedures in regards to acquisition, investment, disposal and management of the government owned property holdings and/or transacting on the property portfolio.

Such a policy must be guided by the PFMA, relevant legislative frameworks, and should be steeped in the spirit and the letter of the Constitution of the Republic, the Supreme Law.

Notwithstanding, the aforementioned, the Acts and regulations that directly impacts on this policy as it relates to the Supply Chain Management Policy for Property Management are summarized and briefly discussed below;

11.4 Government-wide Property Incubator Programme

11.4.1 Overview

- 11.4.1.1 As one of the key interventions flowing from the Property Management Strategy on BEE, the department introduced a Government-wide Enterprise and Supplier Development Programme, the **Property Incubator Programme (PIP)**. The programme is aimed at creating an enabling environment for Black people and Black-owned enterprises, communities, and cooperatives to access economic opportunities, gain requisite skills, and acquire necessary competencies, in order to compete independently for opportunities industry-wide.
- 11.4.1.2 The incubator programme implemented complementary to other enterprise and supplier development initiatives, and in partnership with the private sector, established business and other government institutions with similar and/or supportive programmes and.
- 11.4.1.3 The programme seeks to address and unlock obstacles affecting entry and growth of black-owned enterprises in the property sector and facilitates interventions which are critical for the survival and sustainability during critical stages of their development.
- 11.4.1.4 The programme aims to attract, assist and support small, emerging and start-up enterprises with potential for growth in revenues and profits.
- 11.4.1.5 In giving effect to the Property Management Strategy on BEE, the programme shall develop sustainable black-owned property concerns, operating in an array of property products and services procured by the Department of Public Works on behalf of government
- 11.4.1.6 The skills development and capacity building interventions on this programme are aimed at increasing the number of Black people who manages, own and control competitive and sustainable enterprises in the property sector.
- 11.4.1.7 The incubator facility will house a number of enterprises offering an array of products and services within the property sector. These services will amongst others include: Facilities Management, Property Brokers/agents, Black landlords, Professional Services, and any other services budgeted for by the Department in its annual budget as may be decided from time to time.
- 11.4.1.8 Emphases on the programme will be placed on youth, women, cooperatives and the disabled, townships as underdeveloped areas, and opportunities in small towns which are economic hubs for rural communities;
- 11.4.1.9 The PIP has clearly defined entry and exit criteria, complimented by a well developed candidate screening process, structured in a manner to ensure graduation of programme candidates. The programme further highlights the roles and responsibilities of various key stakeholders such as the established property sector, financial Institutions, and Departments of Public Works in all spheres of government;

11.4.2 Scope and Application

11.4.2.1 The PIP is applicable to the NDPW, all Provincial DPWs and in the long term – to all other government agencies and state-owned entities ('SOEs') which are responsible for their own property portfolios;

11.4.2.2 The programme applies to all functions relating to property services and processes which includes but not limited to;

- (a) Property Ownership
- (b) Property Management
- (c) Professional Services
- (d) Facilities Management
- (e) Property Research
- (f) Property Valuers
- (g) Estate Agents / Property Brokers
- (h) And DPW built industry related procured services and products not currently covered under the Contractor Incubator Programme

11.4.3 Objectives

11.4.3.1 The Department of Public Works (DPW) is the custodian and manager of over 111.8 million square meters of buildings structures. Government therefore has the means to develop an enabling environment within the property sector to achieve the following objectives:

- (a) address the imbalances of the past and develop an indigenous enterprise development program that adheres to the DTI codes of Good Practice;
- (b) bring black people into all activities in the property sector;
- (c) address property sector's transformation lag;
- (d) investment and contribute to skills development in the sector; and
- (e) facilitate access to capital to participation in the property market.

