



UNIVERSITY OF CAPE TOWN

Faculty of Engineering and the Built Environment

**PROPERTY MANAGEMENT IN THE PUBLIC SECTOR HAS
SPECIFIC CHARACTERISTICS WHICH DIFFERENTIATES
IT FROM THE PRIVATE SECTOR: EVIDENCE FROM AN
ANALYSIS OF THE SOUTH AFRICAN MARKET.**

**Thesis submitted to the Department of Construction Economics
and Management in partial fulfilment of Master of Science in Property
Studies**

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Property Management in the public sector has specific characteristics which differentiates it from the private sector: evidence from an analysis of the South African market.

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EXECUTIVE SUMMARY

This thesis investigates the perception of public sector property management professionals on the differences between public and private sector management in South Africa. The main objective of the research is to ascertain if private sector property performance measures are appropriate and sufficient in scope to be used in the public sector. A two-fold quantitative-descriptive survey method was used together with an analysis of the public property management literature.

The research established that property management between the two sectors is different mainly due to their different objectives of property ownership, the private sector being profit driven while the public sector is social service delivery oriented. Property composition is also different as the public sector property portfolios are diverse as they include assets that have both financial and non-financial objectives.

The study concludes that private sector property performance measures are appropriate for use in the public sector as they address financial issues. However these measures are insufficient as they tend to ignore non-financial variables that contribute to service delivery which is one of the main reasons for the public sector's existence. Therefore an appropriate and sufficient public sector property performance regime should include both financial and non-financial variables, which can be presented by a service balanced scorecard (SBS) which measures public property's contribution to service delivery.

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INTRODUCTION

1.1 Introduction

Property management has always been a subject of great concern in both the private and public sectors (Yiu, et al., 2006). Thorncroft (1974:3) described property management as *“the direction and supervision of an interest in landed property with the aim of securing the optimum return, this return need not always be financial, but may be in terms of social benefit, status, prestige, political power or some other goal or group of goals”*. This definition highlights and justifies the differences in approach and tactics between managers of public and private properties. This research takes a broad perspective of property management which entails full property cycle from planning, acquisition, holding and disposal.

Not much research has been carried out to highlight and justify differences in property management styles and techniques between the public and private sectors in developing countries. This is mainly because donor-sponsored research on the subject is relatively new and has not yet resulted in studies and publications (Kaganova & Nayyar-Stone, 2000). As a result public sector performance is at times benchmarked with the private sector which is somehow inappropriate due to differences in mission, goals and objectives between the two sectors. Nevertheless benchmarking is very important as it is considered to be a key element in quality improvement and managing transformation of public-sector organisations into relevant, customer focused and quality organisations (Weller, 1996). Therefore it is important

to use relevant and applicable comparable variables in setting up a benchmarking structure so as to optimise property asset usage.

Municipal real property asset management has not advanced over the years (Dent, 1997). Public property management practice lags behind the private sector, mainly due to the expertise gap which results in suboptimal management of public immovable assets (Simons, 1994). Even basic activities like inventory, computerization, tracking revenues, expenses and values of municipal properties are not complete in most cities, be it developing or developed countries (Kaganova & Nayyar-Stone, 2000). Whilst property management goals in the private sector are clear cut, public sector property holding carries a potential conflict between profit-driven and socially responsible property management. Public sector assets are unique in that they often have restricted rights attached to their ownership as per legislation requirements. This in turn places them outside the usual market forces of supply and demand which are assumed under private sector (Bond & Dent, 1998). Municipal properties are often undervalued when they are sold or rented to the private sector mainly because of excessive restrictions on its use imposed by public agencies for example requirement to keep a particular retail profile and/or a specified number of jobs for a specific time period (Jolicoeur & Barrett, 2004). This negatively affects both immediate municipal revenues and overall local wealth (Andersson & Soderberg, 2011).

In pursuance of service delivery, the public sector have to use and maintain a range of immovable assets including heritage buildings, operational and social facilities etc (White, 2011). With such a broad portfolio as well as objectives unlike the private sector which is solely motivated by profit maximization, traditional methods of measuring property performance which are primarily financial based are insufficient when considering public immovable property performance (Brackertz & Kenley, 2002). This in turn necessitates different property decision making approaches between the public and private sectors. Financially based performance indicators are insufficient in the public sector since public organizations' strategic aims extend beyond financial value optimisation. Therefore public sector immovable property measures must relate to the main business indicators such as service delivery and customer satisfaction (Walters, 1999). As a result, a different property performance measurement technique from that of the private sector is needed in the public sector, though complex it is necessary (Propper & Wilson, 2003).

Through investigating the perception of public sector immovable property management professionals on property performance measures this study seeks to establish whether the performance measures used in private sector are appropriate and sufficient in scope to use in the public sector. The study will expose characteristics of public immovable property and to find out if they are different from the private sector. The research will also test the notion that private corporations are more sophisticated real estate managers than public entities (Simons, 1994).

1.2 Background to the study

Public entities are currently adopting key property management elements from private corporate real property asset management (Kaganova & McKellar, 2006). This adoption has been necessitated by an acute need to boost local sources of revenue, a sufficient legal background for municipal asset management, to cater for the management of very large and diverse portfolios of municipally-owned properties and some technical assistance available through donor organizations which come with attached conditions (Kaganova & Nayyar-Stone, 2000; Jolicoeur & Barrett, 2004).

Property management techniques have improved of late in both the public and private sectors with an increased awareness and participation in proactive management. These improvements have ushered in initiatives such as internal rental systems (asset rents), pro-active or planned maintenance, coordinated occupier audits, valuations of the portfolio and a need for accurate asset registers (Gibson, 1994). The South African government is currently working on increasing accountability and uniformity in the management of public immovable assets and has since introduced The Government Immovable Asset Management Act, (GIAMA) 2007 (Parliamentary Monitoring Group, South Africa, 2011). The main purpose of GIAMA is to provide a uniform framework for the management of public immovable assets so as to ensure coordination of use with the service delivery objectives of a national or provincial department. This Act goes a long way in providing guidelines and minimum standards in respect of public immovable asset management (*Government Immovable Asset Management Act, No. 19 of 2007, 2007:chap1*).

The government has also introduced legislation to cover financial management in the public sector, the Public Finance Management Act, 1999 (PFMA) as well regulations to govern transfer, disposal, holding or management of immovable property through the use of

Municipal Asset Transfer Regulations, 2008. However these instruments are only minimum guidelines and do not solve the performance measurement quagmire in the public sector.

Public property asset is one of the most underutilized local resources in many cities across the world (French, 1994). Mismanagement of public real estate has a large opportunity cost as well as implications for local budgets and service provision (Male, 2006). Generally in developing countries property-related issues are ideologically sensitive due to the previous colonial government injustices, making land privatisation by council politically sensitive (Kaganova & McKellar, 2006). Therefore any use or transfer of public property has to pass through numerous processes before authorisation. This creates obstacles for transforming a government's role from provider to that of enabling an economically sound environment (Kaganova & Nayyar-Stone, 2000).

The basic principle that public provision fulfils an identified need in the case of market failure is unchallenged (Sayce & Connellan, 1998). Since the public sector is not profit driven it concentrate more on public interest and includes the free-rider in decision making whereas the private sector only considers the public interest issue in as much as the law compels them (White, 2011). Municipalities are faced with shrinking budgets while, at the same time, having not to compromise on the provision of suitable properties in support of service delivery requirements (Jolicoeur & Barrett, 2004). In the private sector, property rights imply that real estate is an economic resource capable of generating positive cash flows while in the public sector it maybe a liability where ownership involves negative cash flow for assets used for social, environment or cultural purposes which have no financial returns (Young, 1994). These differences need to be indicated when one is measuring performance of public facilities whereby measures such as return on social investment have to be considered which is rarely an issue in the private sector.

Strategic property management in the private sector is far ahead of the public sector (Gibson 1994; Simons 1994). This is the situation in many departments of the South African government, with City of Cape Town only starting the process of compiling its asset register recently and expected to be completed in 2015 (Gelderbloem, 2012). Inadequate property data complicates performance measurement and benchmarking in public sector. An updated comprehensive asset register is a key step in meeting the criteria of "best practice" in property management as it is useful in capital accounting as well as for individual property and portfolio performance measure in general (French, 1994).

In light of the financial global crisis of 2008, the government is stimulating economic development in the community by using real estate as an economic catalyst (Abdullah, et al., 2011). One justification for government involvement is the public capital hypothesis, where investment in public lands and infrastructure is believed to be associated with job and income growth in the private sector (Tatom, 1991). This has created a new dispensation in the management of public property assets which in turn requires a different performance measurement technique from the one used in the private sector (Virginia, 1994).

Benchmarking successes in the private sector are well documented and readily available in literature whilst the same cannot be said about the public sector. Although the two sectors differ in many respects, many operations within the public sector have the potential for successful benchmarking (Bovaird, 1999). This can be utilized to identify operational and strategic gaps, as well as identifying best practices that would eliminate such gaps as it has an internal dimension whereby the organization critically examines itself in search of best practices (Dorsch & Yasin, 1998). The South African public sector is making progress in grasping the concept of benchmarking; however it is still far behind the private sector which has established benchmarking institutions (Bogetic & Johannes, 2006). In this regard there is need for development and adoption of a unique benchmarking regime tailor made to meet public sector property management requirements.

The public sector is currently investing in developing a benchmarking regime (Bowerman & Ball, 2000). However there are possibilities that it may either fail to achieve desired goals of the best value concept or basically fail in addressing the authorities' own internal management needs (Boyne, 2002). There are also problems associated with using a wholesome comparative performance measures within the diverse grouping of local, provincial and national government properties as properties would need to be classified into different portfolios so as to classify similar properties into similar clusters, better known as clustered benchmarking (McAdam & O'Neill, 2002). Two models of organisational performance applicable to public sector immovable property can be referred to as the 'economy–efficiency–effectiveness' (3Es) and the 'inputs–outputs–outcomes' (IOO) models (Boyne, 2002). These models employ both financial and non-financial metrics in measuring performance.

There is no autonomy when it comes to decision making in the public sector. Due to bureaucratic structures by the time the whole chain of reporting is followed for a property

deal to take place, the property cycle would have shifted hence mistiming of decisions is more pronounced in the public sector (Martindale, 1995). The Western Cape Ministry of Finance, Economic Development and Tourism have singled out red tape and bureaucratic procedures as major stumbling blocks in economic development (Western Cape Government, 2011). The province is currently working on using a statutory approach including the eradication or reduction of legislation, permits, regulations, licences and standards (and the costs thereof) that present an unnecessary hindrance to business (*Western Cape Provincial Government, 2011*).

In the private sector, real estate investment decisions based expectations, business constraints and speculation based on retrospective judgements of performance and risk (French & French, 1997). On the other hand, asset portfolio, size and quality of property holdings in the public sector are largely dependent on traditions as well as values of the society and mere historic accidents or incidents and fiscal conditions in a particular jurisdiction (Kaganova, 2011). In South Africa, public sector property decisions are to some extent influenced by the National Development Plan (NDP) at a national government level which aims to eliminate poverty and reduce inequality by 2030 by growing an inclusive economy, capability building, enhancing the capacity of the government, as well as leadership promotion and partnerships throughout society (*National Development Plan 2011*). Therefore public sector property management is not only focused on achieving best value for money but must be done in conjunction with improving the general public's quality of life (Bond & Dent, 1998).

Political interference has a major impact on property decision making and is more pronounced in the public sector with far greater repercussions (Kaganova & Nayyar-Stone, 2000). In South Africa politicians are elected on a 5 year term and usually prefer short term plans that can score them political points hence practice is also not matching policy intent (Department of Cooperative governance and Traditional affairs, 2009). This has a negative effect in that at times decisions are taken not based on optimisation of assets but just mere populist objectives (Paradza, et al., 2010). In this case, property managers are put under pressure to cater for immediate political needs of their governments based on a set budget while ignoring a strategic long-term approach (Kaganova, 2011).

1.3 Problem Statement

The problem to be examined by this study can be stated as:

Differences in property performance as well as decision making in the public and private sectors are often misrepresented by the fact that comparisons between the two do not take differences in the structure, function and purpose of the two sectors into account. Private sector measures focus mainly on financial indicators while the public sector has to report on both financial and non-financial indicators so as to address its socioeconomic responsibilities. This has resulted in insufficient performance comparison and benchmarking within the two sectors.

1.4 Research Questions

- a) How different is public sector property management from the private sector and what makes it different?
- b) What are the main objectives of public sector property management?
- c) Are performance measures used in private sector appropriate and sufficient in scope to use in the public sector?
- d) Are current public sector property management policies and legislation sufficient to guide the optimisation of public property assets?

1.5 Research Aim

The aim of this research is to:

Highlight the differences in property management practices between the private and public sector and to establish whether performance measures used in the private sector are appropriate and sufficient in scope to use in the public sector.

1.6 Research proposition

The research proposition to be tested in this study is:

The use of private sector property performance measures, practices and benchmarks to the public sector is inadequate hence inappropriate.

1.7 Research Objectives

The intended research objectives to be achieved are to:

- a) Identify the property management structure, technique and style as well as differences between the private and public sector.
- b) Identify performance measures in the private sector and establish their applicability to the public sector.

- c) Identify the best performance measurement structure in public property management.
- d) Identify what makes property management decisions in the public sector rigid, time consuming and often mistimed as compared to the private sector.
- e) Explore how property optimisation can be attained in the public sector.
- f) Recommend the future of public sector property management.

1.8 Research Method

To achieve the research objectives, the following research method is adopted:

- a) Research type and general goal:

The proposed research is based on a quantitative-descriptive survey approach while making use of case studies. Several researchers including; Pinder & Price (2005), Price & Clark (2009), Martindale (1995), McAdam & O'Neill (2002), Abdullah, et al. (2011), Magd & Curry (2003), Kaganova & Nayyar-Stone (2000), Dilanthi (2000), Bond & Dent (1998) and others have adopted a quantitative-descriptive survey approach. This research will be based on a similar approach.

- b) Population and sample:

The population of the proposed research is derived from selected public property managers in Western Cape; Cape Town in particular.

- c) Literature review pertinent to this study
- d) Interviews with players in the public sector property management arena.
- e) Selected case studies in different spheres of government departments who are responsible for property management will be analysed.
- f) Desktop research for public property data
- g) Analysis and interpretation of property data
- h) Conclusions and recommendations

1.9 Limitation

This study will be subjected to the following limitations:

- a) Case studies are drawn from Western Cape and Cape Town in particular focusing on both provincial and local government immovable property portfolio.
- b) Challenges are expected in getting data from relevant officials in the public sector due to red-tape and bureaucracy or even lack of relevant, accurate or detailed information.

- c) Limited public property performance data will also be a major challenge since currently there are no clear cut performance measurement techniques and practices in the public sector.

1.10 Structure of the research report

The research report is divided into 5 chapters

Chapter 1: Gives a brief preview of the research topic which is supported by statements of the research problem, the research questions and the research proposition. The aim and objectives of the research are clearly defined as well as a brief description of the research methodology as well as addressing research limitations.

Chapter 2: Literature relating to property management in general, public sector and South Africa in particular is critically reviewed. It also highlights private sector property performance measurement techniques and assesses their appropriateness and applicability in the public sector. The chapter mainly answer the following questions: *What has other research in this field revealed? What more can be revealed in the South African context?*

Chapter3: Outlines the methodology applied to this study to address the research aim and objectives as well as proposing a quantitative-descriptive survey design to address key research questions.

Chapter4: The analysis and interpretation of the research data is addressed, coupled with a discussion of the research findings.

Chapter 5: Contains a synopsis of the main conclusions that refer back to the aim, objectives and propositions of this study as well as recommendations for future study.

Chapter 5 is followed by a comprehensive list of **References** for the research report and an **Appendix** containing relevant research information.

2 LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature pertinent to the research. It starts by broadly defining property management followed by highlighting property management in the private sector, the idea being to expose private sector property management characteristics. Property management in the public sector is addressed next whereby unique characteristics are highlighted which differs from those of the private sector. Thirdly, public sector immovable asset legislation and policies are exposed, highlighting their relevance in public sector decision making as well as operations. Finally immovable asset performance measurement and benchmarking is addressed so as to explore better and most appropriate measurement techniques as well as parameters in the public sector.

2.2 Property Management

In most organizations, be it private or public, land and buildings commonly referred to as immovable property is the single largest asset in their books (Vermiglio, 2011). It boosts one's asset value and is therefore used as collateral to secure lending from financial institutions as well as supporting the value of shareholders' or tax payers' funds (Balch, 1994). Therefore there is need for organisations to develop a comprehensive property management structure. Traditionally property management dealt with daily operations and maintenance of a separate real property unit or group of assets while asset management is a

process of decision-making and decision implementation regarding real property acquisition, use, and disposition (Kaganova, et al., 2012). Scarrett (1983:3) argued that “*property management seeks to control property interests having regard to the short and long term objectives of the estate owner and particularly to the purpose for which the interest is held.*” Therefore property management is not simply the management of the immovable property, but the governance of property rights so as to attain asset usage optimisation.

Property management maps strategy through defining the required return, cost structure, property investment plan, criteria for disposals, acquisition strategy and maintenance plan for each property under management, and the overall portfolio (Jolicoeur & Barrett, 2004). The provision of satisfactory property management service would extend the economic life of a building, and thus limit the recourse of rather more expensive alternatives of redevelopment or refurbishment to a minimum (Gibson, 1994). However there is need for balance in the management of immovable property where public entities have to fulfil their service delivery mandate and objectives (French, 1994), that is broad public interests with financial and efficiency-related asset matters (Treasury Board of Canada, 2011).

2.2.1 Property Management in the private sector

The major distinction between public and private organizations is their ownership structure (Rainey, et al., 1976). In private organizations, owners and shareholders have clear and direct incentives to effectively monitor and control the behaviour of property managers (Bon, et al., 1994). On the other hand, employees, in particular managers are most likely to benefit from good performance, either through ownership of company shares or having their salaries linked to financial performance of the organisation (Boyne, 2002). Basically the private sector is profit driven and therefore it is relatively easy to measure performance since its objectives are clear cut (Wang, 2002). Private organisations may hold properties for cash flow reasons, tax advantages, portfolio diversification or capital gains from appreciation, these different objectives drives the property manager’s strategy (Mueller & Mueller, 2003).

South Africa has one of the best performing private sector property market (IPD South Africa, 2012). Growth point Properties, the largest property investment company listed on the Johannesburg Stock Exchange under the REIT has its mission spelt out as “*To grow and nurture a diversified portfolio of quality investment properties, providing accommodation to a wide spectrum of users and delivering sustainable income distributions and capital appreciation, optimised by effective financial structures*” (GrowthPoint, 2010). From their

mission statement special focus is directed on optimising both income and total returns on property investments.

2.2.2 Private sector performance measurement and benchmarking

Performance measurement in the South African property market is well defined and established. Quantitative indicators are used to evaluate and assess organizational activities, efforts, and achievements (Greytak, et al., 1976). Since the private sector is profit driven, performance measures are part of a measurement regime used to assess an organization's overall financial objectives (Wang, 2002). Some of the properties benchmarking organisations are, IPD, South African Property Owners Association (SAPOA) and Rode & Associates Property Consultants. These benchmarking organisations are responsible for dissemination of property data, that is, financial and descriptive information on the performance of investment properties. Rode & Associates have developed an econometric model to forecast the South African real estate market, statistical determination of standard capitalization rates and the estimation of market rentals in shopping centres and for industrial premises of various sizes, in all this being the country's first (Rode & Associates, 2013). These organisations are well organised and experienced hence their reports are well respected and valued in the property industry (Smith, 2008).

Performance measurement contribute to better goal attainment as it give insights to variables that needs attention as well as highlighting good performers (Amaratunga & Baldry, 2003). The benchmarking organisations publish reports quarterly and annually as well as regular feedback on the South African property market and related issues. The main variables they measure and report on are divided into geographical nodes where they split areas into South Africa's 9 provinces; this makes the data more appropriate and easy to use as a benchmark (IPD South Africa, 2011). IPD focus on headline performance measures including total income and capital returns; rent and yield drivers of capital growth; income measures and investment flows that is, sales, purchases, developments and expenditure information. The data is also further classified according to different asset type be it, industrial, commercial, retail, office, residential and "other" (Bon, et al., 1994).

Private sector performance measurement indices tend to be biased towards financial objectives with little focus on non-financial matters (Walters, 1999). On the other hand the public sector has to satisfy a number of influential and diverse stakeholders with different interest and knowledge. To measure performance of public assets' ability in achieving this

there is need to classify performance indicators into four classes being; financial, building, services and community perspective (Brackertz & Kenley, 2002). The public sector has more responsibilities towards the community that the private sector through service delivery (Apgar, 1995). Public properties performance is linked to the range of services they deliver, number of users, utilised by a range of community sectors, receives support from the community, provides services suited to the community (in relation to zoning, accessibility, hazards, noise etc), number of operating days and hours as well as financial viability (Brackertz & Kenley, 2002). Therefore there is need for additional public sector performance indicators to cater for such additional responsibilities.

2.3 Property Management in the Public Sector

2.3.1 Introduction:

In the public sector, immovable property is normally acquired to fulfil administrative, social and environmental needs as well as economic responsibilities to the general public (Abdullah, et al., 2011). In South Africa, the government is the biggest property owner but sadly, returns from such assets do not match the capital outlay mainly due to mismanagement of the property portfolio (Department of Public Works, 2009). Historically the South African public sector did not emphasise much on the principle of cost versus benefit. This can be attributed mainly to the fact that the government's system for recording income and expenditure only accounted for the movement of cash leading to the misconception that the use of assets once paid for were "free", or without cost (Public Works Department: Republic of South Africa, 2004).

2.3.1.1 National or Provincial Government Property Management

The National Department of Public Works (NDPW) is the major custodian of state-owned properties, in South Africa (National Department of Public Works, 2004). It is also the largest property portfolio manager in the Southern hemisphere, with more than 243 000 properties, valued in excess of R120 billion and requiring an operating expenditure budget of at least R4 billion per annum (Sigcau, 2000). The department is responsible for maintaining the asset portfolio in sound viable conditions as well as implementing effective property management principles to benefit the nation (Erol, 2008). However the department's reign is limited to national and provincial immovable assets, hence excludes municipal immovable property (Department of Public Works, 2009).

2.3.1.2 Local government Property Management

Local government is relatively independent from both the national and provincial governments with regards to property management (Department of Cooperative governance and Traditional affairs, 2009). This is mainly due to the fact that municipalities acquire, manage and maintain their own assets to suit the local environment they service. In the Western Cape Province, The City of Cape Town is the biggest municipality and the largest property owner in the province (PricewaterhouseCoopers, 2008). Every municipality in South Africa has the autonomy in managing its immovable asset portfolio; within the confinement of local, provincial and national legislation. Lately municipalities are facing shrinking budgets and still having to provide the most suitable properties in support of core service delivery requirements (Kaganova & Nayyar-Stone, 2000). This has led to the development of methods and ways to manage assets efficiently and in a strategic manner (Simons, 1994).

2.3.2 Factors influencing Property Management in the public sector

The public sector finds it difficult to manage their immovable assets effectively and optimally (Kaganova, 2011). Public belief from the community, of equating changes in property management to limitation of services provision has not helped the situation further (Brackertz & Kenley, 2002). In as much as the City of Cape Town is regarded as one of the best run municipalities in South Africa (South African Government Information, 2012) it still does not have a comprehensive asset register (Gelderbloem, 2012). This is due to the fact that various departments within the City of Cape Town could acquire and keep their own properties without one responsible body or department acting as the custodian of such assets (PricewaterhouseCoopers, 2008).

2.3.2.1 Public sector mission, goals and vision:

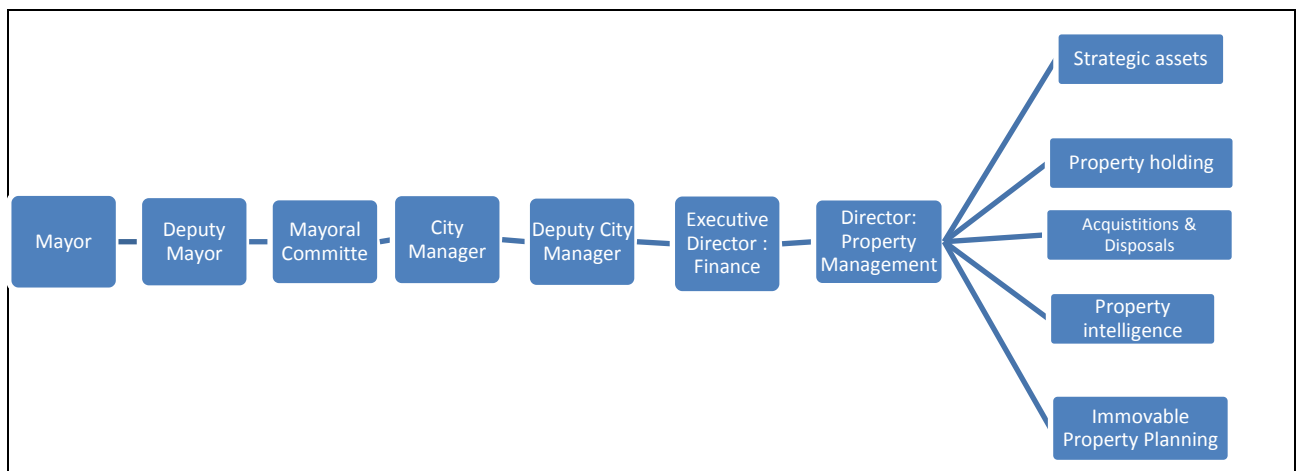
An organisation's vision guides the organisation to achieve and become what it wants to be (Thompson & Strickland, 1999). Local government functions can be classified into three categories being; mandatory whereby responsibility of local government is stipulated by law; discretionary that is, performing for social, political or other reasons and; surplus or income generating (Bertovic, et al., 2003). The public sector's main reason for existence is basically service provision to members of the public (White, 2011), unlike the private sector who exist for financial gain and profits (Vermiglio, 2011). Public sector assets are unique in that, they often have restricted usage rights (Kaganova & Nayyar-Stone, 2000) attached to their ownership due to legislation requirements (Sharir, 2007). This usually isolates them from the

usual market forces of supply and demand which can lead to further problems in their unique management requirements (Sandy, 1998) .

2.3.2.2 Management Structure:

Final decisions in the public sector lie with the executive which is made up of politicians. In the City of Cape Town, most of immovable property falls under the custodian of Property Management department and City officials are planning to make the department custodian of all immovable assets in the near future (PricewaterhouseCoopers, 2008; Gelderbloem, 2012). However strategic decisions flows from politicians who are not well versed with the property market, filtering downwards to professionals as illustrated below:

Figure 2.1 City of Cape Town Property Management Structure



Source: (City of Cape Town, 2012)

Property management decisions are mooted by the professionals who head the 5 different departments; strategic assets, property holding, property acquisitions and disposals property intelligence and immovable property planning (City of Cape Town, 2012). The 5 heads make recommendations to the Director: Property management who is also a qualified professional in the field, the Director will make a decision and submit recommendations to the Executive Director who passes it on to the City Manager via the deputy. However final decisions lies with the mayoral committee which acts as the mayor’s cabinet (PricewaterhouseCoopers, 2008).

2.3.2.3 Asset register

The identification and inventory of immovable assets that municipalities own, control, or administer and the inclusion of this stock in an orderly asset management system is the cornerstone of a proper, functional municipal financial system (PricewaterhouseCoopers, 2008). According to *The Chartered Institute of Public Finance and Accountancy* (1991:58), “Asset registers’ function is to provide the information about assets needed for their financial management, operational management and servicing; and to support fixed assets as shown in the balance sheets”. The need for a comprehensive asset register can never be over emphasised, it is the backbone of which local authorities can achieve “best practice” in property management. White (2011) argued that, one of the major problems in the public sector has always been the absence of data about the actual size and composition of the real estate portfolio as well as its worth.

Asset registers include all properties owned or occupied by the government agency, as a requirement in supporting any new form of capital accounting and has a great effect on an authority’s credit ratings (French, 1994). However a clear distinction in the classification of properties must be made, whereby properties needed for the basic operation of the municipality and often assigned by law (Brackertz & Kenley, 2002), and surplus properties that are not necessary for the normal operations of the municipal government but are still under public ownership (Simons, 1992). The valuation of operational and non- operational properties for the municipality asset register differs in many aspects (Brown, et al., 2012). Operational property’s valuation is carried out either using the depreciated replacement cost basis in the case of unique or specialized properties which cannot be found in the open market (Young, 1994) or open-market value for properties that are market related, like office buildings (Martindale, 1995). In the case of non-operational properties, they are valued using the market related valuation method (French, 1994).

2.3.2.4 Asset Utilisation and Capacity

Public property assets must be optimally utilized for effective, efficient and economic delivery of services (Abdullah, et al., 2011). Research has shown the public sector to be inefficient land and property owners and/or managers (Kaganova & Nayyar-Stone, 2000). Properties in excess to operational requirements are inefficiently used, both in terms of operating costs and more importantly, opportunity cost of capital (French, 1994). In developing countries, public property management inefficiencies results in illegal

construction, shortages of serviceable for construction, overcrowding of existing housing and under-utilization of buildable sites (Garba, 1997). The public sector is also characterised with extremely inefficient use of surplus property, which negatively affect potential revenue (Kaganova, 2011). This problem is mainly caused by public entities' failure to classify properties into portfolios according to usage and form (Bond & Dent, 1998).

To optimise public assets usage, the public sector must adopt private sector characteristics which are integral in achieving efficiency and accountability in the management of governmental asset. They can be summarised into 7 core features, that is; property classification according to functionality and financial goals, asset register, accounting for revenue and expenses as well as occupancy levels, valuation of property and record of liens, periodic assessment of financial performance on individual properties and portfolios in each asset class and strategizing on public property acquisition, holding and disposal (Kaganova & Nayyar-Stone, 2000).

2.3.2.5 Service delivery

Service delivery is indicated by the service level provided by an asset (Martindale, 1995). A service delivery strategy converts the broad aims of an organisation into specific service outcomes that will be adopted to satisfy community needs and obtain value for money (Britton, et al., 1989). For optimal service delivery clear assignment of responsibility and accountability should be established for each asset and its related operations (Brown, et al., 2012). However there is a potential conflict between profit-motivated and socially responsible property management objectives in the public sector (Sandy, 1998). Service delivery is regarded as the basis of all asset management decisions so as to address the social, environmental and economic needs of the society (Abdullah, et al., 2011). This is achieved by integrating asset planning and management into corporate, business plans as well as budgetary and evaluation processes (Zailan & Maziah, 2002). In so doing there is need to achieve a balance in competing needs across government portfolios and functions, to minimise duplication and achieve government outcomes efficiently (Sharir, 2007).

Private sector performance indicators do not fully cater for the measurement of service delivery in the public sector (Balch, 1994). The public sector being nonprofit in nature, seek to achieve efficiency as well as equitable distribution of resources. Therefore there is need for measurements that address return on social investment (Simons, 1994). Effective performance indicators must be based on customer satisfaction or service delivery (Walters,

1999). This argument was further expanded by (Brackertz & Kenley, 2002) who suggested that a service balanced scorecard (SBS) which focuses on a quadrant of issues being financial, building, services and community/customer perspective to be an effective measure of public sector property performance.

2.3.2.6 Asset Management Approach

Asset management involves strategic decision making about the acquisition, holding, and disposition of immovable property. It emphasises the concept of portfolio activities to distinguish them from property management, which revolves along day-to-day operational activities concerning one particular unit of property (Bertovic, et al., 2003). Property management involves among others; rental collection, administration and accounting for service related charges, landlord and tenant advice, rent reviews and rating advice etc (Balch, 1994). Public asset management approach seeks to supply the optimal immovable property for public goods and services at the least cost also referred to as best value for money (Bertovic, et al., 2003).

Better management of public immovable property assets can be achieved through adopting strategic asset management approach which aims at increasing benefits derived from public property assets (Kaganova, 2011 and Ismail, 2001). The approach emulates private sector practices where possible, especially with regards to expanding management effectiveness (Vermiglio, 2011 and Dent, 1997). Therefore the approach addresses 4 key issues being; formulation of a strategic role for immovable property in achieving public entities goals, usage of property specific financial tools and performance standards, property classification and application as well as the implementation of portfolio management ((Virginia, 1994 and Bertovic, et al., 2003).

Application of the model helps the avoidance of inefficiencies like, inadequate attention to maintenance (Andersson & Soderberg, 2011) which can accelerate the need for major repairs, or shorten the asset's lifetime (Dilanthi, 2000). It can also compromise the attainment of maximum returns on asset disposal (Balch, 1994). On the other hand, effective management of existing assets can deter or defer the need for new acquisitions by increasing their useful lifetime (Brackertz & Kenley, 2002). Therefore the asset management model assists managers in making decisions about immovable assets in a full life cycle context (Kaganova, et al., 2012). However limiting the responsibility of managers, to a single phase in the cycle like acquisition, or holding will adversely affect long-term decisions about assets; hence

managers should be accountable for the full life cycle effects of their decisions (O'Malley, John, 1996). Therefore there is need for public sector institutions adopt private sector business practices which promote more accountability for property managers' roles and activities by requiring them to report in a more comprehensive manner (Bond & Dent, 1998). The South African government have adopted private sector property management practices and added more activities unique to the public sector to come up with the Government Immovable Asset Management Act (GIAMA) (Department of Public Works, 2009). GIAMA was designed to cover all classes of immovable assets that exist in the public sector.

2.3.3 Challenges in Public sector property management

Local governments have difficulties in managing their property maintenance programs (Andersson & Soderberg, 2011); and strategic management matters related to procurement, disposal and strategic property surplus (Hanis, et al., 2010). Further, they have difficulties in financial control, performance evaluation and the management of external stakeholders, such as end users or other government agencies (Avis, et al., 1989). Public sector problems emanate from reactive approach to management of immovable properties, conflicting interests in property, lack of regular monitoring and inadequate information (Gibson, 1994; Zailan, 2001).

On one hand, insufficient and/or absence of proper strategies to manage properties, difficulty in implementing planned strategies, absence of management incentives and specific management procedures in the public sector worsen the situation (Abdullah, et al., 2011). As a result, the public sector has a fragmented approach to management of its property and there is some inherent inconsistencies in general corporate administration and vague audits that lacks material effect (Male, 2006). In addition, there is lack or shortage of skills and capabilities among the property management staff (Brackertz & Kenley, 2002), duplication of work within departments due to unclear roles and responsibilities (Boyne, 2002). Thus, there is need to establish standards and implement benchmarking (Ball, et al., 2000).

On the other hand, lack of central policy framework, linkages in the management of public property assets, economic inefficiencies and insufficient information are some of the challenges in the public sector (Kaganova & McKellar, 2006). There are also signs of a poor relationship between accounting and asset management reform, transparency and accountability as well as separation of ownership from management (Kaganova, 2011).

White (2011) also reiterated that lack of interest by senior management, political interference,

poor financial analysis, short-termism, inadequate people and financial resources and a chronic data shortfall are the major problems in public sector property management.

Public organisations provide immovable property so as to enable its agencies to offer effective and efficient services to the public fulfilling its social and welfare obligations (Vermiglio, 2011). This on its own creates room for tension between the government owner department of the property and the end user (members of the public) (Byrne, 1994). This is mainly a direct result of the owner department's failure to set goals and objectives that are clear and compatible to the end users (Bond & Dent, 1998). On the other hand, users may fail to understand or simply fulfil management requirements and regulations set by the owner departments (Sharir, 2007)

The public sector is notorious for setting up board of inquiries and compilation of investigative reports with regards to public properties (Modell, 2004). However these reports are rarely followed up and often, after briefly making headline news, they are shelved and ignored only to be used as reference in follow up reports for cosmetic purposes (Yiu, et al., 2006). Such a practice only emphasises that analysis without follow up and performance measurement, does not add value in the improvement of better public asset management (White, 2011).

2.4 Evolution of Public Sector Property Management

Property management in the public sector came under the spotlight in the mid-1980s after a number of research reports exposed inefficiency in the sector (Vermiglio, 2011). In the mid to late 1980s after the publication of a number of reports by the Audit Commission[1,2] and National Audit Office (NAO)[3-7] exposed the public immovable property management (French, 1994). The reports highlighted chronic under-management of immovable property as well as problems to be addressed and savings to be made by applying strategic management to properties, both in central and local government (Jolicoeur & Barrett, 2004). They also reported on major deficiencies being mainly lack of property management strategic approach and the limited appreciation of immovable assets value by both property users and operational decision makers (Virginia, 1994 and Gibson, 1994).

Different government agencies own different types and forms of real estate, hence for uniformity, this propped the need to manage real estate systematically and effectively (Abdullah, et al., 2011). Public immovable assets must therefore be classified according to the way they contribute to service delivery, the contribution which is not solely based on

value for money criteria but also incorporating a “quality of living” focus (Wheeler, 1993). Since the public sector must balance between financially viable and socially responsible property management they have to gain maximum income from immovable assets usage without sacrificing its social service to the community (Stewart & Walsh, 1994). Therefore due to a variety of goals and expectations on public assets usages, the public sector had to adopt private sector property management as well as adding unique concepts applicable only to public entities (Bond & Dent, 1998). Some of the challenges in public immovable property management that gave rise to the need for strategic management can be classified as; redundant management activities, conflict between the owner and the user department objectives, lack performance measurement as well as insufficient or lack of information (Gibson, 1994).

In a nutshell public property management arena is characterised by a core set of features adopted from the private sector which are integral in achieving efficiency and accountability in the management of governmental asset. They can be summarised into 7 core features, that is; property classification according to functionality and financial goals, asset register, accounting for revenue and expenses as well as occupancy levels, valuation of property and record of liens, periodic assessment of financial performance on individual properties and portfolios in each asset class and strategizing on public property acquisition, holding and disposal (Kaganova & Nayyar-Stone, 2000).

2.5 Legislation and Institutional Framework

In South Africa, public sector immovable asset management is guided by a number of legislation and polices both at national and provincial government. The main legislation framework covering public immovable property management are:

- Public Finance Management Act, No.19 of 2007
- Government Immovable Asset Management Act, No. 19 of 2007
- Municipal Finance Management Act, No. 56 of 2003
- Municipal Asset Transfer Regulations 2008
- Management of certain of the City of Cape Town’s Immovable Property Policy

2.5.1 Public Finance Management Act, No.19 of 2007 (PFMA)

The PFMA was crafted to promote good financial management principles in order to maximise service delivery through the effective and efficient use of the limited resources. It

paved the way for modernisation of financial management in the public sector; gave flexibility to public managers while holding them accountable, ensured the timely provision of quality information; and its quest to eliminate the waste and corruption in the use of public assets (Southall, 2005). The Act introduced uniform treasury norms and standards, measures to ensure transparency and expenditure control in all spheres of government, as well as setting operational procedures for borrowing, guarantees, procurement and oversight over the various national and provincial revenue funds (National Treasury, Republic of South Africa, 2008).

2.5.2 Government Immovable Asset Management Act, No. 19 of 2007

GIAMA was setup to provide uniformity in the management of immovable assets held or utilised by a national or provincial department so as to ensure and attain coordination between immovable asset usage and service delivery objectives. It further provides guidelines as well as minimum accepted standards in the management of public immovable assets (Public Works Department: Republic of South Africa, 2004). GIAMA aims at optimising service delivery by ensuring accountability and efficiency in the whole property lifecycle while protecting the environment as well as cultural and historic heritage (*Government Immovable Asset Management Act, No. 19 of 2007, 2007:chap1*).