11.4.3.2 In meeting the above, the Property Incubator Programme is thus aimed at meeting the following objectives:

- (a) To facilitate enterprise development programme with particular emphasis on 100% black-, women-, youth- and disabled-owned enterprises;
- (b) To identify property related business opportunities for the Property Incubator Programme with the aim of exposing the participating entities to such opportunities thus increasing their participation in the mainstream commercial property sector;
- (c) To identify and set specific targets at least on the DPW annual spend on property and professional service;
- (d) To formulate preferential procurement processes that are consistent with BBBEE Act Act 53 of 2003) to ensure fair, transparent and equitable participation of enterprises in the programme;

11.4.3.3 To facilitate access to funding by PIP Participants;

11.4.3.4 To facilitate access skills and academic training for participants to ensure future sustainability.

11.4.4 Participation in the PIP

11.4.4.1 The intake of the incubator candidates will be competitive and guided by the Incubation Admission Criteria. The candidates in the incubator programme will be in a form of a legal entity such as companies, co-operatives, trusts et cetera as well individuals, for example, property valuers and property brokers. PIP Participants will be allowed to be in the programme for three (3) year allowing them to accumulate the necessary skills, expertise and opportunities. They will then exit the programme and new entrants to the programme will be recruited.

11.4.4.2 The incubator programme will consist of three stages namely, (i) the recruitment, (ii) engagement and (iii) graduation stage. During each stage, the implementing agent must monitor progress and ensure that targets are met in accordance with the implementation plan as set out in paragraph 10. Due to the negative impact of impediments and associated risks faced by the programme, the implementing agents are required to identify and address all possible challenges expeditiously and within the framework provided for in paragraph

12. CONCLUSION

- 12.1 With rapidly increasing demand by the public and the industry for the our government to provide leadership in ensuring entrepreneurial advancement of black-owned enterprises and economic transformation of society that permit for fair and equitable access to opportunities for inclusive growth, this policy goes a long way in providing some response and action toward meeting certain of the demands, at least in as far as within the scope of the this policy.
- 12.2 The structure of this document and guidelines provided within, introduce, for both public and private sector, a good base for action to ensure all the impacted government institutions, target groups and the private sector will be fairly guided by this policy
- 12.3 Overall the Property Management Empowerment Policy is intended to ensure the existence of a well informed and dedicated process, system and procedure to ensure fair and equitable distribution/allocation of work between established (previously advantaged) property companies versus emerging and medium sized black-owned enterprises
- 12.4 There has been clear confirmation of a need to audit all government-owned or managed portfolio properties/assets (in the whole of government) and thus allowing a concerted effort in managing and/or disposing state owned properties/assets;
- 12.5 There's great need for the government to use its property holdings, reach (network muscle) and procurement capacity to advance B-BBEE and earnestly drive the agenda for economic transformation in the property sector, as a consequence, address the race and gender inequalities in ownership, attend to acute shortages in business skills and technical expertise, and promote black-owned enterprises
- 12.6 Further to establish how those who qualify for the empowerment criteria are sustained in a manner that confirms value add to Government

13. REFERENCES

- 13.1 Constitution of the Republic of South Africa: No 108 of 1996
- 13.2 Broad-Based Black Economic Empowerment Act No. 53 of 2003
- 13.3 Amended Public Procurement Act (2011)
- 13.4 South African National Framework for Women's Empowerment and Gender Equality, Prepared by The Office on the Status for Women (1994)
- 13.5 The Preferential Procurement Policy Act (2000)
- 13.6 A Framework for the Transformation of the State Legal Service
Prepared by The Department of Justice and Constitutional Development
- 13.7 Draft National Strategic Framework for Women's Economic Empowerment,
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- 13.8 Government Immovable Asset Management Act, No 19 of 2007
- 13.9 Draft Facilities Management Policy and Procedures, Prepared by
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- 13.14 National Treasury Regulations, on Supply Chain Management, (2005)
- 13.15 Broad Based Black Economic Empowerment Act, (Act 53 of 2004)
- 13.16 State Land Disposal Act, 1963
- 13.17 The Property Sector Code, Section 9 (1) promulgated in 2012,
- 13.18 Expanded Public Works Programme (EPWP)
- 13.19 Draft Green Building Policy, Prepared by