GIAMA highlights the need for every organ of state in producing an immovable asset management plan as part of government's strategic planning and budgeting processes. The immovable asset management plan must cover all assets an organ of the state uses or intends to use. Custodians are also required to draft asset management plans covering proper communication, service level agreements, performance standards as well as cost management in conjunction with user departments (Department of Public Works, 2009).

2.5.3 Municipal Finance Management Act, No. 56 of 2003 (MFMA)

The MFMA was introduced to modernise budget, accounting and financial management practices by prioritising local government finances so as to maximise the capacity and efficiency of municipalities to deliver services to communities. It also aims to put in place a sound financial governance framework by clarifying and separating the roles and responsibilities of the council, mayor and officials (Venter & Van der Walddt, 2007). The MFMA also gave birth to the MATR which regulates the transfer and disposal of capital assets by municipalities and municipal entities (National Treasury, Republic of South Africa, 2008).

2.5.4 Municipal Asset Transfer Regulations 2008

Municipal Asset Transfer Regulations were gazetted on 22 August 2008, in terms of the Municipal Finance Management Act, No 56 of 2003. The regulations are applicable to all municipalities as well as municipal entities transferring and disposing of capital assets, or granting a right to use, control or manage capital assets (National Treasury, Republic of South Africa, 2008). Since immovable property is one if not the most valuable asset class for municipalities, the government realised the need to improve transparency and accountability through a practical framework for municipalities or entities which wishes to transfer or dispose of an asset. The regulations set out key principles and procedures as well as addressing the process to be followed by a municipality or a municipal entity when transferring or disposing of capital assets (Venter & Van der Waldt, 2007).

2.5.5 Management of certain of the City of Cape Town's Immovable Property Policy

This is a City of Cape Town by-law drafted to enable The City to meet its property management objectives. It addresses the linkages between national, provincial and local government in using immovable assets in attaining efficiency and optimisation in service delivery. The policy's main focus is on; to utilise, reserve and manage the City's Property for broader municipal purposes in the interests of the City's local community, to alienate property only in circumstances where the City is satisfied that it cannot derive a reasonable economic and/or social return from continued ownership of the Property (City of Cape Town, 2012).

2.6 Performance Measurement and Benchmarking in the Public Sector

The public sector is currently operating in a highly competitive and advancing globalised economy (Brackertz & Kenley, 2002). This has forced the sector to consider, and lately adopt or implement, a diversified range of innovative management philosophies, approaches, and techniques (White, 2011). Although public sector operations and strategies are unique and differs from the private sector (Balch, 1994), organisational goals and objectives with regards to property optimisation are similar (French, 1994). As a result the approach of attaining these goals should be similar (Wilson, et al., 2001).

There is need for the public sector to constantly monitor and measure performance as well as benchmarking such performance with industry's best practices (Dorsch & Yasin, 1998). To eliminate bias when measuring public asset performance one has to consider both traditional which is geared towards financial indicators and the balanced score card approach which is

goal oriented with the organisation's vision and strategy as the main drivers of performance (Brackertz & Kenley, 2002).

2.6.1 Performance Measurement

A comprehensive opinion about the operation of the organisation and its success can be established by measuring and analyzing performance (Rantanen, et al., 2007). There are two major approaches most frequently used when measuring public sector performance, that is the objective and subjective approach (Wang, 2002). The former focus on performance criteria such as effectiveness, efficiency, and equity of policy inputs, outputs and outcomes (Hanis, et al., 2010). This is in tandem with the main goal of public property management, which is to provide value for money usually measured in terms of economy, efficiency and effectiveness (Wilson, et al., 2004). Effectiveness is based on the contribution property makes towards an organization's overall objectives (Gibson, 1994). The latter (subjective approach) evaluates public entities performance using subjective indicators such as public services users' satisfaction towards the quality of public services provided (Wilson, et al., 2004)

The public sector is characterised by a variety of stakeholders with different conflicting interests (Brignall & Modell, 2000). Therefore an effective Performance Measurement Structure (PMS) must reconcile conflicting needs of different stakeholders (Metta`nen, 2005). As a result, a multitude of performance measures are necessary to cover a broad array of interests to ensure satisfaction of all (Wisniewski & Stewart, 2004). In the same vein, setting targets or making decisions based on performance measurement results may be difficult (Poister & Streib, 1999). While the public sector has a successfully established performance measurement structure to ensure satisfactory completion of certain tasks, it has been unable to develop a specific and systematic approach to measure and assess performance in managing their real estate (Abdullah, et al., 2011).

Property performance measurement is an essential function of property management (Ranko, et al., 1994). When measuring public assets performance there has to be a clear distinction between general- and special-purpose properties (Kaganova & Nayyar-Stone, 2000). General properties have immediate alternative use while special-purpose properties can be classified into 2 categories; one with no alternative use whose market value is zero or very low and secondly, general properties that are used for special purposes such as police stations (French, 1994). The latter can technically have alternative use but the state or local government will dictate their usage via legislation (Andersson & Soderberg, 2011).

Due to their nature, public properties cannot be effectively benchmarked or measured using private sector methods. This is so because the public sector is more focused on societal welfare while the private sector is driven solely by profits. However there is also need for the public sector to adopt some techniques from the private sector and design them to suit public sector property management (Dorsch & Yasin, 1998). In the Western Cape, public properties are managed as a single portfolio despite being different in usage and design unlike the private sector that creates different portfolios according to purpose and usage. However the public sector is slowly adopting the concept through the recently implemented GIAMA Act which requires assets to be classified into portfolios (Department of Public Works, 2009). Once assets are in portfolios investment or surplus properties can then be fairly compared, benchmarked and measured against similar properties in the private sector.

Heavy reliance on financial and other efficiency related performance measurement regimes failed in improving services provision in the public sector (Modell, 2004). Operational, social or environmental use properties' performance can be ascertained without using the traditional private sector return on investment method (Atkinson, et al., 1997). The balanced scorecard is a better alternative because of its ability to focus on four perspectives, that is, financial; customer; internal business processes as well as learning and growth (Wilson, et al., 2004). The four variables have to be balanced, since the public sector is more concerned with service provision, performance must be targeted at impressing the customers while containing service provision within budgets (Brignall & Modell, 2000). Some public properties are unique in that they have no comparable in the open market; hence their performance is based on maximising utility to the intended users at the most efficiency rate possible (Jolicoeur & Barrett, 2004).

Traditional methods of measuring property performance are insufficient in the public sector (Bertovic, et al., 2003). Financial based metrics are particularly insufficient as the public sector's goals extend further than just bottom line performance and improving shareholder value, hence they are unable to indicate immovable assets' contribution to an organisation's objectives (Brackertz & Kenley, 2002). To solve this problem, Walters (1999) suggested that performance measures should be related to customer service and service delivery as presented by the balanced scorecard.

2.6.1.1 Balanced Scorecard

The Balanced Scorecard (BSC) developed by Kaplan & Norton (1992) is a tool used to assess overall organisational performance, relative to strategic aims (Tichelar, 1998). It is based on the concept of measuring performance against organisational goals addressing both the financial and non-financial aspects (Wilson, et al., 2004). The BSC propose that for effective performance management there is need for a uniform distribution of performance measures among four perspectives being: financial, customer, internal business processes, and learning and growth (Bovaird, 1999). Key performance indicators can be classified into 4 different perspectives being client, people, asset management and financial as in Table 2.1:

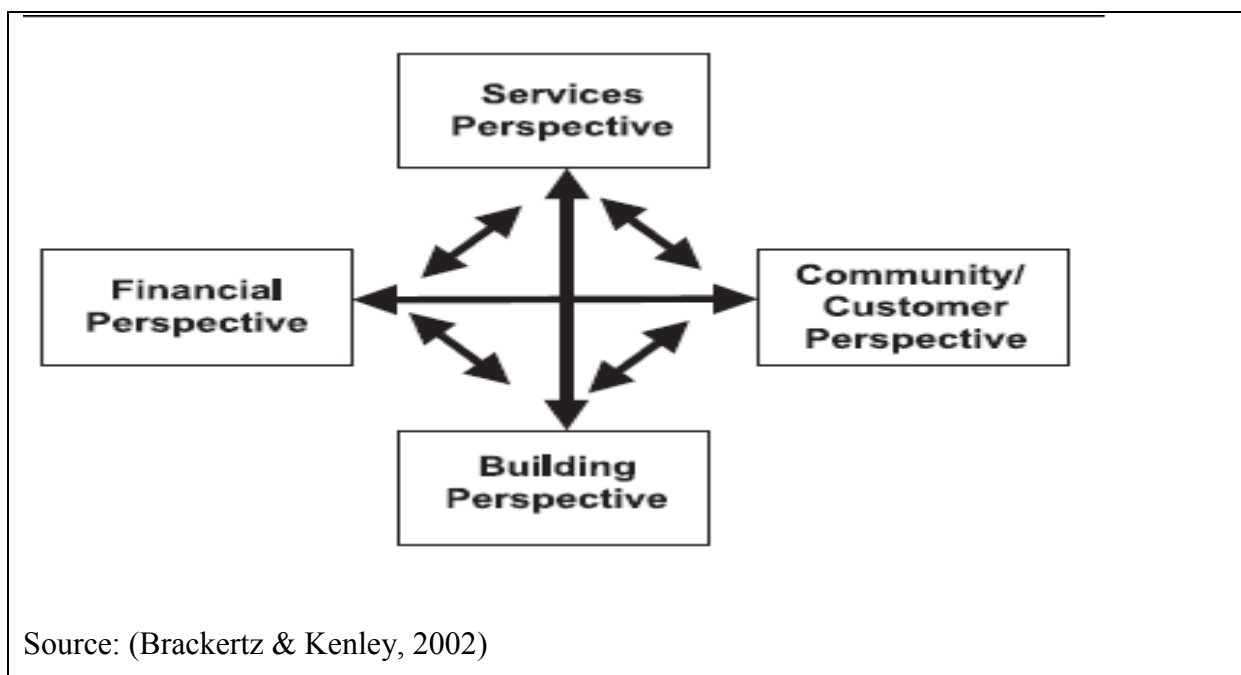
Table 2.1: Key Performance Indicators

Balanced Scorecard Perspective	Desired Outcomes	Key Performance Indicators
Client	<ul style="list-style-type: none"> ➤ Client Relations ➤ Expanding our Policy Role 	<ol style="list-style-type: none"> 1. Overall Client Satisfaction with RPS services 2. Overall Tenant Satisfaction with Property Management Services 3. Business Volumes (Revenue Generated Through Optional Services in the Services Revolving Fund) 4. Contribution to Public Policy Priorities (Modern Comptrollership, Workplace of the Future, Government Online, Greening of Government Operations)
People (Learning and Growth)	<ul style="list-style-type: none"> ➤ Our People ➤ Strategic Relations 	<ol style="list-style-type: none"> 1. Overall Staff Satisfaction 2. Workforce Profile (total population by employment status) 3. Human Resource Plan Objectives (age distribution, learning investment per employee, absenteeism, overtime, percentage of employees with learning plans in place, employment equity targets, inflows and outflows)
Asset Management (Internal Business Processes)	<ul style="list-style-type: none"> ➤ Real Property Assets ➤ Valued Services ➤ Partnerships in Service Delivery ➤ Knowledge Management 	<ol style="list-style-type: none"> 1. Accommodation Usage (rentable m² / full time equivalent employee, cost / rentable m² and cost / full time equivalent employee) 2. Vacancy Rates in Owned Office Space 3. Return on Investment 4. Capital Reinvestment in Owned Space 5. Progress Against Sustainable Development Objectives 6. Space Supply and Demand Ratios 7. Project Efficiency (time and budget) 8. Quality of Data Integrity
Financial	<ul style="list-style-type: none"> ➤ Financial Management 	<ol style="list-style-type: none"> 1. Budget Management (operating and capital, services revolving fund and disposals revolving fund) 1. Accuracy of Financial Forecasting Compared to Year-end Results

Source: (Wilson, et al., 2004)

The balanced score card approach is most suited for public sector measures as it encompasses both financial and non-financial elements of immovable property (Ball, et al., 2000). This approach was further developed by Apgar (1995) who included an organisation's strategic objectives when measuring immovable assets performance. However this method is restricted to property and building related indicators only, hence excludes outcome oriented performance indicators (Apgar & Bellew, 1995). The BSC and Apgar's suggestions were further developed by Brackertz & Kenley (2002) into a performance measurement quadrant that focused on four different perspectives that focuses on the property's ability to support the delivery of services. The SBS is perceived to be more informative as it adopts a stakeholder approach (inclusive of community members, public asset managers, management, service providers etc) while Kaplan and Norton's BSC only considered data from senior management (Brackertz & Kenley, 2002). The SBS is illustrated in Figure xxx below:

Figure 2.2: Service balanced scorecard (SBS)



The SBS is one of the most appropriate techniques when measuring public sector immovable asset performance as it reflect an organisation's aims and objectives, stakeholder needs, data collection is consistent as well as its ability to check performance indicators at regular intervals to ensure reflection of an organisation's strategic aims (Brackertz & Kenley, 2002).

2.6.1.2 Required rate of return

Very few academics have explored the subject of required rate of return on public properties (Geltner & Miller, 2001). Public real estate has been commonly classified as a public good with no systematic consideration for performance indicators, especially financial performance (Pitt & Tucker, 2008).

In measuring performance using the rate of return for the private sector on public properties leads to inefficiency since its objective is not profit maximisation but optimising society welfare (Bond & Dent, 1998). Special purpose properties have no alternative use hence they have no value or very low market value (Kaganova & Nayyar-Stone, 2000). Hence their market rents are zero or very low, therefore capital values are also zero making it difficult to justify a required rate of return (Male, 2006). A required rate of return based on artificially calculated capital values for such properties is erroneous and will lead to inefficiencies in use. Financial analysis of property performance is entirely dependent on specific property information, mainly property value, costs and revenue which is not readily available in the public sector (Simons, 1992). Public investment in such properties must therefore be justified along societal cost-benefit analysis (Andersson & Soderberg, 2011).

2.6.2 Benchmarking

Benchmarking is the process of continuous learning from successful practices of others, whereby key internal processes are adjusted, performance measured and compared to best performers or industry leaders (Ogden & Wilson, 2000). It provides a platform for performance reviews as well as appropriate and relevant performance indicators (Bovaird, 1999). It also aims at identifying good practice from different types of organisations and implement the same (Bowerman, et al., 2001). Information on critical processes is acquired through co-operative partnership which is mutually beneficial over time (Weller, 1996). Performance can be improved through benchmarking by understanding the methods and practices required in achieving world-class performance levels (Erridge, et al., 1998).

The primary objective of benchmarking is to understand practices that provide a competitive advantage while target setting is secondary (Camp, 1995). Hence public-sector organisations are in support of benchmarking for identification of good practice from different types of organisations (Bowerman, et al., 2001). It is revered and practised in the private sector in the search and application of best practice to achieve competitive advantage (Hinton, et al., 2000). Of late the public sector is investing in customer focus, stakeholders' interests,

organisational performance and other methods of assessment as a result of adopting the new public management theory (Bond & Dent, 1998).

Many public-sector organisations are now implementing benchmarking as a way of measuring and providing best-value services (Magd & Curry, 2003). To survive the rapidly changing global economy, organisations must reinvent themselves as well as being innovative (Dorsch & Yasin, 1998), this improves the quality and cost effectiveness of public sector service provision, hence “best value” (Bowerman & Ball, 2000). However there is need for managers in the public sector to be educated on benchmarking practices, since it’s a relatively new concept in the sector (Magd & Curry, 2003).

The effectiveness of benchmarking correlates to context of the benchmark (what is benchmarked and against whom) as well as the extent learning is incorporated into the organisation (Wang, 2002). Selecting benchmarking variables is a key issue; there have to be clear success factors, identifying processes that contributes to customer satisfaction, identifying problematic processes, competitive pressures as well as processes or functions that offers competitive advantage to the organisation (Adam & Van de Water, 1995). Key factors in determining the competitive or collaborative nature of benchmarking a project can be illustrated diagrammatically as in Figure 2.3:

Key benchmarking activities consist of data, process, functional and strategic benchmarking, the examination of processes being a critical characteristic as only the understanding of converting inputs to outputs assists public organisations in achieving desired results (Hinton, et al., 2000). (Camp, 1989) designed a benchmarking process comprising of five stages:

1. Planning (what and whom to benchmark against);
2. Analysis (exploring and assessing the performance gap);
3. Integration (relating gaps to organisational goals);
4. Action (improvement of business processes);
5. Maturity (incorporating best practice into everyday business processes).

A summary of the range and nature of benchmarking activities can be illustrated as in Table 2.2

Figure 2.3: Factors influencing benchmarking

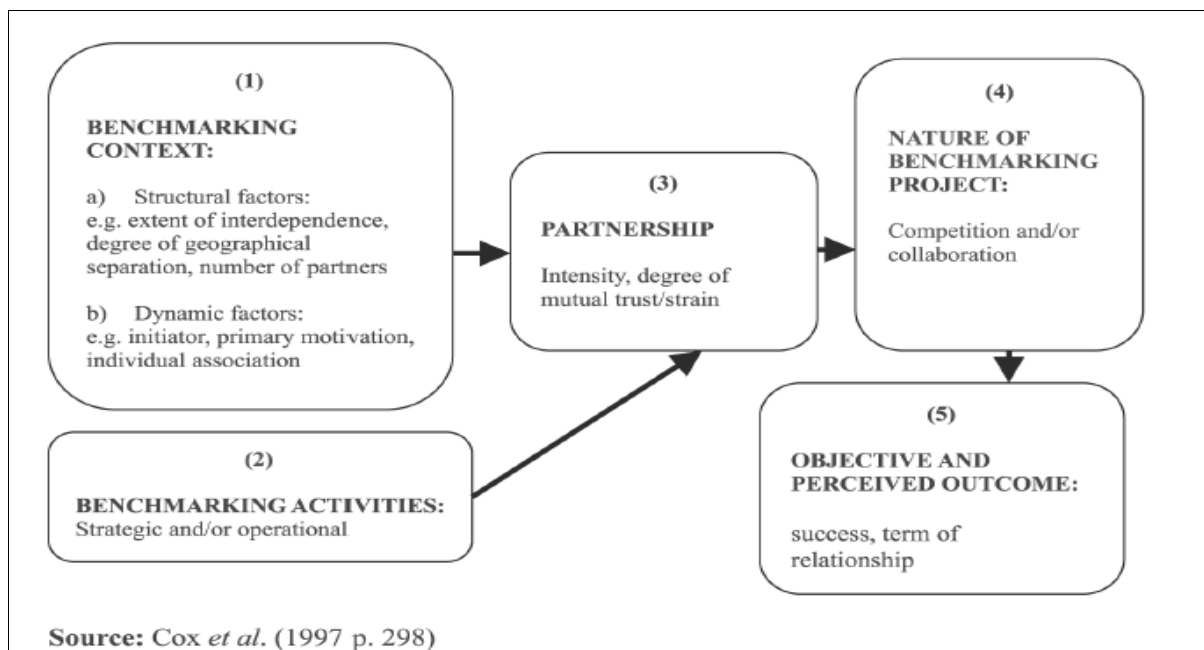


Table 2.2: Range and nature of benchmarking activities

Type of benchmarking	Characteristics	Application and benefits
Data	Numerical comparison of performance in key areas. Benchmarks may relate to operating costs, quality, customer satisfaction, participation rates, staff turnover levels, etc.	Identify performance gaps League table comparisons of key performance indicators Problems of comparability
Process	Comparison and measurement of a specific process against a similar process in your own or another organisation. Processes may include: core or customer facing processes; management processes; and support processes	Highlights the causes of differences in performance Generates ideas as to how to improve your processes Choice of BM partner(s) – public sector or private sector? Same sector or across sector? Benchmarking of generic processes with organisations in different sectors may trigger a radical improvement in the design of the process as opposed to incremental change
Functional	Comparing the structure and performance of an entire function in the organisation with a comparable function elsewhere.	Review alternative approaches to providing a function as part of an option appraisal/service review
Strategic	Compare strategic approaches or initiatives across organisations, e.g. IT strategy, strategies for community participation in leisure.	Can only be applied where strategic goals are comparable

Source: Ogden and Wilson (2000, p. 528)

2.6.2.1 Best Value and quality management

Benchmarking is regarded as the cornerstone of quality management, hence there is need for public sector managers to understand “benchmarking” (Kouzman, et al., 1999). There is no universally accepted definition of quality as it varies from person to person (Bull, 1994). In property management, quality can be defined according to the usage status of the building “fitness for use” (Juran, 2003). Tuckman (1980) defined it as “excellency” which is subjective and can be a difficult and costly measure. However the most appropriate definition of quality in the public sector is the level at which consumer’s expectations are exceeded by a product or service (Gaster, 1995). Quality management research in the public sector has however focused on consumers’ needs as a measure of quality (Schedler & Felix, 2000).

Since the private sector is regarded as more efficient than the public sector (Smyth, 1997), by adopting the same principles, the public sector can increase best value (BV) without having to increase public spending (Erridge, et al., 1998). Ball, et al. (2000:321) argued that “*best value seeks, in sum, to promote quality services, but at a price the local community is prepared to pay.*” In order to attain best value on public property assets, there is need for democratic renewal (Cole, 2001) and improving service provision quality, responsiveness as well as cost effectiveness (Wistow, 2001).

BV framework came into effect in England and Wales in April 2000 imposing a legal duty on public institutions to provide BV services, which can be interpreted to be service quality and value for money to all stakeholders (Bowerman, et al., 2001 , Ogden & Wilson, 2000). The BV regime aims at developing performance management in the public-sector (Price & Clark, 2009). Performance management in the public sector can only be achieved through benchmarking which ensures monitoring and controlling of productivity and quality while focusing on both internal and external stakeholders (Ball, et al., 2000; Ogden & Wilson, 2000). Hence for effective quality improvement and management of transformation in the public-sector there is need for benchmarking (Weller, 1996).

Best value is based on transparency, accountability, ownership and continuous improvement which in combination ensure efficiency and effectiveness in service delivery to meet social, economic and environmental goals (Martin, 2000). Best value substituted compulsory competitive tendering (CCT) in England and Wales after the later’s abolishment in April 2000 (Martin & Hartley, 2000). A comparison of CCT and BV was summarised by Martin (2000) in Table 2.3.

2.6.3 Challenges facing public property sector Performance Management and Benchmarking

The public sector lacks clear property objectives which results in little monitoring of both property performance and management (Gibson, 1994). Consequently, there is no realisation of the opportunity cost of property. In addition, there is a general tendency for personnel whose achievements are measured on key performance indicators to play games to suit their personal needs or goals (Pidd, 2005). For instance, the target will become achieving performance targets usually at the expense of the overall organisational goals (Price & Clark, 2009).

Table 2.3 Comparison of compulsory competitive tendering and Best Value

CCT	BV
Applied to “defined activities”	Applies to all local authorities services
Authorities had to expose services to market testing	Authorities able to use a range of tests of competitiveness including benchmarking, joint ventures and voluntary competitive tendering
Episodic market testing to establish cost and performance standards for the period of next contract	On-going performance review designed to promote continuous improvement in service standards and year-on-year efficiency savings
Encouraged autonomous business units, executive agencies and competition between service providers	Designed to encourage collaboration between service providers to lever in capital investment and address cross-cutting issues
Focused largely on the costs of service provision	Emphasises the importance of cost savings and improving service standards
Limited role for service users	Councils have a legal duty to consult with all those appearing . . . to have an interest in any area within the authority which carries out functions
Councils required to maintain trading accounts and satisfy external auditors	Authorities have to satisfy auditors, BV inspectors and be more directly accountable to the public
Councils required to publish Audit Commission performance indicators	Authorities required to publish annual performance plans reporting past performance and future targets in terms of local PIs, national statutory PIs and measures of organisational health
No inspection in CCT services	Inspection of all local authority services
Intervention triggered by failure to follow the rules	Intervention triggered by failure to follow procedures and/or where service standards fall below national minimum requirements
Source: Martin (2000, p. 211)	

2.6.3 Challenges facing public property sector Performance Management and Benchmarking

Another major criticism is that the use of qualitative measures is usually disregarded in favour of quantitative measures, which can lead to “number fixing” (McAdam & O'Neill, 2002). Critics also argue that public sector organizations not only measure too many variables

but the wrong ones (Atkinson, et al., 1997). Public sector entities' reliance on financial and associated efficiency-based PM has at many times failed to improve the services delivery (Modell, 2004). However the balanced scorecard's ability to integrate between financial and non-financial performance information have made it to stand out as the best alternative for public sector performance measurement (Chow, et al., 1998; Kaplan, 2001).

Successful benchmarking is more pronounced in the private sector and research shows limited success in the public sector (Dorsch & Yasin, 1998). Since benchmarking is relatively new in the public sector, knowledge and understanding of benchmarking and benchmarking practices are an essential skill lacking in the sector (Magd & Curry, 2003). Benchmarking is rarely used in the public sector (Ogden & Wilson, 2000) mainly because of the defensive approach adopted by public managers (Ammons, 1999). Knowing one's position on performance ratings does not help public entities to understand how better performers achieved their status (Holloway, et al., 1997). There is also a growing fear in the public sector that benchmarking might outweigh the benefits (Morgan & Murgatroyd, 1997).

It is difficult for public entities to identify the best benchmarking as simple financial indicators are not available in the public sector, hence making comparison difficult (Magd & Curry, 2003). In order to overcome these challenges, benchmarking should be used in conjunction with performance enhancement tools such as those derived from total quality management (Gattorna & Walters, 1996). To be successful public entities must desire continuous improvement, knowledge of the organisation, learn from the best, and a full commitment to improvement (Bullivant, 1996)

2.7 Conclusion

This chapter has presented the literature review which underpins the research and helped in the development of the questionnaire. The public sector property portfolio makes the government the biggest property owner in South Africa. However public assets are not fully optimised, mainly because of inefficiencies, poor accountability and lack of a proper performance measurement regime. Public sector property management is different from their private sector counterparts due to the portfolio composition. Andersson & Soderberg (2011) classified public immovable assets into two classes, general and special-purpose properties. The former being properties that have an alternative use while special-purpose properties have no or limited alternative use or those that were constructed for a specific use only.

Literature reviewed indicated that since property management goals and objectives differ between private and public sectors, performance measures should also differ. Public sector property performance measures have to address both financial and non-financial objectives of public entities. Therefore private sector property performance measures which are mainly financially biased can also be effectively applied to the public sector.

Having presented the theoretical side underpinning the research through literature review of pertinent literature, the next chapter presents the research methodology used to achieve the research aim and objectives of the study.

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses, explains and justifies the research methodology applied in this research. It also describes the research methodology, data collection procedure, design of the questionnaire, sampling and the survey method. This helps to understand the differences in property management style and importance of a different performance measurement and benchmarking regime between the public and private sectors.

The study seeks to explore differences in South Africa's public and private sector property management and to test if the private sector performance measures are appropriate and sufficient in scope for use in the public sector., hence the adoption of an applied research method (Collis & Hussey, 2003). Applied research can also inform human decision-making about practical problems in the real world, that is the public sector in this instance (Leedy & Ormrod, 2005). The study also encroaches on management research, that is the application of information gathered and analysed as part of the research to a given problem or question (Howard & Peters, 1990).

3.2 Research Methodology

The research study combined primary and secondary data collection methods, thereby adopting a two-fold quantitative research approach. Primary data was collected through web-based questionnaire surveys while literature review was used to access secondary data. Quantitative research was chosen because of its ability to describe and test relationships, examine cause and effect as well as interactions among variables (Burns & Grove, 2001). The

study adopted a deductive research approach, whereby public sector property management literature was used to come up with a hypothesis proposing that private sector property performance measures are inappropriate for the public sector. Primary data was collected and analysed so as to test the hypothesis.

3.2.1 Literature review:

The research was developed based on extensive literature review on public property management and performance measurement related to the topic under discussion. Literature review information was drawn mainly from journal articles, reference books, government gazettes and publications, reference books, the internet and conference proceedings. However from the literature review, some gaps mainly in public sector property performance were noted which are potential future research areas.

3.2.2 Structured Scoping Interviews:

To get a general overview of public sector property management, a scoping interview was carried out with the Council for Scientific and Industrial Research (CSIR). This also helped in gaining understanding of public sector property professional's perceptions and attitude towards public property performance. The survey questionnaire was also piloted with the CSIR for independent review, general critique and comments. The questionnaire was edited and adjusted as per the recommendations made before it was forwarded to two senior professionals in the Property Management Department at City of Cape Town as a further pilot.

3.2.3 Survey Development

Feedback from the pilot survey was collated and minor editions to the questionnaire which included rewording some parts which were considered to be leading questions. Some questions which appeared to be repetitions were also deleted so as to make the questionnaire short and relevant. Ethics clearance was sought from University of Cape Town Research Ethics Board. This clearance allowed the questionnaire to be loaded on Google Docs which is a Google online survey function¹. This application was chosen mainly because of its ease to use both for the respondent and the researcher as it directly sends feedback on completion. The application proved to be cost effective as well as safeguarding against time constraints (Bowen, et al., 2009). Google docs² was the most favoured application mainly because of its

¹ <https://docs.google.com/forms/d/1jmR-CK7FR1LD51jH1jCb17rwTPRiUkAf27Jdc7pB7U/viewform>

² <https://accounts.google.com/ServiceLogin?service=writely&passive=1209600&continue>

ability to collaborate on creation, uses a variety of question types, utilize skip logic and its ability to automatically create results charts (Travis, 2010).

3.2.3.1 Questionnaire Design

The questionnaire technique was applied as it encourages respondents to think independently when answering. A pilot study was undertaken to get comments on the questionnaire's ease of understanding and validity. In designing the questionnaire, literature review played a pivotal role as most issues covered in that section gave rise for the need to seek further information in the research field.

The questionnaire comprised of 28 questions about key issues in public sector property management and performance measurement. The questions were classified into 5 categories, the first section addressed background information of the respondents, while the second collected information on public sector property management characteristics. Public sector property performance was addressed in the third section. Legislation and Institutional Framework information was captured in the fourth section and the fifth addressed challenges in public sector property management. The questionnaire used the Likert Scale as the answer range for each question based on its popularity (Bernard, 2000). The Likert scale is also easy to construct; provides for use of latent attitudes and is likely to produce a highly reliable scale (Abdullah, et al., 2011). The choices of answers were divided along a scale of 1 - 5, each represented as follows, for example; 1: Insignificant, 2: Minor, 3: Moderate, 4: Major and 5: Significant.

3.2.4 Population and Sample:

The short-list of respondents was selected from public sector immovable property practitioners specialising in property management. Since the focus area was Western Cape public sector, stratified sampling was applied whereby the sample was divided into 2 groups, that is, Western Cape Provincial Government and City of Cape Town property management departments. The focus group targeted only managers at strategic, tactical and operational level including senior professionals in public property management. It was deemed the most appropriate method for gaining public sector feedback as they provided an opportunity to capture views of experienced public property managers. Therefore all 45 senior personnel were targeted; 28 from The City of Cape Town and 17 from the provincial government.

The sample size is appropriate for the study as the topic is more specialised and sampling only public sector managers will provide a fair representation. On the other hand a large

sample does not necessarily guarantee the sample's precision (Bryman & Bell, 2003). Since a sample is a subset of population representing the main interest of the study, hence the focus was on senior public sector personnel only thereby minimising error (Collis & Hussey, 2003).

3.2.5 Administration of the Questionnaire

Permission to conduct the research was sought and granted by both City of Cape Town and Western Cape Provincial government management. 45 questionnaires were electronically distributed via an online survey using "Google Docs" a Google online survey function. This method was adopted mainly because of its ease to use and inexpensive nature (Bowen, et al., 2009). The method was found to be effective, economical, time saving and convenient with no anticipated problems as all officials had email and internet facilities in their offices. Google docs have such flexibility in that the creator may repeatedly close and open the survey to responses (Travis, 2010).

3.2.6 Survey

All respondents were invited to participate in the survey via email which contained the scope and importance of the research study as well as the web link to access the online questionnaire via Google Docs. City of Cape Town contacts were obtained from within since the researcher is employed by the same organisation. While Western Cape Provincial government contacts were obtained through networking with colleagues who work for the property management department. Various meetings were set with the provincial government chief director – property management so as to encourage staff to take part in survey. Telephone calls as well as reminder emails were send to potential respondents which were followed up with physical visits to encourage them to participate. The survey was closed 2 weeks after sending the final reminder so as to allow time for data collation. There were 22 responses from the targeted 45 respondents representing 48.89% response rate.

3.2.7 Data Analysis

A quantitative approach was adopted in measuring public sector property practitioners' attitudes and perceptions against defined independent variables, so as to identify relationships. Google Docs survey generated descriptive summary statistics for the survey results while the Statistical Package for Social Sciences (SPSS V21 for windows) was used to analyse frequency, Cronbach Alpha, Relative Importance Index (RII) ,Mann-Whitney analysis and other statistical analysis like mean score calculations one Way Sample t-Test for mean and Independent Samples t- Test for means.

Participants' response to the questionnaire was impressive basing on the returned duly completed questionnaire from the respondents. The results indicate that 31.8% of the involved respondents work for the provincial government while the remaining 68.2% were employed by The City of Cape Town. It was also found that the respondents are diverse in terms of educational backgrounds. Meanwhile, in terms of experience in property management activities, it was found that 68% of the respondents had at least 10 years in the property management field while only 45% had at least 10 years in public sector property management.

Section B of the questionnaire served in understanding the respondents' attitudes and perception towards public sector property management. It comprised of 21 questions: 18 linked to a Likert-scale format (1=strongly disagree – 5=strongly agree) with each having its own sub-questions, and another 3 were open-ended questions. These questions were mainly drafted to ascertain respondents' level of knowledge in public sector property management and performance measurement so as to test the hypotheses formulated in Chapter 1 of this research paper.

Remarks:

- Respondents' responses were coded: strongly disagree=1, disagree=2, neutral=3, agree=4 and strongly agree=5
- N= sample size, Mean= average weighted score of responses, df= degree of freedom,
- Observed t-value is less than critical t- value ($t_0 < t_c$) on one way t-test, (i.e. result is statistically insignificant)
- p-value is less than or equal to 0.05 ($p \leq 0.05$), there is statistically significant differences between views of COCT and WCPG employees at 95% confidence level.
- Levene's significance value less than 0.05, equal variance was not assumed
- COCT represents City of Cape Town while Western Cape Provincial Government is labelled WCPG

3.2.8 Hypothesis Testing

A one sample t-test analysis was employed to check whether the population would consider the attributes to be significant or otherwise. Since the respondents' perceptions were

measured using various five point Likert Scale (strongly agree to strongly disagree; insignificant to significant; not very important to very important; never to always and weak to exemplary). All attributes were first calculated and ranked according to their mean score ratings, which was then used to interpret public sector perceptions.

The null hypothesis $H_0 = \mu \leq \mu_0$ was tested against the alternative hypothesis $H_A = \mu > \mu_0$; where:

μ is the population mean and μ_0 represents the critical rating above which a particular attribute was considered as most significant. The μ value was fixed at a rating of “3” as any rating above 3 represent ‘agree’ and ‘strongly agree as per Likert Scale (Yu, et al., 2007)

Decision rule: reject null hypothesis (H_0) when the calculation of observed t value (t_o) be greater than the critical t value (t_c) and accept the alternative hypothesis. However If the observed t value of the statistic test of the mean ratings by the respondents is less than the critical t value ($t_o < t_c$) then the H_0 must be accepted. The significant level was set at 5% (0.05) as per the conventional risk level.

The following hypotheses were proposed and tested:

H₀: Comparing the performance of public sector held properties against private sector benchmarks is inappropriate.

H_A: Comparing the performance of public sector held properties against private sector benchmarks is appropriate.

The hypothesis will be tested by ascertaining whether the two groups of respondents; City of Cape Town and Provincial Government employees have different views on the differences between public and private property management. An Independent Samples T Test was applied for comparing the two samples’ means in order to detect differences of opinions and views between the two groups.

H_0 was rejected when the 2-tailed test at the 95% confidence interval was less than 0.05 ($p < 0.05$). However if $p > 0.05$ there is sufficient evidence that comparing public sector held properties against private sector benchmarks is appropriate.

3.3 Justification of the Methodology

The proposed research is based on a quantitative-descriptive survey approach while making use of case studies. Several researchers including; Price & Clark (2009), Abdullah, et al. (2011), Magd & Curry (2003), Kaganova & Nayyar-Stone (2000) have adopted a quantitative-descriptive survey approach.

The methodology applied to this research was also adopted from Abdullah, et al (2011) in their study to determine management factors that are hindering the implementation of property management activities in Malaysia. Abdullah, et al (2011) collected data through a survey using questionnaire forms, whereby the data was analysed using quantitative approaches such as frequency, mean analysis, relative important index as well as others. The sample was derived from different ministries and technical departments were 67 respondents were targeted. The survey questions were designed to determine the management factors hindering the implementation of property management activities. After data was collected and analysed it was used to ascertain attitudes and perceptions of public property management personnel from government ministries and technical departments on public property management activities in Malaysia.

Price & Clark (2009) in their research to demonstrate the analysis of portfolios of office properties using measures of business outputs such as occupation efficiency and staff satisfaction also derived their sample from both national government departments and local authorities. The study employed the use of a proprietary online survey to measure occupation efficiency and staff satisfaction on the use of selected portfolios of office properties. Respondents were drawn from both national government departments and local authorities. The research focused more on special purpose buildings dedicated to delivery of a particular service, such as laboratories or libraries which is the case which most public properties in this study. The survey was run on a five year period, for two years, the questionnaire was deployed as a paper copy while it was distributed as a web-based survey in the last three years which proved to be more efficient as responsiveness was high and time efficient. Quantitative research was applied as it is generally perceived to be objective in nature as it involves examining and centres on measuring the phenomena (Collis & Hussey, 2003).

3.4 Limitations

The study was only focused on Western Cape, that is, City of Cape Town and Property Management department of The Western Cape Provincial government to be specific. Hence

since this is a specialised area only 45 individuals were targeted as the research focused on management and senior professionals, thereby excluding junior professionals. It was also difficult getting Western Cape Provincial government employees on board as they were suspicious that the study can portray the province in a bad light. This problem was resolved by addressing their concerns first over telephone conversations which was followed up by meetings at provincial offices where it was highlighted that the research seeks to add value to the province's institutional knowledge as well as addressing the academic element thereof.

In the first week of deploying the questionnaire it was also found that civil servants both in local and provincial government are suspicious and adopt a negative attitude towards responding to surveys, reason being that they had taken part in a lot of surveys that did not bring the necessary or promised change. Hence it was communicated to respondents that the aim of the research was to implement change in the public sector but rather to highlight issues or problem areas in public sector property management.

3.5 Conclusion

This chapter aimed to describe the methodology adopted in the research as well as explaining various mechanisms used to assist in reaching research conclusions. The study adopted a quantitative, descriptive survey design whereby both primary and secondary data collection methods were used. Public sector property managers as well as senior professionals were targeted in both local and provincial government property management departments. The literature review provided the background information to construct the questionnaire, which was used to gather information from the respondents.

In summary, this chapter presents and describes the research methodology, comprising of the target population, sample, data collection methods and instruments as well as strategies used to ensure ethical standards, reliability and validity of the study. The next chapter analyses and presents the survey research findings.

4. DATA PRESENTATION & ANALYSIS

4.1 Introduction

This addresses the study objectives and key questions raised in Chapter 1 through the presentation and analysis of research findings. The literature review in Chapter 2 formed the theoretical basis of this research and supports the primary data. It also analyses data collected in the empirical investigation.

4.2 Survey response rate and respondents' profile

The following results were based on data gathered on the developed questionnaire. The survey questionnaire was divided into 2 categories, that is, demographic information in Section A as well as attitude and perceptions with regards to public sector property management in Section B.

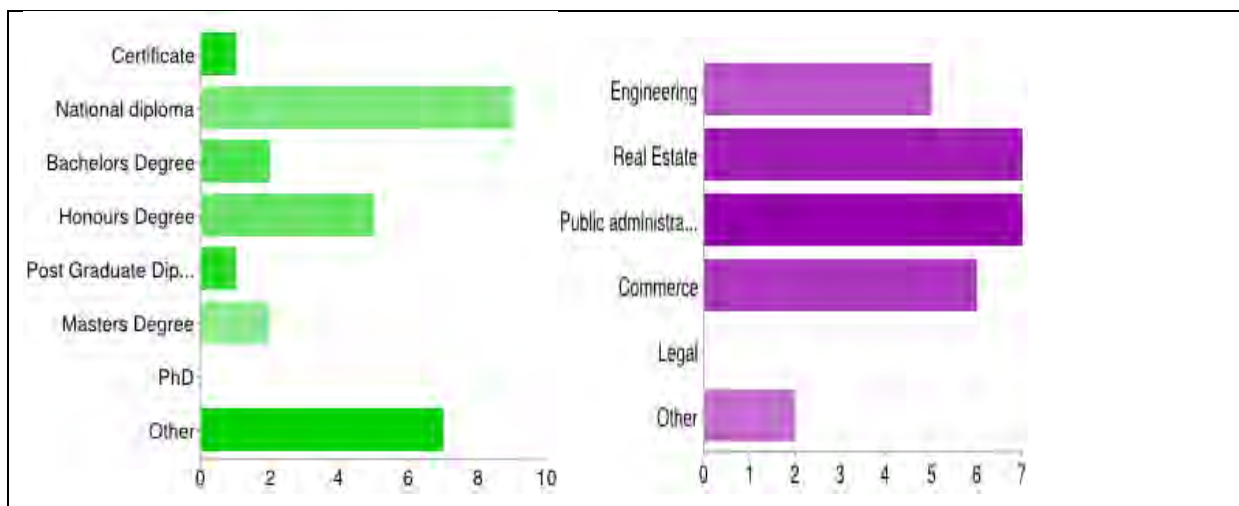
They were 22 responses out of the 45 respondents from both spheres of government, whereby 15 were from The City and 7 from provincial government representing a 48.89% response rate. The 36% of respondents were classified as middle management, senior professionals 32%, operational management 18% and the remainder 14% being executive / senior Management. The findings also reflected that the majority of respondents (68%) were very experienced in the property management field having least 10 years working experience and the remainder 32% with at least 5 years working experience.

Figure 4.1 indicates that 33% held a national diploma, 19% honours degree, 7% master's degree, 7% bachelor's degree, 4% national certificate and the remainder 26% classified as

other qualifications. The respondents' educational background reflected that the majority came had real estate and public administration, between them representing 52% that is 26% apiece. Commercial background is also significant representing 22% of the respondents with engineering at 19% and the remainder 7% classified as other.

Generally, all respondents were both academically knowledgeable and had experience in property management. The survey indicated that most respondents possess tacit knowledge, gained from individual experience and involves intangible factors, such as personal beliefs, perspectives and value systems (Nonaka & Takeuchi, 1995).

Figure 4.1: Diagram showing respondents' educational background



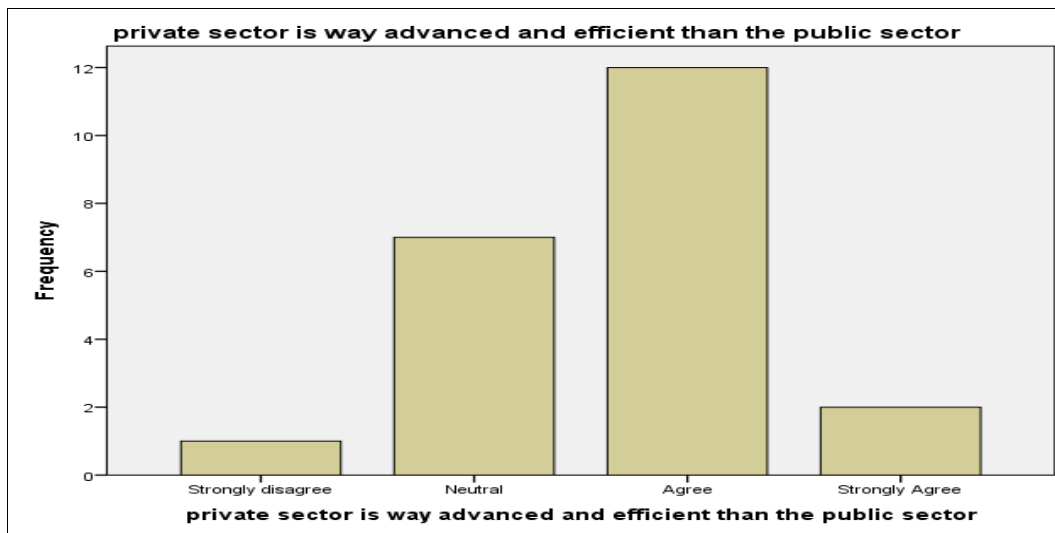
Source: Survey Results

4.3 Public sector property management characteristics

4.3.1 Property management in the private sector is way advanced than the public sector.

Respondents were asked about their opinion with regards to differences between the public and private sectors' property management techniques and efficiency. The results of the survey are presented in Figure 4.2, which indicate the majority of respondents (63.3%) were of the opinion that the private sector is way better than the public sector.

Figure 4.2: Measuring differences between private and public sector property management



Source: Survey Results

4.3.2 Public sector elements found in the private sector.

Survey participants were presented with a list of key elements found in the private sector property management and they were asked to indicate whether they were available in the public sector. The key elements are critical for effective property management and were shortlisted with the objectivity of measuring their adoption in public sector property management. The results of the survey are illustrated in Table 4.1 below:

Table 4.1 Private sector elements found in public sector

Public sector elements		Group Stats		One way Sample T test			Independent Sample T test			
		Org	N	Mean	Total Mean	Std. Dev	Observed t-value	Sig	t-value	df
Well qualified personnel	COCT	15	4.2	4.318	.894	6.918	.568	-.967	14.0	.350
	WCPG	7	4.57							
Well defined objectives and goals	COCT	15	3.67	3.182	1.259	.678	.429	3.160	20	.0049
	WCPG	7	2.14							
Performance based incentives	COCT	15	2.467	2.545	.858	-2.485	.453	-.621	20	.541
	WCPG	7	2.714							
Ease of decision making	COCT	15	2.267	2.227	1.270	-2.854	.716	.208	20	.837
	WCPG	7	2.143							
Availability of	COCT	15	2.067	2.045	1.397	-3.206	.691	.102	20	.920

benchmarking	WCPG	7	2							
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Source: Survey Results

The majority (59%) of the respondents from both COCT and WCPG believe that there are qualified personnel in the public sector, this tally with the survey results showing that the majority of the respondents, 66% held at least a national diploma. However there was a notable difference between the 2 groups regarding the availability of well-defined objectives and goals in the public sector depicted by p value of 0.0049 with WCPG more sceptical. There was general consensus between the 2 groups that there is lack of performance based incentives, benchmarking and difficulty of decision making in the public sector.

4.3.3 The following list covers the activities which are commonly referred to within property Management. Please indicate their importance to your organisation.

The question was designed to ascertain the level of application of property management principles. Respondents were given a list of property management activities and were asked to indicate the importance of each variable, with scales ranging from not very important (1) to extremely important (5). The results are summarised in Table 4.2:

Table 4.2 Key public sector property management activities

Property management activities				One way Sample T test			Independent Sample T test			
				Total Mean	Std. Dev	Obsvd t-value	Sig	t-value	df	Sig (2tled)
Budget preparation	COCT	15	2.133	1.909	1.065	-4.805	.388	1.487	20	.153
	WCPG	7	1.429							
Operating cost analysis	COCT	15	4.067	4.045	.575	8.521	.013	.367	14	.719
	WCPG	7	4.000							
Return on investment	COCT	15	3.467	3.227	1.152	.925	.039	1.962	19.56	.064
	WCPG	7	2.714							
Revenue tracking on a property-by-property basis	COCT	15	3.200	2.818	1.332	-.640	.00014	3.154	14	.007
	WCPG	7	2.000							
Cost recovery	COCT	15	3.333	2.864	1.356	-.472	.0012	3.804	17.72	.001

	WCPG	7	1.857							
Budget reviews	COCT	15	3.133	2.773	1.378	-.774	.00094	2.542	19.66	.020
	WCPG	7	2.000							
Lease costs per square metre	COCT	15	3.200	3.227	1.152	.925	.79132	-.159	20	.8755
	WCPG	7	3.286							

Source: Survey Results

The results indicate that both groups do not practice good budgetary norms and that there is lack of comprehensive budgeting in the public sector. Regarding operational cost analysis both groups are constantly monitoring their operational cost with an impressive total mean of 4.045 and a matching p value of 0.719. However return on investment is of little consideration in the provincial government while the local government respondents indicated a fair appreciation of such, with a mean average of 3.46 as opposed to the provincial's 2.714. Activities such as revenue tracking cost recovery and budget reviews are in limbo in both provincial and local government while there is at least an appreciation of rental costs per square metre on leased buildings.

Table 4.3: Human resource management in the public sector

Human resources management		Group Stats		One way Sample T test			Independent Sample T test			
		Org	N	Mean	Total Mean	Std. Dev	Obsved t-value	Sig	t-value	df
Investment in training or employee	COCT	15	3.467	3.136	1.037	.617	.158	2.428	20	.025
	WCPG	7	2.429							
Employee understanding of alignment with organisation plan	COCT	15	3.800	3.909	.921	4.629	.139	-.806	20	.430
	WCPG	7	4.143							
Employee satisfaction	COCT	15	3.533	3.727	.985	3.464	.021	-1.88	19	.075
	WCPG	7	4.143							
Rate of absenteeism	COCT	15	3.467	3.682	1.249	2.560	.0018	-1.68	17.48	.111
	WCPG	7	4.143							

Source: Survey Results

As indicated in Table 4.3 it was ascertained that both organisations value their human resources as they value employee understanding of organisational goals, employee satisfaction and monitors employee absenteeism. However there is generally little focus on employee investment and training in the provincial government which is in sharp contrast with COCT which has got more thrust on employee development.

4.3.4 Real Estate Information Management and Accounting Practices

This section explores the public sector’s competence on property information management, property portfolio analysis, sound property management decision making and practices.

4.3.4.1 How do you rate your organisation’s competence on the following issues?

Respondents were asked to rate their respective organisation’s competences with regards to property information management and their responses are summarised in Table 4.5:

Table 4.5 Organisation’s competency in property information management

Property information management		Group Stats		One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Deviation	Observed t-value	Sig	t-value	df	Sig (2tailed)
Centralized assets register?	COCT	15	1.8667	1.864	1.167	-4.568	.63624	.01740	20	.98629
	WCPG	7	1.8571							
Asset register computerized/MIS?	COCT	15	1.9333	1.955	.999	-4.909	.0122	-.2112	14	.8358
	WCPG	7	2.0000							
Knowledge of the market value of your real estate portfolio?	COCT	15	1.8000	1.864	.941	-5.665	.00634	-	14	.51026
	WCPG	7	2.0000							
Evaluation/accounting for real estate on a property-by property basis?	COCT	15	2.1333	1.818	1.053	-5.266	.04463	3.0588	18.996	.00646
	WCPG	7	1.1429							

Source: Survey Results

Respondents from both COCT and WCPG strongly agree that their asset registers are not comprehensive. However such registers are currently being developed in both organisations.

This is expected to provide detailed property inventory and extend of property value which is unknown at the moment. In addition it was also noted that there is poor accountability and inadequate performance evaluation of property assets. This will also be addressed by the asset management system which is currently being developed.

4.3.4.2 Do you practice the following and to what extend?

Respondents were requested to indicate the frequency in which they applied certain property management principles in their workplace with responses rated from Never (1) to Always (5). The results are highlighted in Table 4.6

Table 4.6: Frequency of property management principles application

Property management principles		Group Stats		One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tailed
Have explicit financial objectives for property?	COCT	15	2.133	1.82	1.006	-5.508	.1143	2.376	20	.0276
	WCPG	7	1.143							
Employ formal capital budgeting, acquisition or disposal rules?	COCT	15	2.933	3.05	.950	.224	.2446	-.803	20	.43117
	WCPG	7	3.286							
Have a discount rate or hurdle rate of return?	COCT	15	2.600	3.00	1.113	.000	.0068	-3.89	19.02	.001
	WCPG	7	3.857							
Have a written Real Estate, Management Plan? Policy/Development Plan	COCT	15	2.267	2.182	1.006	-3.813	.754	.569	20	.575
	WCPG	7	2.000							
Systematically evaluate underutilised	COCT	15	2.933	2.955	1.133	-.188	.396	-.126	20	.901
	WCPG	7	3.000							

properties?										
Include imputed/ internal rents?	COCT	15	2.133	2.318	1.041	-3.071	.256	-1.23	20	.232
	WCPG	7	2.714							
Include return on social investment	COCT	15	1.800	1.636	.953	-6.708	.136	1.190	20	.248
	WCPG	7	1.286							

Source: Survey Results

The results indicated that both groups do not have explicit financial objectives. While both groups employ formal budgeting, acquisition and disposal rules they both do not practice financially oriented property management principles like implementing a hurdle rate, imputing internal rentals and considering return on social investment. This in turn leads to ill-informed decision making, hence underutilisation of public assets and related resources. Lack of financial appraisal in public assets can lead to bankruptcy in the long run as there are no checks and balances to monitor if property services are supporting service delivery in a cost effective way.

4.3.4.3 Respondents' exposure to different property life cycle activities

The question was designed to rate the exposure of participants to different property management activities comprising of, leasing, Sale/Lease backs, property exchange, joint development, parcel assembly and land banking. The results of the survey are illustrated in Table 4.7:

Table 4.7: Exposure to different property lifecycle activities

Experience in the following activities				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t- value	Sig	t- value	df	Sig (2tld)
Leasing property or land to or from others	COCT	15	2.67	2.545	1.371	-1.555	.1432	.5978	20	.5566
	WCPG	7	2.29							
Sale-leasebacks	COCT	15	3.93	3.727	.935	3.648	.765	1.564	20	.133
	WCPG	7	3.29							
Property exchanges	COCT	15	1.93	2.045	1.090	-4.107	.0088	-.828	18.06	.419
	WCPG	7	2.29							
Joint	COCT	15	2.53	2.273	1.386	-2.460	.096	1.313	20	.204

development	WCPG	7	1.71							
Parcel assembly	COCT	15	2.07	2.273	.985	-3.464	.001	-1.913	20	.070
	WCPG	7	2.71							
Land banking	COCT	15	2.20	2.045	1.174	-3.813	.097	.900	20.00	.379
	WCPG	7	1.71							

Source: Survey Results

The majority of respondents had experience in public immovable property disposals. Few respondents had experience of land banking and property exchanges which reflected that the public sector is not fully utilising its competitive advantage as an owner of vast areas of undeveloped and underdeveloped land. In South Africa low costing housing is in demand and one would expect public organisations to be aiding that through strategically acquiring land as well as releasing it into the market to promote targeted developments. Joint developments are also notably lower than expected, given the current economic slowdown one would expect an increase of public private partnerships but results show that this is not fully developed.

4.3.4.4 Property Portfolio analysis

This part seeks to explore respondents' respective property portfolio composition. The portfolios were divided into 7 most popular public sector categories and respondents had to select between insignificant (1) to significant (5). The survey results are illustrated in Table 4.8

Table 4.8: Portfolio analysis

Property portfolio analysis				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig - 2tld
Government / City use (Operational property)	COCT	15	1.667	1.455	1.011	-7.172	.0004	2.197	14	.045
	WCPG	7	1.000							
Financial investment	COCT	15	2.933	3.318	1.427	1.046	.021	-2.551	20	.019
	WCPG	7	4.143							
Social investment	COCT	15	2.400	2.136	1.082	-3.743	.071	1.753	20	.095
	WCPG	7	1.571							

Surplus or underutilized	COCT	15	3.133	2.818	1.181	-.722	.119	1.951	20	.065
	WCPG	7	2.143							
Residential Use	COCT	15	3.400	3.091	1.306	.326	.082	1.696	20	.105
	WCPG	7	2.429							
Infrastructure	COCT	15	3.733	2.909	2.308	-.185	.090	2.833	20	.010
	WCPG	7	1.143							
Environmental / Heritage	COCT	15	2.400	2.091	1.306	-3.265	.097	1.696	20	.105
	WCPG	7	1.429							

Source: Survey Results

The majority of respondents (54.5%) held properties classified as financial investment in their respective portfolios. This indicates that there is real need for private sector financially based property performance indicators in the public sector. Revenue derived from investments of public assets is channelled back to service delivery oriented goals, therefore there is need to fully optimise such assets as per private sector benchmarks. Public organisations also own a significant number of residential properties; however these cannot be equated to private sector performance measures as most of these assets are earmarked for the poor. Hence even though actual revenue from such is very low, the social impact of providing affordable or free housing is very high and positively impacts service delivery. The public sector is characterised by diverse asset portfolios covering properties that cater for both financial and non-financial objectives, hence there is need for more training in the management of various property portfolios.

4.4 Public sector property performance

4.4.1 Measuring public sector immovable asset performance

The section was aimed at getting insights into property performance measurement techniques employed in the public sector. The questions sought to find out if private sector performance measurements are used in the public sector. In this regard respondents were asked to rate the level they employ a set of key performance indicators and the results are outlined in Table 4.9 below

Respondents mainly disagreed or were indifferent with billing accuracy as a measure of performance, scoring a total mean of 2.91 whereby p value was 0.351 indicating that both groups were in agreement that billing accuracy is not a good measure. Nevertheless there is

more focus on budgets, revenue collection, minimising operating costs in line with shrinking budgets as a result of mounting economic challenges. There is also a notable interest in vacancy rates and capital growth to ensure maximum return on immovable property assets. Customer satisfaction is also highly prioritised as part of the public sector mandate to provide property assets that leverage economic and social goals. Overall the majority of respondents (87%) believed that performance measurement elements used in the private sector to be appropriate for use in the public sector.

Table 4.9: Public sector performance indicators

Public sector performance indicator				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
Accuracy of billing	COCT	15	2.800	2.909	.868	-.491	.041	-.962	15.83	.351
	WCPG	7	3.143							
Adherence to budgets	COCT	15	3.267	3.409	1.008	1.904	.068	-.969	20	.344
	WCPG	7	3.714							
Revenue from operations	COCT	15	3.267	3.545	1.011	2.531	.014	-2.76	19.13	.0125
	WCPG	7	4.143							
Vacancy rates	COCT	15	3.467	3.227	1.110	.961	.185	1.527	20	.1423
	WCPG	7	2.714							
Return on investment	COCT	15	3.600	3.636	1.002	2.978	.063	-.243	20	.81010
	WCPG	7	3.714							
Capital growth	COCT	15	3.267	3.136	1.207	.530	.066	.733	20	.47203
	WCPG	7	2.857							
Operating costs	COCT	15	3.267	3.182	1.097	.777	.075	.522	20	.60756
	WCPG	7	3.000							
Customer satisfaction	COCT	15	3.400	3.591	1.141	2.430	.004	-1.50	19.999	.14924
	WCPG	7	4.000							

Source: Survey Results

4.4.2 Stimulants of strategic property management in the public sector

Informants were asked to rate their level of agreement or disagreement to a variety of elements perceived to be stimulants of strategic property management in the public sector. The results are illustrated in Table 4.10. The majority of respondents concurred that all the listed factors stimulate the development of strategic property management in the public sector. The one sample t test indicated a total mean range of 3.273 – 3.636 and p values greater than 0.05 indicating a positive relationship between COCT and WCPG respondents.

Table 4.10: Factors stimulating growth of strategic property management in the public sector

Stimulants of strategic property management in the public sector				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig-2tld
Legislation	COCT	15	3.400	3.636	1.049	2.846	.085	-1.61	20	.124
	WCPG	7	4.143							
Financial constraints	COCT	15	2.933	3.500	1.472	1.593	.001	-4.297	19.06	.001
	WCPG	7	4.714							
Research and development	COCT	15	3.200	3.273	1.120	1.142	.008	-.577	19.85	.575
	WCPG	7	3.429							
Information technology	COCT	15	3.533	3.591	.854	3.245	.047	-.574	19.83	.573
	WCPG	7	3.714							
High cost of space	COCT	15	3.533	3.591	.734	3.775	.111	-.529	20	.6025
	WCPG	7	3.714							
Private sector initiatives	COCT	15	3.200	3.318	.995	1.501	.271	-.809	20	.428
	WCPG	7	3.571							
Public demand	COCT	15	3.333	3.273	.985	1.299	.030	.491	18.02	.629
	WCPG	7	3.143							
Public sector personnel	COCT	15	3.800	3.636	.727	4.107	.465	1.603	20	.125
	WCPG	7	3.286							

Source: Survey Results

However COCT do not agree that financial constraints stimulated strategic management. Whereas WCPG believe that strategic management is being driven mainly by financial constraints and legislation while COCT perceive it to be championed by public sector personnel. Such diverse stimulants for strategic management reflect that the public sector is in turn characterised with multi-stakeholders with differing expectations. To satisfy such needs public assets need to be diverse in nature, providing property services that assure efficient service delivery in a cost effective way. Hence there is need to consider both financial and non-financial objectives in decision making.

4.5 Property Valuation and Financial Management

4.5.1 Determinants of property value in the public sector

Participants were explicitly asked to indicate the number of times they considered key property valuation determinants when determining the value of public immovable property. The survey results are indicated in Table 4.11

Table 4.11: Determinants of public sector property valuation

Determinants of immovable property value				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
relationship between the public sector asset and its private sector comparable	COCT	15	2.3333	2.091	1.231	-3.464	.193	1.381	20	.182
	WCPG	7	1.5714							
Inclusion within the valuation of any trading potential of the asset	COCT	15	2.6667	2.500	1.406	-1.668	.200	.807	20	.429
	WCPG	7	2.1429							
Quantification of its worth in social terms	COCT	15	3.2000	2.955	1.362	-.157	.194	1.254	20	.224
	WCPG	7	2.4286							
An appreciation of the quality of the building	COCT	15	2.7333	2.864	1.320	-.485	.000	-.948	17	.357
	WCPG	7	3.1429							

Source: Survey Results

The majority of respondents (68.2%) in the public sector do not use convectional property valuation methods, as they do not consider the relationship between the public sector asset

and its private sector comparable. This can be attributed to the inflexibility of public assets, whereby some cannot be disposed to the market due to design, usage or legislation hence difficult to use open markets for valuation. Much more weight is placed on properties' social contribution to society, however such contribution is difficult to quantify. Trading potential of public assets is lowly rated which is a cause of concern especially with regards to surplus property. Public organisations at times hold excess properties due to their failure to recognise the value of such assets, as disposing them will be beneficial to the society twofold. Income from disposals will be channelled to service delivery while the buyer will optimise the asset to benefit the community, at a profit though.

4.5.2 Sources of revenue gains and losses in the public sector property management.

This section basically seeks to explore and expose leakages in the public sector property management. Leakages were divided into 2 categories, that is, losses due to inefficient revenue collection as well as losses due to non-optimisation of assets as illustrated in Table 4.12.

Table 4.12: sources of revenue gains and losses

Sources of revenue gains and losses in the public sector property management		Group Stats		One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig - 2tld
Hidden price subsidies to users of public property	COCT	15	2.8667	2.864	1.207	-.530	.090	.017	20	.987
	WCPG	7	2.8571							
Rent collection below private sector benchmarks	COCT	15	3.7333	3.818	.907	4.231	.116	-.633	20	.534
	WCPG	7	4.0000							
Losses due to land / property sales at the bottom of the real estate market	COCT	15	3.9333	4.045	.785	6.243	.675	-.979	20	.339
	WCPG	7	4.2857							
Non optimum use of property	COCT	15	3.4667	3.682	.945	3.382	.269	-1.62	20	.120
	WCPG	7	4.1429							
Undisposed surplus properties	COCT	15	4.0000	4.091	.921	5.555	.815	-.669	20	.511
	WCPG	7	4.2857							

Source: Survey Results

The majority of respondents, 68.2% were indifferent or disagreed with the statement that, revenue was lost due to hidden price subsidies to the private sector. The public sector's goal is efficient service delivery which can be attained by targeting socio-economic activities. Therefore subsidies can be given to emerging entrepreneurs who may not be able to access funding from financial institutions. Subsidies can also be provided to community facilities that take care of children, disabled people or the elderly etc., in such a way subsidies will be contributing to a greater good hence service delivery. At times such subsidies may become leakages, for example offering a rent subsidy to an emerging business entrepreneur who also access cheap funding or loans from government institutions. Respondents also felt that there are too many undisposed surplus properties the public sector is failing to dispose which increases holding costs thereby increasing unnecessary expenditure. Again in the event that such properties are sold, they are disposed at less than market rates mainly due to lack of information with regards to such assets optimisation capacity. Most of the surplus properties are often mismanaged and hence poorly maintained to such an extent that they are disposed in a way of ridding the problem than as a way of maximising returns.

4.5.3 Sources of potential Savings on expenses

Likewise it was determined that they may be ways to save on expenses so as to boost revenue. This was put to test by asking respondents' perceptions represented by strongly disagree (1) to strongly agree (5), the results highlighted in Table 4.13

Table 4.13: Results on sources of potential Savings on expenses

Potential Savings on Expenses				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
Maintenance and operation of public real estate	COCT	15	4.0667	4.000	.535	8.775	.496	.851	20	.405
	WCPG	7	3.8571							
Further savings through rationalising property portfolios	COCT	15	3.6667	3.727	.767	4.446	.038	-.698	19.94	.493
	WCPG	7	3.8571							
Moving to own buildings instead of leasing	COCT	15	3.5333	3.591	.666	4.161	.173	-.680	17.32	.506
	WCPG	7	3.7143							
Higher efficiency of	COCT	15	4.1333	4.227	.813	7.085	.756	-.787	20	.441

capital through Public Private Partnerships	WCPG	7	4.4286							
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Source: Survey Results

The response was positive with 86.3% of the respondents agreeing that savings can be attained through proper maintenance of buildings. This is also witnessed by an advent of legislation that is mainly focused on public property maintenance. GIAMA introduces asset management plans which spell out the “user” and “owner” responsibilities with the user having to draft an asset maintenance plan which is monitored by the owner department. Public organisations are faced with high rental bills which are unnecessary considering the amount of properties they own. This can be attributed to inefficiency use of space whereby space is not optimally used as well as public properties being leased to third parties instead of being utilised by public organisations. Public organisations offices are at times costly as they are classified as heritage buildings, hence they are by law required to maintain the heritage façade which is expensive to maintain.

4.5.4 How much does each of the following property functions contributes to your budget's revenue or expenditure?

This question was forwarded to respondents so as to ascertain the contribution of some key property management function to the organisation’s budget. The idea was to develop an understanding of the public sector spending through the 4 stages of the property cycle, which is planning, acquisition, holding and disposal. The results are presented in Table 4.14

Table 4.14: Budget contribution through the property life cycle.

Contribution to budget's revenue or expenditure				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
Leasing (Rental Income)	COCT	15	3.6667	3.727	.883	3.864	.017	-.6232	19.39	.5404
	WCPG	7	3.8571							
Property Disposals	COCT	15	2.4667	2.000	1.113	-4.215	.0001	5.358	14	.0001
	WCPG	7	1.0000							
Consultation or Service fees	COCT	15	2.4000	2.318	1.129	-2.832	.325	.488	20	.6306
	WCPG	7	2.1429							
Property	COCT	15	2.2000	2.318	.945	-3.382	.059	-.853	20	.404

acquisition	WCPG	7	2.5714							
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Source: Survey Results

The results indicate that public sector property portfolio is not growing as there are limited funds set aside for acquisitions. Leasing of public properties contributes less than expected considering the number of public assets leased to third parties. However most of these properties are not let to maximise revenue or minimise cost as in the private sector. This is done to contribute towards social and economic development to the community thereby improving service delivery. Consultation and service fee is a significant cost in the public sector which needs to be trimmed. This can be done by investing in human resource development as well as research and development. Public sector organisations are also slightly price insensitive than the private sector that at times they get overcharged. This is also the case due to their inefficient payment system which at times takes long to come through, so service providers charge a premium to cover against inflation.

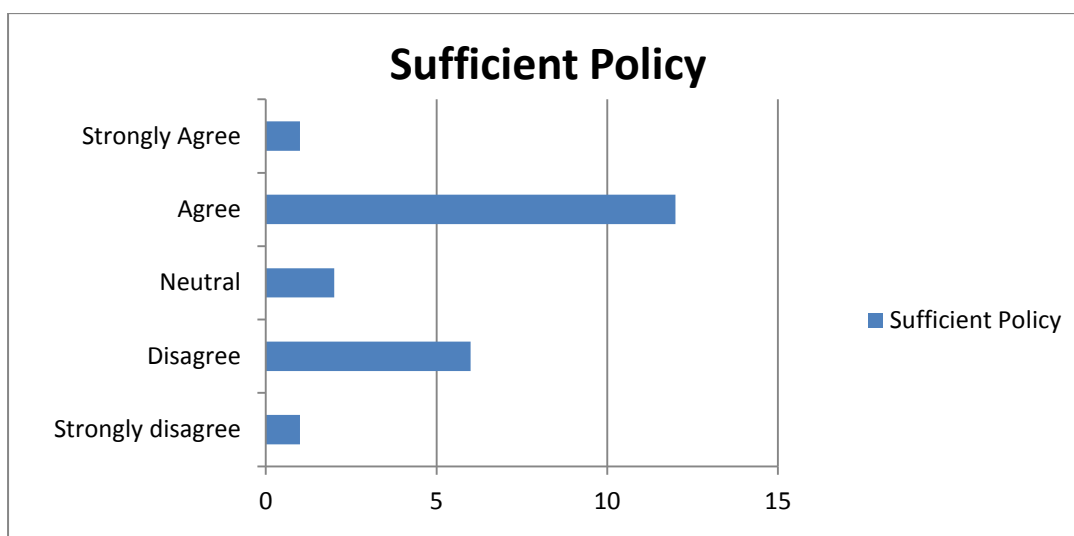
4.6 Legislation and Institutional Framework

The section was designed to ascertain if there is sufficient legislation and policies to cater for effective property management.

4.6.1 Is there adequate policy framework for effective immovable asset management in the public sector?

Respondents were asked if there are sufficient, applicable and current policies to support an effective immovable asset management regime in the public sector. The survey results are indicated in Figure 4.3

Figure 4.3: Policy framework is adequate for effective management.



Source: Survey Results

The majority of respondents (59.1%) are of the opinion that there is currently sufficient policy in the public sector. This is witnessed by the drafting of an array of legislation that supports and promotes efficient public property management. However indicators are that though there are good policies and legislation in place they are not fully implemented or practiced in the public sector.

4.6.2 Legislation’s impact on public sector property management

Participants were questioned about their perception on the effect and impact of 5 selected pieces of legislation, applicable to public sector property management. The survey results are presented in Table 4.12 below:

Table 4.15: Impact of legislation on public sector property management

What impact does the following legislation have on public sector property management?				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
Public Finance Management Act, No.19 of 2007	COCT	15	3.00	3.273	1.077	1.19	.119	-1.83	20	.082
	WCPG	7	3.86							
Government Immovable Asset Management Act, No. 19 of 2007	COCT	15	3.47	3.909	1.231	3.46	.019	-3.95	18	.001
	WCPG	7	4.86							
Municipal Finance	COCT	15	3.47	3.864	1.207	3.36	.058	-2.53	20	.020

Management Act, No. 56 of 2003	WCPG	7	4.71							
Municipal Asset Transfer Regulations 2008	COCT	15	4.13	4.136	.710	7.51	.168	-.029	20	.977
	WCPG	7	4.14							
Management of certain of the City of Cape Town's Immovable Property Policy	COCT	15	4.27	4.227	.685	8.40	.119	.387	20	.703
	WCPG	7	4.14							

Source: Survey Results

Survey results indicated that all 5 legislation have an impact on the management of public immovable assets. The PFMA and MFMA are financially based legislations that promote good financial management in the public sector. The two instruments govern the way public immovable assets are managed through the property lifecycle from acquisitions to disposals. GIAMA solidified government's intention of improving public property management in that the act promotes the drafting of asset management plan as well as monitoring and reporting on such plans. Legislation also guides the way public assets are disposed be it for leasing or outright sale, whereby the public is encouraged to participate via the tender process. This promotes fairness and accountability in the acquisition of public property by third parties. Such acts also prohibits the disposal of properties which are required for operational purposes, this is good as it ensures that service delivery is negatively impacted by lack or shortage of operating premises. The majority of respondents were of the opinion that all property management oriented legislation will increase efficiency in the management of public assets.

4.6.3 Effects of Government Immovable Asset Management Act, No. 19 of 2007 (GIAMA)

Respondents were asked to review and rate their perceptions on GIAMA's effectiveness in providing a uniform framework for the management of an immovable asset held or used by national or provincial departments. The responses are tabulated in Table 4.13

The majority of respondents believe that the introduction of GIAMA will improve efficiency in the management of public sector immovable assets. Both groups of interviewees are of the opinion that GIAMA will not only bring efficiency but uniformity in public asset management. Once there is uniformity it will be easier for public organisation to benchmark

against each other thereby making performance measurement a bit easier. There was general consensus that GIAMA will bring accountability and transparency in the management of public sector properties. The act was deemed capable of paving way for the implementation of performance assessment on all public immovable assets through the compulsory asset management plan. Respondents also believe that this legislation coordinates the use of immovable property with service delivery through the implementation of portfolio strategy and asset management plans. Though both groups showed an appreciation and excitement over GIAMA, provincial government are more optimistic of its effectiveness than COCT respondents. This is mainly because it has been rolled out in the provincial government already while it is still work in progress in the municipality environment.

Table 4.16: The effectiveness of GIAMA’s in achieving efficiency in the public sector.

GIAMA's ability in attaining the following:				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
Provide a uniform Immovable asset management framework	COCT	15	4.07	3.909	.811	5.257	.575	1.36	20	.189
	WCPG	7	3.57							
Ensure accountability and transparency in the plc sector property mgt	COCT	15	3.4	3.636	.727	4.107	.639	-2.5	20	.021
	WCPG	7	4.14							
Ensure effective immovable asset management within Government	COCT	15	3.53	3.682	.646	4.948	.103	-1.64	20	.117
	WCPG	7	4							
Ensure coordination of	COCT	15	3.4	3.591	.734	3.775	.055	-1.89	20	.073

the use of immovable property with service delivery	WCPG	7	4								
Optimise the cost of service delivery	COCT	15	3.267	3.591	.854	3.245	.878	-	3.093	20	.006
	WCPG	7	4.286								
Foster the principles of effective immovable asset management	COCT	15	3.067	3.273	.827	1.547	.961	-	1.800	20	.087
	WCPG	7	3.71								
Implementation of Portfolio strategy and asset management plan	COCT	15	3.33	3.545	.671	3.813	.141	-	2.405	20	.026
	WCPG	7	4								
Paves the way for the implementation of performance assessment of the each immovable asset	COCT	15	3.2	3.318	.839	1.779	.955	-	-.966	20	.346
	WCPG	7	3.57								
Effective asset acquisition and disposal strategy	COCT	15	3.53	3.500	.512	4.583	.735	-	.439	20	.666
	WCPG	7	3.429								

Source: Survey Results

4.6.4 How to make public sector policy framework more effective and efficient in promoting immovable asset optimisation.

This question aimed at exploring public sector employees' views on measures they believe will make public sector policy framework more effective and efficient in promoting immovable asset optimisation. Focus was placed on whether to add more restrictions and policies or rather to educate employees on current legislation and policies. A summary of the survey results is presented in Table 4.14

Table 4.17: Measures to promoting public sector policy framework implementation.

Elements that promote successful implementation of public sector policy framework				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tld
More restrictive standards and regulations	COCT	15	3.4000	3.273	.631	2.027	.094	1.418	20	.172
	WCPG	7	3.0000							
Increase enforcement	COCT	15	2.0667	2.182	.958	-4.006	.651	-.819	20	.423

measures	WCPG	7	2.4286							
More education and training	COCT	15	3.6667	3.409	.908	2.113	.735	2.100	20	.049
	WCPG	7	2.8571							
No reforms or changes needed	COCT	15	4.3333	4.409	.503	13.133	.494	-1.035	20	.313
	WCPG	7	4.5714							

Source: Survey Results

The majority of the respondents (72%) opined that there are no reforms or changes needed in the public sector as they were enough measures in place already. Since the public sector operates along policy and legislation guidelines, it was also felt that introducing more restrictive standards and regulations will promote efficiency in public property management. There was also an indication more education and training is needed in the public sector given the large and diverse property portfolio being managed, most respondents suggesting that there is need for specialisation. There was general consensus that there are enough policy enforcement measures in place to promote efficiency and effectiveness in service delivery.

4.7 Effects of global financial crisis on public sector property management

This question was posed to capture respondents' perception as to public sector's reaction to global financial crisis. The survey results are reproduced in Table 4.15

Table 4.18: Public sector reaction to global financial crisis.

Effects of global financial crisis on government immovable assets				One way Sample T test			Independent Sample T test			
		N	Mean	Total Mean	Std. Dev	Obs t-value	Sig	t-value	df	Sig 2tl
Deficit of current (operating) budgets.	COCT	15	3.2667	3.409	.734	2.614	.082	-	20.000	.189
	WCPG	7	3.7143							
Loss of investment capital	COCT	15	3.0000	3.000	.756	.000	.011	.000	14.000	1.000
	WCPG	7	3.0000							
decline of planned land sale proceeds	COCT	15	3.3333	3.136	.834	.767	.155	1.693	20.000	.106
	WCPG	7	2.7143							
Mismatch	COCT	15	3.8667	3.500	.802	2.925	.755	4.207	20.000	.000

between public budgetary systems and good asset management	WCPG	7	2.7143							
Reduction of operating, maintenance and recapitalisation budgets	COCT	15	3.5333	3.227	1.066	1.000	.110	2.131	20.000	.046
	WCPG	7	2.5714							
Reduction of government property holdings in the longer term.	COCT	15	3.6000	3.273	.767	1.667	.720	3.716	20.000	.001
	WCPG	7	2.5714							

Source: Survey Results

Overall respondents from the COCT perceive their organisation to be relatively more elastic than their counterparts in the provincial government. Survey results shows that a one sample t test mean score of more than 3.1 in all but one variable indicating that they adjusted their spending habits to match the financial crisis. On the other hand WCPG respondents indicate that their organisation did not change its spending habits. This was mainly due to extensive capital projects earmarked for the province through the national development plan (NDP). On the brighter side such heavy capital injections had positive returns to the community through job creation and overall better service delivery due to new developments. There was also a decline in planned disposal of public assets, due to the unfavourable market which was dictating low values. However general budget cuts resulted in a mismatch between public budgetary systems and good asset management, as they were cuts in planned maintenance of public assets.

4.8 Challenges in public sector property management.

This section was drafted in order to highlight and assess major challenges in public sector property management. A comprehensive list of perceived challenges was presented to respondents so as to assess their opinions which were measured as strongly disagree (1) to strongly agree (5). The results are shown in Table 4.16

Both groups were in agreement that there are major challenges in the management of public sector immovable assets. Lack of autonomy in the public sector is one of the main problems as it makes decision making laborious and time consuming. Public managers have no mandate to make capital decisions but only make recommendations to elected officials who in turn make final decisions. This often leads to mistiming of property decisions as the decision process is too long. Since elected officials are not necessarily experts in property management at times they make bad decisions, be it genuinely or for political benefit at the expense of socio-economic benefits in the long run. The public sector is also characterised by excessive vacant property mainly due to failure of realising the opportunity cost of holding such property. There is also poor performance of investment portfolio mainly due to the sector's failure to carry out periodic property reviews so as to assess the market. Public property users also lack of incentives to use space optimally, since most of them do not bear the cost of using the property. Overall all listed challenges were supported by respondents with a one way t-sample test ranging from 3.82 to 4.23 indicating a high rate of respondents' appreciation of the listed challenges.

Table 4.19: Challenges faced in public sector property management.

		One way Sample T test				Independent Sample T test				
		N	Mean	Total Mean	Std. Dev	Obd t-value	Sig	t-value	df	Sig 2tailed
Lack of autonomy	COCT	14	4.21	4.190	.512	10.66	.187	.295	19	.772
	WCPG	7	4.143							
Absence of performance evaluation	COCT	15	3.8	3.864	.560	7.23	.025	-1.146	14	.271
	WCPG	7	4							
Absence of benchmarking processes	COCT	15	3.93	4.182	.958	5.79	.621	-1.886	20	.074
	WCPG	7	4.71							

No incentives to users	COCT	15	4.27	4.409	.590	11.2	.540	-1.734	20	.098
	WCPG	7	4.71							
Failure to carry out property reviews	COCT	15	4.13	4.182	.795	7	.888	-.410	20	.686
	WCPG	7	4.29							
Opportunity cost of holding not recognised	COCT	15	4.13	4.227	.528	10.89	.005	-.949	7.15	.373
	WCPG	7	4.43							
Confused objectives for tenanted/vacant property	COCT	15	3.93	4.182	1.006	5.508	.352	-1.781	20	.090
	WCPG	7	4.71							
Failure to generate capital receipts	COCT	15	4.2	4.182	.501	11.06	.259	.243	20	.810
	WCPG	7	4.14							
Excessive vacant property held	COCT	15	3.87	3.818	.664	5.775	.349	.492	20	.628
	WCPG	7	3.71							
Unknown costs of providing services through tenanted property	COCT	15	4.07	4.136	.774	6.884	.378	-.609	20	.550
	WCPG	7	4.29							
Poor performance of investment portfolio	COCT	15	4.2	4.182	.501	11.06	.235	.243	20	.810
	WCPG	7	4.14							

Source: Survey Results

4.9 Discussion of the Results.

This section presents discussion of the research findings. Since only two spheres of government were targeted and further limited to Western Cape as the survey's sampling frame, extra effort was applied to ensure highest possible response rate. This was achieved by administering an easily accessible web based questionnaire through "Google Docs". The questionnaire was carefully drafted so as to avoid ambiguity and posing questions beyond respondents' capability. It was tested for ease of clarity and comprehension through a pilot survey targeted at experienced property management experts whose experience covered both private and public sector. Whilst it is without doubt that a large number of public sector employees from different government departments all over South Africa could have

presented a better analysis, however the findings obtained from the survey are deemed to be fulfilling the research aim and objectives.

4.9.1 Characteristics of the South African public sector property management environment

Public property holdings must be fully utilised so as to attain effective, efficient and economic delivery of services (French, 1994). However survey results indicate that the South African public sector is still struggling with asset optimisation. There is a clear indication that the public sector is lagging well behind their private sector counterparts. A massive 63.3% of the respondents were of the opinion that the private sector is way better than the public sector in managing their immovable assets. The survey results also indicate that despite popular belief that the public sector personnel are not well trained and qualified (Amaratunga & Baldry, 2003), it was found that the majority of the respondents believe that public servants in property management are well qualified. However the majority of respondents from the provincial government perceived that there is lack of well-defined objectives and goals for staff to follow.

Ownership of a comprehensive asset register is the cornerstone to effective property management (Bond & Dent, 1998). A convincing majority of the respondents were of the opinion that their organisational asset register was either weak or needed further development. The lack of comprehensive asset registers also implies that public entities are unaware of their assets' worth and optimisation capacity. Hence mismanagement or failure to identify excess property for disposal is prevalent in the public sector. The study also unveiled that this has led to the majority of public immovable assets either being under insured or not insured at all which is a big risk should anything happen to these assets.

The majority of respondents concurred that the public sector lacks explicit financial objectives for property as well as written real estate management plan, hence reactive property management. Public officials are also under constant pressure from politicians to cater to immediate government needs which results in substantial financial losses to public budgets (Kaganova, 2011). Cost of ownership as well as opportunity cost for holding property is not clearly recognised in the public sector. Respondents highlighted that public entities are holding surplus property, the majority being valuable properties once transformed. This is mainly due to the public sector's cash-receipt system, whereby asset cost

is only appreciated in the financial year it was acquired, there after regarded as a sunk cost (Magd & Curry, 2003). Many public assets which were acquired in the past lie idle, rundown and redundant whereby through maintenance or renovations the assets can revert to income generating properties. It was also discovered that failure of proper communication or coordination between government entities give rise to artificial property shortages in that one department might be leasing their “excess properties” to the private sector at a discount. On the other hand another public department will be leasing from the private sector at market rates, thereby loss of income.

There was also an appreciation of the public sector’s nature of providing services which cannot be provided by the private sector. The majority of respondents had a substantial amount of properties labelled as social, environmental or heritage. Though the public sector cannot clearly quantify the property values of properties falling in these categories, the spill over benefits are appreciated by private properties values in the vicinity of such public property. The construction of Cape Town stadium and the Green Point common with a public park boosted property values in the vicinity (Cape Town Magazine, 2010). Though the actual value and returns are not appreciated on public assets themselves, the benefit for the community is remarkable.

When assessing public sector property portfolio performance there is need to consider both financial and non-financial indicators given the broader public sector socioeconomic objectives. The balanced score card approach is most suited for public sector measures as it proposes that performance must be measured against corporate aims while balancing financial and non-financial perspectives (Kaplan & Norton, 1992). This method is perceived to be more informative as it adopts a stakeholder approach (inclusive of community members, public asset managers, management, service providers etc). The City of Cape Town’s property performance measures are based on the balanced scorecard quadrant which considers the financial, service, building and community perspectives. Though the earlier three variables can be benchmarked against the private sector, community service indicators are more pronounced in the public sector. Community services takes into account accessibility of the facilities to users, demographics of the area, noise, hazards, traffic, zoning and community support. Public sector goals are aimed at maximisation of service provision and not profit maximisation; therefore they must address all four perspectives encompassing both financial and non-financial objectives.

The public sector property management faces an array of challenges ranging from, lack of performance incentives, political interference, poor financial analysis, short-termism, inadequate personnel and inflexibility of financial resources (White, 2011). Since politicians are elected on a 5 year term they tend to make short term decisions, which are not viable for the immovable property section which requires long term planning spanning for at least 20 years. Misappropriation of resources is also prevalent as politicians at times force senior public sector managers to drive their political agenda not necessarily beneficial to property management. The majority of respondents (74%) felt that lack of autonomy is also a major concern as each and every decision made especially in local government has to go through various committees of councillors. This does not fare well in property management as decisions have to be aligned to the property clock. Real estate budgets are always changing due to the long process of fund authorisation in the public sector, by the time politicians authorise a development project prices would have changed and the same lengthy process has to be followed to seek additional funds.

However government spending attitude is changing for the better, with senior managers being forced to go through financial management courses so as to be able to implement PFMA and MFMA principles. This is leading to better management of the public immovable asset portfolio, reducing leakages through ensuring that less space is used and raising cash from investment portfolio. Lately governments departments through greater financial knowledge are beginning to property plans with business strategies such as the Integrated Development Plan (IPD), which is a 5 year business strategy for the local government.

4.10 Conclusion

This chapter has analysed and presented the data obtained from public sector property management professionals. It provided an overview of the South African public sector property management while comparing it with the private sector. This was followed by presentation of research findings from respondents' perceptions with regards to public sector property management. The chapter also discussed the research findings whereby a comprehensive analysis of the research findings was carried out which suggested that private sector property performance measures are appropriate for the public sector, though insufficient. Reference to the study literature was used to either substantiate or disprove claims. The following and final chapter presents thesis conclusion, recommendations and directions for future research.

5 CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This thesis set out to investigate the differences between public and private sector property management and to establish whether performance measures used in private sector are appropriate and sufficient in scope to use in the South African public sector. The differences between the two sectors were highlighted throughout the thesis. The survey findings revealed that not only are the two sectors different but basing public property performance measurements on private sector indices is inappropriate and also insufficient.

The study's research conclusions are outlined in the section that follows. Recommendations based on the research findings are then provided as well as directions for future research. The chapter concludes with a brief discussion of the research findings in the context of the research aim and objectives stated at the onset of this research.

5.2 Summary of findings and conclusion

The research findings revealed an interesting observation with regards to the South African public sector property management. It dismissed the perception that public servants are generally less qualified and experienced than their private sector counterparts. The findings revealed that the majority of senior professionals and managers in the Western Cape public sector property management are well qualified and experienced professionals. There were indications that most of the respondents had a combination of private and public sector experience. It was also interesting to note that the majority had qualifications in engineering, real estate, finance and legal. Therefore most respondents are well aware of public property's contribution to service delivery.

The research also suggests that public sector property portfolios are more diversified in asset class and usage than in the private sector. The public sector portfolios are made up of properties found in the private sector, and in addition to that they also possess properties that are unique to the public sector (such as community parks, army barracks, municipal head office etc). Most of these unique properties are those that cannot be operated at a profit, hence they are "public goods" meant to provide and enable provision of service delivery to

members of the public. Despite owning massive property portfolio, it was found that the public sector organisations do not have comprehensive property registers. This had a negative effect on both provincial and local governments in that it becomes difficult to manage their assets as they tend to develop a reactive approach, thereby only taking action after realisation of ownership which mainly happens when the property is derelict and becomes an eyesore to the community. Nevertheless there is strong commitment from both provincial and municipal government to adopt strategic property management approach where the comprehensive asset register is a cornerstone. In light of this both spheres of government have set up teams to develop such a register. They are also categorising their assets into different portfolios therefore making it easier to manage as well as measure performance as opposed to their old system of managing all assets as one portfolio leading to conflicting objectives and inefficiency.

The research established that property management in the public sector is different from the private sector mainly because the latter is driven by profit while the public sector's focus is service delivery. Therefore to measure public sector property performance using private sector practices and benchmarks which are biased towards financial aspects is inappropriate and leads to biased results. Since public sector immovable assets are geared towards improving communities through bettering service delivery, property performance must be measured according to the asset's contribution towards service delivery. Therefore public sector should apply both financial and non-financial metrics in the assessments of a property's contribution towards organisational goals. Public sector performance measurements unlike the private sector places more emphasis on social qualitative measures as the right property can enhance service delivery while the wrong property can seriously derail service delivery. However return on social investment though important is often handled in a non-quantitative approach due to its need for extensive research and data input which is time consuming and expensive, to such an extent that few public organisations have a firm quantifiable value for social rate of return (Simons, 1994).

Since public sector property management is guided by policies and legislation, the research found out that there is adequate legislation in place for effective property management. The PFMA and MFMA address the financial management side of public immovable assets by stating how assets must be acquired, managed as well as disposed so as to attain value for money and effective service delivery. GIAMA was also drafted to guide public managers in

the management of public immovable assets. It encompasses both financial and non-financial aspects of property management and makes it mandatory for public managers to draft comprehensive asset management plan through an asset's life cycle allowing for maintenance and the measurement of performance for such assets. GIAMA also promotes accountability in the public sector in that for every asset there have to be an owner department as well as the user department both tasked with different management activities with the owner department as the custodian hence responsible for making sure that the user abides to maintenance plans.

The public sector decision making process is often complicated by constant re-election pressures on politicians. Public immovable assets are sometimes used to achieve short-term social returns as vote solicitation which may not be viable in the long-term leading to inefficiencies and failure to fully optimise public assets. Simons (1994) argued that there is need to seriously consider removing elected officials from public property management decision making, and to have qualified staff with a longer-term perspective make such decisions. Public decision makers also tend to exhibit bureaucratic tendencies, whereby they are mainly motivated by budget maximisation rather than providing services effectively (Niskanen, 1975).

In conclusion the research found out that private sector property performance measures, practices and benchmarks though relevant and appropriate are however insufficient as they tend to ignore non-financial matters.

5.3 Recommendations

Most problems in the South African public property management emanate from the lack of comprehensive asset registers. Therefore there is need for all levels and spheres of government to compile and maintain updated asset registers, listing all owned properties and their value. Most valuation methods are built on the assumption that property is held for financial gain, which may not be the case with the public sector whose assets are mainly used to provide services to the local community, hence there, is need for special valuation methods for the public sector (Dent, 1997). Once public entities are in possession of comprehensive asset registers, they will be in a position to classify their assets into different appropriate portfolios. This has the advantage of providing specialised management to each type of asset class be they classified as heritage, environmental, commercial, economic, special or strategic properties etc.

According to Bertovic, et al., (2003) the government's functions can be classified into three categories being:

- Mandatory - responsibility of local government, as stipulated by law (government offices, museums, army barracks etc.)
- Discretionary - performed for social, political or other reasons (community centres, sporting facilities, schools etc.)
- Surplus or income generating (office blocks, industrial properties, shopping complexes etc.)

Therefore there is need to classify property into appropriate portfolios, in order to assign different financial goals and objectives for the use of public property. Performance measurement for public assets must take asset classification into consideration. Traditional private sector performance measurement metrics which are mainly biased towards financial objectives can also be used in the public sector. However they cannot be used as an umbrella measure in the public sector as mainly assets that fall in the surplus or income generating category can be effectively measured as such. However assets that are classified as mandatory or discretionary are mainly managed for non-financial objectives with very little financial return. Hence it is necessary that both financial and non-financial measures must be included in measuring asset performance. Given that public sector objectives are more biased towards non-financial objectives, more weight must be allocated to such objectives when designing a performance measuring regime.

Public sector property management is also mired in bureaucracy. In South Africa decision making with regard to public property have to flow from public administrators who in turn make recommendations to politicians for approval before implementation. The research has unearthed that mistimed decision making to be one of the problems faced in the management of public assets. The process of decision making is long and laborious to such an extent that when a decision is eventually made the real estate clock would have passed the opportune time, thereby missed opportunity. Public entities are losing a lot of money due to such instances for example it was noted that under operational expenses for City of Cape Town properties, security is a significant cost contributor. This is mainly because there are a number of vacant properties undergoing the leasing process some of which can take about a year to be concluded. To increase efficiency there is need for public sector property managers

to be given special delegation powers to make final decisions on low value and short term leases so as to shorten turnaround times.

There is adequate legislation guiding public sector property management, it adequately covers financial and non-financial objectives. However the implementation as well as interpretation of such legislation and policies is still not fully comprehended by public property managers. A combination of the PFMA, MFMA and GIAMA actually summaries good property management measures, hence there is need to train public sector managers in the implementation and management of such good instruments. Since the public sector is guided by legislation and policies unfortunately currently there are no policies as to the measurement and reporting of public property performance. Hence there is need for the government to draft regulations to that effect, or they can simply amend legislation that is in place for example GIAMA as it already caters for the creation of different asset portfolios for immovable assets but lacks the performance measurement aspect thereof.

5.4 Directions for future research

Although the research has comprehensively reviewed issues in the public sector property management and performance measurement thereof, there remains potential for further research, as discussed below:

- Since public properties focus on both financial and non-financial objectives there is need for the creation of a performance measurement regime that integrates both objectives. There is need to apply private sector measures to the public sector as well as adding non-financial measurement variables to such a model. On the same argument since the private sector is mainly biased towards financial measures when assessing performance, there is need for further research to ascertain if traditional performance measures are sufficient for the private sector.
- There is general consensus that return on social investment is as important as the traditional return on investment. However there has not been much research as to the way of measuring such. Since it uses both quantitative and qualitative measures there is need for further research and clarification as to the appropriate measurement method. The chosen method has to factor in expectations of all public sector property management stakeholders so as to be appropriate.
- The public sector is driven by regulations and legislation hence it is necessary to research and verify such legislation's impact on the management of public assets.

This research has found out that the majority of public officials perceive that there is sufficient legislation but the efficiency and effectiveness of such legislation in adding value to service delivery need to be tested.

- The research found out that contrary to popular beliefs that public servants are poorly qualified and trained, public property managers are in fact qualified professionals. However there is need for further research so as to explore if public servants have appropriate training and knowledge to manage public assets since they are particularly different from the private sector. Public sector objectives covers both financial and non-financial objectives hence there is need to test if public property managers require additional training and skills to those possessed by private sector managers.

5.5 The achievement of research aim & objectives

This section highlights the attainment of the study's research aim and objectives.

5.5.1 Research Aim

This research has investigated the perception of public sector property management professionals in order to establish whether performance measures used in the private sector are appropriate and sufficient in scope to use in the public sector. The research findings established that private sector performance measures are appropriate but insufficient in scope for public sector usage.

5.5.2 Research Objectives

To achieve the research objectives a twofold quantitative-descriptive survey approach was adopted. A desktop review was used to identify differences between public and private sector property management in South Africa. An on-line survey, Google docs and Statistical Package for Social Sciences (V.18) data analysis tool pack was used to expose the property management structure, technique and style as well as their differences between the private and public sector. The research also identified performance measures in the private sector and established their applicability to the private sector, it also discussed issues that make property management decisions in the public sector rigid, time consuming and often mistimed as compared to the private sector. Ways of achieving property optimisation in the public sector were also explored.

The study revealed that differences between the public and private sector are mainly driven by each sector's goals and objectives, with the private sector being profit driven while the

public is more service delivery oriented. Being profit driven, the private sector employs traditional financially biased property performance measures; the research found that these measures are applicable in the public sector. Since these measures are mainly financially oriented, though appropriate they were deemed to be insufficient in measuring public property performance. Public sector property performance measurements need to address both financial and non-financial objectives to be both appropriate and sufficient in producing reliable indicators. The study also found out that decision making in the public sector to be rigid and time consuming as compared to the private sector due to the bureaucratic nature of public organisations. Public property managers lack the autonomy to make solid decisions which have to be made by elected officials which often leads to mistiming of property decisions as such decisions takes long to be implemented. The research also revealed that for property optimisation to be achieved in the public sector there is need the creation of asset portfolios as this will promote efficiency through specialisation.

Literature reviewed emphasised on the need for specific public sector property measures mainly non-financial measures. However the study found that in as much as non-financial measures are important there is need for the public sector to adopt private sector finance measurements as well. The public sector immovable property portfolio is made up of both operational and non-operational property, whereby some become surplus and used for commercial purposes. Hence such properties performance must be measured using private sector financial measurements. In a nutshell all public properties performance need to address both financial and non-financial metrics.

5.6 Conclusion

This chapter has summarised the major findings of the study. The chapter concluded that property management in the public sector is different from the private sector. The hypothesis that performance measures used in the private sector are appropriate and sufficient in scope to be used in the public sector was therefore rejected as it was concluded that such measures are insufficient.

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APPENDIX A: Reviewed Questionnaire, Comments and Critiques

PROPERTY MANAGEMENT QUESTIONNAIRE

* Required

INTRODUCTION

This survey aims to measure the attitudes and perception of public property management and performance measurement in the Western Cape Public Sector. The information collated in this survey will be used for academic purposes only as part of the MSc Property Studies requirements.

Confidentiality and anonymity of respondents is guaranteed so please feel free to provide any information which you think is relevant and might add value to this research. Your cooperation and setting aside time to participate in this research is highly appreciated.

SECTION A: Background

All responses will be treated as strictly confidential.

1. Which organisation do you work for? *

- City of Cape Town
- Western Cape Provincial government

2. Which of the following levels of management do you hold in your organization?

- Executive / Senior Management
- Medium Management
- Operational Management
- Senior Professional

3. How long have you been employed in your organization?

- Less than 2 years
- 2 – 5 years
- 5 – 10 years
- 10 years or more

4. How many years of experience do you have in the property industry?

- Less than 2 years
- 2 – 5 years
- 5 – 10 years
- 10 years or more

5. Education Qualifications obtained?

- Certificate

- National diploma
- Bachelors
- Post Graduate Diploma
- Masters
- PhD
- Other: _____

6. What is your educational background?

- Engineering
- Real Estate
- Public administration
- Commerce
- Legal
- Other: _____

7. Which age group do you belong to?

- 20 – 29 years
- 30 – 39 years
- 40 – 49 years
- 50 years or older

SECTION B:

Attitudes and perceptions with regard to Public sector Property Management.

In this section please choose the most appropriate option for each item.

8. How effective are the following variables in measuring public sector immovable asset performance?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
8.1 Accuracy of billing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.2 Adherence to budgets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.3 Revenue from operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.4 Vacancy rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.5 Return on investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
8.6 Capital growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operating costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. The following factors stimulate the growth of strategic property management in the public sector,

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
9.1 Legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.2 Financial constraints	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.3 Research and development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.4 Information technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.5 High cost of space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.6 Private sector initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.7 Public demand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.8 Public sector personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

remove quotes

10. "Property management in the private sector is way advanced and efficient than the public sector"

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

which are

11. Does the public sector have the following elements found in the private sector?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
11.1 Well qualified personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
11.2 Well defined objectives and goals	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.3 Performance based incentives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.4 Ease of decision making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.5 Availability of benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. There is adequate policy framework for effective immovable asset management and performance measurement in the public sector:

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. What impact does the following legislation have on public sector property management?

	Insignificant	Minor	Moderate	Major	Significant
13.1 Public Finance Management Act, No. 19 of 2007	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.2 Government Immovable Asset Management Act, No. 19 of 2007	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.3 Municipal Finance Management Act, No. 56 of 2003	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.4 Municipal Asset Transfer Regulations 2008	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.5 Management of certain of the City of Cape Town's Immovable Property Policy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Give a brief description of GIAMA

14. Do you think Government Immovable Asset Management Act, No. 19 of 2007 (GIAMA) will achieve the following objectives?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
14.1 Provide a uniform immovable asset management framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.2 Ensure accountability and transparency in the plc sector property mgt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.3 Ensure effective immovable asset management within Government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.4 Ensure coordination of the use of immovable property with service delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.5 Optimise the cost of service delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.6 Foster the principles of effective immovable asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.7 Implementation of Portfolio strategy and asset management plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.8 Paves the way for the implementation of performance assessment of the each immovable asset	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.9 Effective asset acquisition and disposal strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Which measures should be implemented to promote make promote make plc sector/ policy framework more effective

15. What should be ~~done~~ to make public sector policy framework ~~more~~ effective and efficient to promote immovable asset optimisation?
in promoting

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
15.1 More restrictive standards and regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.2 Increase enforcement measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.3 More education and training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.4 No reforms or changes needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. The following list covers the activities which are commonly referred to within property Management. Please indicate their importance to your organisation.

16.1 Financial Management

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.1.1 Budget preparation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.2 Operating cost analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.3 Return on investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.4 Revenue tracking on a property-by-property basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.5 Cost recovery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.6 Budget reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.7 Lease costs per square metre	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16.2 Human resources

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.2.1 Investment in training/employee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.2.2 Employee understanding of	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.2.3 Employee satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.2.4 Rate of absenteeism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16.3 Customer perspective

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.3.1 Customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.3.2 Customer complaints	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. How much does each of the following property functions contribute to your budget's revenue or expenditure (as a percentage of total property budget):

17.1 Revenue

	0-20%	21-40%	41-60%	61-80%	81-100%
17.1.1 Leasing (Rental Income)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17.1.2 Property Disposals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17.2 Expenditure

	0-20%	21-40%	41-60%	61-80%	81-100%
17.2.1 Consultation or Service fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17.2.2 Property acquisition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. Real Estate Information Management and Accounting Practices

How do you rate your organisation's competence on the following issues:

	Weak	Development Needed	Fully Competent	Significant Strength	Exemplary, Best Possible
18.1 A centralized asset register?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18.2 Asset register computerized/MIS?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Weak	Development Needed	Fully Competent	Significant Strength	Exemplary, Best Possible
18.3 Knowledge of the market value of your real estate portfolio?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18.4 Your evaluation/accounting for real estate on a property-by-property basis?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Formalized Objectives, Written Policies and Decision Rules:
Do you practise the following, and to what extent?

	Never	Once	Few times	Many times	Always
19.1 Have explicit financial objectives for property?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.2 Employ formal capital budgeting, acquisition or disposal rules?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.3 Have a discount rate or hurdle rate of return?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.4 Have a written Real Estate, Management Plan? Policy/Development Plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.5 Systematically evaluate underutilized properties?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.6 Include imputed/ internal rents?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.7 Include social return on investment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. Real Estate Development Activities:
Have you engaged in the following activities, if so how often

	Never	Once	Few times	Many times	Always
20.1 Leasing property or land	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Never	Once	Few times	Many times	Always
to or from others?					
20.2 S ale-leaseback?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.3 P roperty exchanges?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.4 J oint development?*	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.5 P arcel assembly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.6 L and banking?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. Portfolio analysis:

Which type of property is under your management?

	Insignificant	Minor	Moderate	Major	Significant
21.1 a Government / City use (Operational property)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.2 b Financial investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.3 c Social investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.4 d Surplus or underutilized	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.5 e Residential Use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.6 f Infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.7 g Environmental / Heritage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. When determining the value of your immovable property do you consider the following:

	Never	Once	Few times	Many times	Always
22.1 R ecognition of the relationship between the public sector asset and its private sector comparable, if any such exists	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Never	Once	Few times	Many times	Always
22.2 Inclusion within the valuation of any trading potential of the asset.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22.3 a Quantification of its worth in social terms, and	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22.4 An appreciation of the quality of the building both from an initial and maintenance cost perspective and potential flexibility in use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. In your own opinion what are the sources of revenue gains and losses in the public sector property management:

23.1 Sources of Forgone Revenues

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
23.1.1 Hidden price subsidies to private lessees / users of municipal property (land tenants, retail tenants, non-governmental organisations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.2 Rent collection below the private sector benchmarks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.3 Losses due to land / property sales at the bottom of the real estate market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.4 Non optimum use of property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.5 Undisposed surplus properties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23.2 Potential Savings on Expenses

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
23.2.1 Maintenance and operation of municipal real estate and infrastructure is one of the main expense items of municipal operating expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.2 Further savings through rationalizing property portfolios	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.3 Moving to own buildings instead of leasing space at private properties can be justified, in the long term, in some cases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.4 Higher efficiency of capital project implementation and replacement of public expenses by private investment and finance, through PPPs <i>Plc. Pw partnerships</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24. Does the current global financial crisis has an impact on government capital assets, especially in the following areas:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
24.1 Deficit of current (operating) budgets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.2 Loss of investment capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.3 A decline of planned land sale proceeds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.4 Mismatch between public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
budgetary systems and good asset management					
24.5 Reduction of operating, maintenance and recapitalisation budgets associated with property and infrastructure assets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.6 Reduction of government property holdings in the longer term.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. Challenges in public sector property management arena can be listed as follows:					
	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
25.1.1 Inadequate management information.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.2 Absence of performance evaluation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.3 Absence of benchmarking processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.4 No incentives to users.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.5 Failure to carry out property reviews.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.6 Opportunity cost of holding property not recognised.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.7 Confused objectives for tenanted/vacant property.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.8 Failure to generate capital receipts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
25.1.9 Excessive vacant property held.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.10 Unknown costs of providing services through tenanted property.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.11 Poor performance of investment portfolio.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25.2 Management Issues

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
25.2.1 Difficulty in identifying core business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.2 Absence of specific legal provisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.3 Lack of proper strategies to manage the property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.4 A reactive management approach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.5 Lack of autonomy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.6 Staff shortages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.7 Lack of expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.8 Lack of a proper property management unit/department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.9 Absence of a comprehensive technology management system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.10 Difficulty in implementing procedures set	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
es implementation guidelines					
25.2.11 Lack of transparency and accountability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>and</i>					
26. Do you consider the following to be key issues in property management if so how often do you apply them?					
	Never	Once	Few times	Many times	Always
26.1 The establishment of real estate management policies which are related to acquisition and disposal, building design, real estate maintenance and operations;	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26.2 The supervision and monitoring of portfolios using the best management practices as set out for local authority real estate managers;	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26.3 Ensuring that acquisition and disposal transactions are carried out at optimal values;	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26.4 Maximizing returns to the local authorities from the capital invested in the real estate assets, and	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26.5 Ensuring real estate assets are efficiently and effectively utilized and that costs are minimized from occupancy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

APPENDIX B: Questionnaire administered to the respondents

PROPERTY MANAGEMENT QUESTIONNAIRE

* Required

INTRODUCTION

This survey aims to measure the attitudes and perception of public property management and performance measurement in the Western Cape Public Sector. The information collated in this survey will be used for academic purposes only as part of the MSc Property Studies requirements. Confidentiality and anonymity of respondents is guaranteed so please feel free to provide any information which you think is relevant and might add value to this research. Your cooperation and setting aside time to participate in this research is highly appreciated.

SECTION A: Background

All responses will be treated as strictly confidential.

1. Which organisation do you work for? *

- City of Cape Town
- Western Cape Provincial government

2. Which of the following levels of management do you hold in your organisation?

- Executive / Senior Management
- Medium Management
- Operational Management
- Senior Professional

3. How long have you been employed in your organisation?

- Less than 2 years
- 2 – 5 years
- 5 – 10 years
- 10 years or more

4. How many years of experience do you have in the property industry?

- Less than 2 years
- 2 – 5 years
- 5 – 10 years
- 10 years or more

5. Education Qualifications obtained?

- Certificate

- National diploma
- Bachelors Degree
- Honours Degree
- Post Graduate Diploma
- Masters Degree
- PhD
- Other:

6. What is your educational background?

- Engineering
- Real Estate
- Public administration
- Commerce
- Legal
- Other:

7. Which age group do you belong to?

- 20 – 29 years
- 30 – 39 years
- 40 – 49 years
- 50 years or older

SECTION B:

Attitudes and perceptions with regard to Public sector Property Management. In this section please choose the most appropriate option for each item.

8. How effective are the following variables in measuring public sector immovable asset performance?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
8.1 Accuracy of billing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.2 Adherence to budgets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.3 Revenue from operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.4 Vacancy rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.5 Return on investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
8.6 Capital growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.7 Operating costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.8 Customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. The following factors stimulate the growth of strategic property management in the public sector:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
9.1 Legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.2 Financial constraints	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.3 Research and development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.4 Information technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.5 High cost of space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.6 Private sector initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.7 Public demand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.8 Public sector personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Property management in the private sector is way advanced and efficient than the public sector:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. Does the public sector have the following elements which are found in the private sector?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
11.1 Well qualified personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
11.2 Well defined objectives and goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.3 Performance based incentives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.4 Ease of decision making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.5 Availability of benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. There is adequate policy framework for effective immovable asset management and performance measurement in the public sector:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. What impact does the following legislation have on public sector property management?

	Insignificant	Minor	Moderate	Major	Significant
13.1 Public Finance Management Act, No.19 of 2007	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.2 Government Immovable Asset Management Act, No. 19 of 2007	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.3 Municipal Finance Management Act, No. 56 of 2003	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.4 Municipal Asset Transfer Regulations 2008	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.5 Management of certain of the City of Cape Town's Immovable Property Policy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Do you think Government Immovable Asset Management Act, No. 19 of 2007 (GIAMA - aimed at providing a uniform framework for the management of an immovable asset held or used by a national or provincial departments) will achieve the following objectives?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
14.1 Provide a uniform immovable asset management framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.2 Ensure accountability and transparency in the plc sector property mgt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.3 Ensure effective immovable asset management within Government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.4 Ensure coordination of the use of immovable property with service delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.5 Optimise the cost of service delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.6 Foster the principles of effective immovable asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.7 Implementation of Portfolio strategy and asset management plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.8 Paves the way for the implementation of performance assessment of the each immovable asset	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.9 Effective asset acquisition and disposal strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. Which measures should be implemented to make public sector policy framework more effective and efficient in promoting immovable asset optimisation?

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
15.1 More restrictive standards and regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.2 Increase enforcement measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.3 More education and training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.4 No reforms or changes needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. The following list covers the activities which are commonly referred to within property Management. Please indicate their importance to your organisation.

16.1 Financial Management

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.1.1 Budget preparation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.2 Operating cost analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.3 Return on investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.4 Revenue tracking on a property-by-property basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.5 Cost recovery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.6 Budget reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.1.7 Lease costs per square metre	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16.2 Human resources:

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
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	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.2.1 Investment in training/employee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.2.2 Employee understanding of alignment with organisation plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.2.3 Employee satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.2.4 Rate of absenteeism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16.3 Customer perspective

	Not Very Important	Somewhat Important	Moderately Important	Important	Extremely Important
16.3.1 Customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.3.2 Customer complaints	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. How much does each of the following property functions contributes to your budget's revenue or expenditure (as a percentage of total property budget):

17.1 Revenue

	0-20%	21-40%	41-60%	61-80%	81-100%
17.1.1 Leasing (Rental Income)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17.1.2 Property Disposals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17.2 Expenditure

	0-20%	21-40%	41-60%	61-80%	81-100%
17.2.1 Consultation or Service fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17.2.2 Property acquisition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. Real Estate Information Management and Accounting Practices

How do you rate your organisation's competence on the following issues:

	Weak	Development Needed	Fully Competent	Significant Strength	Exemplary, Best Possible
18.1 A centralized asset register?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Weak	Development Needed	Fully Competent	Significant Strength	Exemplary, Best Possible
18.2 Asset register computerized/MIS?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18.3 Knowledge of the market value of your real estate portfolio?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18.4 Your evaluation/accounting for real estate on a property-by property basis?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Formalised Objectives, Written Policies and Decision Rules:

Do you practise the following, and to what extent?

	Never	Once	Few times	Many times	Always
19.1 Have explicit financial objectives for property?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.2 Employ formal capital budgeting, acquisition or disposal rules?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.3 Have a discount rate or hurdle rate of return?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.4 Have a written Real Estate, Management Plan? Policy/Development Plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.5 Systematically evaluate underutilised properties?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.6 Include imputed/ internal rents?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.7 Include social return on investment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. Real Estate Development Activities:

Have you engaged in the following activities, if so how often

	Never	Once	Few times	Many times	Always
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	Never	Once	Few times	Many times	Always
20.1 Leasing property or land to or from others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.2 Sale-leasebacks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.3 Property exchanges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.4 Joint development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.5 Parcel assembly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.6 Land banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. Portfolio analysis:

Which type of property is under your management?

	Insignificant	Minor	Moderate	Major	Significant
21.1 Government / City use (Operational property)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.2 Financial investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.3 Social investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.4 Surplus or underutilized	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.5 Residential Use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.6 Infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21.7 Environmental / Heritage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. When determining the value of your immovable property do you consider the following:

	Never	Once	Few times	Many times	Always
22.1 Recognition of the relationship between the public sector	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Never	Once	Few times	Many times	Always
asset and its private sector comparable, if any such exists;					
22.2 Inclusion within the valuation of any trading potential of the asset	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22.3 Quantification of its worth in social terms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22.4 An appreciation of the quality of the building both from an initial and maintenance cost perspective and potential flexibility in use.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. In your own opinion what are the sources of revenue gains and losses in the public sector property management:

23.1 Sources of Forgone Revenues

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
23.1.1 Hidden price subsidies to private lessees / users of public property (land tenants, retail tenants, non-governmental organisations)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.2 Rent collection below the private sector benchmarks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.3 Losses due to land / property sales at the bottom of the real estate market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23.1.4 Non optimum use of property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
23.1.5 Undisposed surplus properties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23.2 Potential Savings on Expenses

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
23.2.1 Maintenance and operation of public real estate and infrastructure is one of the main expense items of public operating expenses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23.2.2 Further savings through rationalising property portfolios	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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23.1.3 Moving to own buildings instead of leasing space at private properties can be justified, in the long term, in some cases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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23.1.4 Higher efficiency of capital project implementation and replacement of public expenses by private investment and finance, through Public Private Partnerships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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24. Does the current global financial crisis has an impact on government capital assets, especially in the following areas:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
24.1 Deficit of current	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
(operating) budgets.					
24.2 Loss of investment capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.3 A decline of planned land sale proceeds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.4 Mismatch between public budgetary systems and good asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.5 Reduction of operating, maintenance and recapitalisation budgets associated with property and infrastructure assets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24.6 Reduction of government property holdings in the longer term.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25. Challenges in public sector property management arena can be listed as follows:

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
25.1.1 Inadequate management information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.2 Absence of performance evaluation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.3 Absence of benchmarking processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.4 No incentives to users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
25.1.5 Failure to carry out property reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.6 Opportunity cost of holding property not recognised	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.7 Confused objectives for tenanted/vacant property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.8 Failure to generate capital receipts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.9 Excessive vacant property held	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.10 Unknown costs of providing services through tenanted property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.1.11 Poor performance of investment portfolio.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2 Management Issues					
	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
25.2.1 Difficulty in identifying core business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.2 Absence of specific legal provisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.3 Lack of proper strategies to manage the property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.4 A reactive management approach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.5 Lack of	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
autonomy					
25.2.6 Staff shortages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.7 Lack of expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.8 Lack of a proper property management unit/department	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.9 Absence of a comprehensive technology management system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.10 Difficulty in implementing procedures set as implementation guidelines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25.2.11 Lack of transparency and accountability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

26. Do you consider the following to be key issues in property management, if so how often do you apply them?

	Never	Once	Few times	Many times	Always
26.1 The establishment of real estate management policies which are related to acquisition and disposal, building design, real estate maintenance and operations;	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26.2 The supervision and monitoring of portfolios using the best management practices as set	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Never Once Few times Many times Always

out for local authority real estate managers;

26.3 Ensuring that acquisition and disposal transactions are carried out at optimal values;

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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26.4 Maximizing public sector returns from the capital invested in the real estate assets; and

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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26.5 Ensuring real estate assets are efficiently and effectively utilized and that costs are minimized from occupancy, management operations and maintenance.

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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27. What would you consider to be major challenges in public sector property management (Not more than 3)

28. How do you suggest can these problems be solved?

29. Any further comments regarding Property Management in the public sector?



30. Would you like to get a copy of this survey results?

- Yes
- No

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Appendix C: Email send to respondents to participate in the survey

Samuel Mukori

From: Samuel Mukori
Sent: 29 August 2013 09:27 AM
To: Samuel Mukori
Bcc:
Subject: Request for research input: Thesis MSc Property Studies

Dear Colleagues,

I am currently working on my MSc thesis in Property Studies at UCT and would therefore request your input in answering my questionnaire. It will take you approximately 15 – 20 minutes to complete.

I would be grateful if I can find at least 25 respondents from The City of Cape Town – property management division to respond (T14 and above) i.e from senior, medium, operational management as well as senior professionals. In that regard I do hereby invite you to take part in the survey and would request if possible you can forward it to your colleagues to complete as well.

The Research topic and objectives is as attached.

Please follow the link below to open the questionnaire.

https://docs.google.com/forms/d/1z7wSGc4LMPJaf-QZPTI_njGV3SkJ9P1H15XngTSSpFY/viewform

At the end of the questionnaire just hit the submit button and it will be send directly to me. Please note and be assured that information collected will be treated with utmost confidentiality, no disclosure of participants' names, contacts or any other personal information will be made public. The information will be used for academic purposes only so please feel free to participate.

I am looking forward to submit the completed thesis mid-October in order to graduate in December. Hence, your prompt response will be greatly appreciated.

Please feel free to contact me if you have any queries regarding the research.

Thanking you in advance.

Regards

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