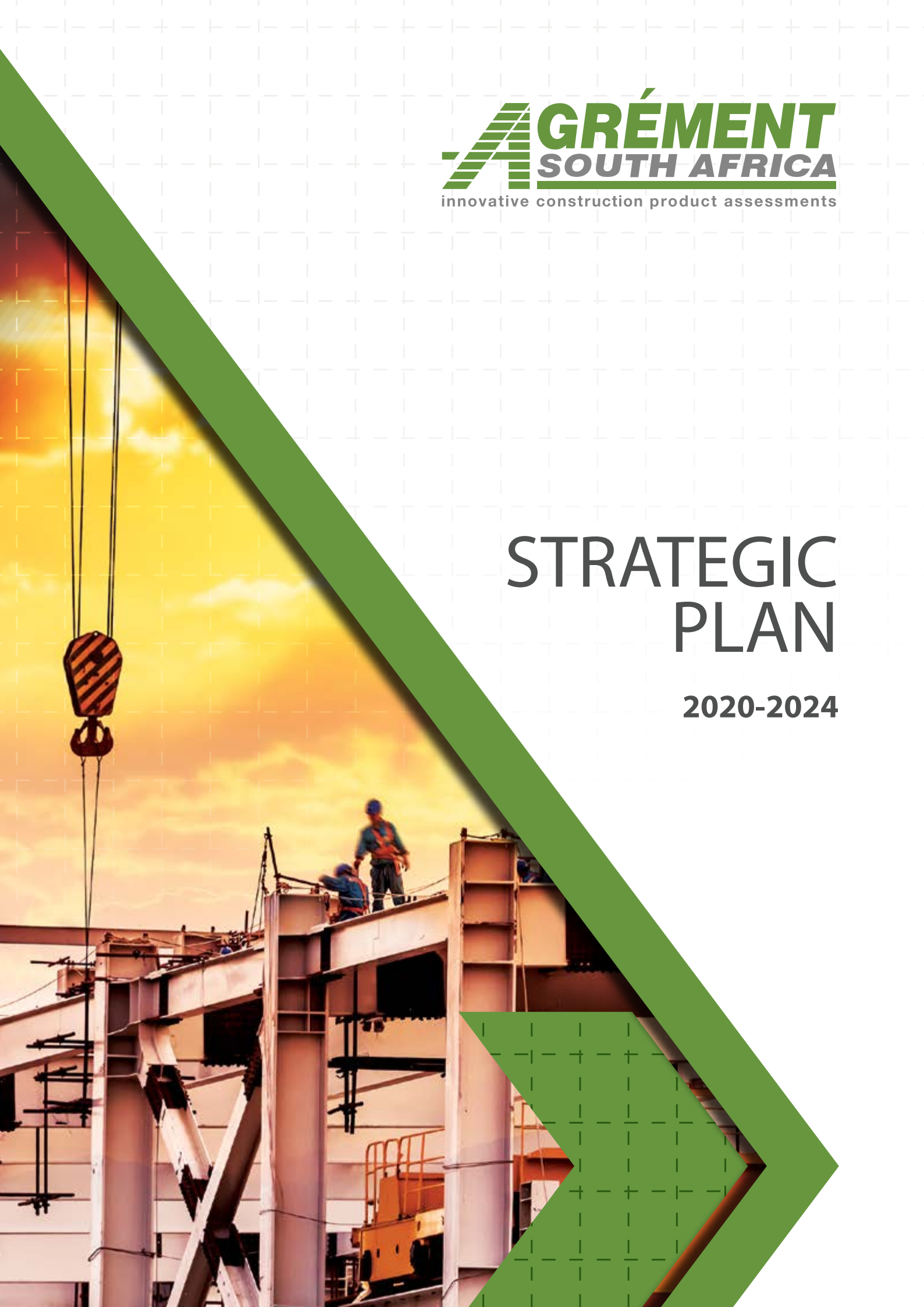


STRATEGIC PLAN

2020-2024





STRATEGIC PLAN

2020-2024



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Acronyms and Abbreviations

AA	Accounting Authority
ASA	Agrément South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CBE	Council for the Built Environment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
cidb	Construction Industry Development Board
DHSWS	Department of Human Settlements Water and Sanitation
DPWI	Department of Public Works and Infrastructure
EA	Executive Authority
EDP	Enterprise Development Programme
EXCO	Executive Committee
GDP	Gross Domestic Product
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NBRs	National Building Regulations
NDP	National Development Plan
NDPWI	National Department of Public Works and Infrastructure
NEET	Not in Employment, Education or Training
NGP	New Growth Path
NHBRC	National Home Builders Registration Council
NT	National Treasury
PEP	Public Employment Programmes
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
QLFS	Quarterly Labour Force Survey
R&D	Research and Development
SABS	South African Bureau of Standards
Stats SA	Statistics South Africa



FOREWORD BY THE EXECUTIVE AUTHORITY

The 2020-2024 Agrément South Africa (ASA) Strategic Plan is ASA's first five-year strategic plan for ASA as a stand-alone Public Entity reporting to the Ministry of Public Works and Infrastructure. Therefore, as an entity of the DPWI, its Strategic Plan and the Department's Strategic Plan 2020-2025 are to complement each other.

As the Minister of Public Works and Infrastructure, I am the Executive Authority (EA) over ASA and, in terms of good corporate governance processes and systems, I conduct oversight over this entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), Treasury Regulations, the Preferential Procurement Policy Framework, 2000 (Act No. 5 of 2000), the Public Audit Amendment Act, 2018 (Act No. 5 of 2018) and the Human Resources-related Acts and Regulations. The ASA Strategic Plan has been aligned with the seven national priorities.

I further hold the Board of ASA, as the Accounting Authority (AA), accountable for the achievement of the targets set in the Annual Performance Plan for the 2020/2021 financial year.

This Strategic Plan has several key strategic objectives to be achieved over the next five years, in order to strengthen ASA, enhance its core delivery capacity, improve its operational efficiencies and sustainability, and support the broader socio-economic objectives of the Ministry of Public Works and Infrastructure. The core mandate of ASA is the technical assessment and issuing of approval certificates for non-standardised construction related products and systems for which there are no South African national standards. In undertaking its core activities, ASA has committed itself to supporting the strategic goals of the DPWI, specifically in contributing to the transformation of the construction and property sectors.



Innovative technologies offer previously marginalised individuals like women, youth, military veterans and disabled persons an opportunity to participate in the industry. This designated group of people was previously excluded from the construction industry. Their participation in the construction industry will contribute towards a transformed, representative and inclusive economy. Most innovative construction technologies are user and environmentally friendly, and some can be constructed faster than conventional systems, thus contributing to an improved quality and rate of infrastructure investment leading to a better South Africa and world. Because ASA is an approval body for non-standard construction products and systems, it cannot get involved in project implementation, as that would lead to conflict of interest.

In accordance with the seven National Priorities I, as the Executive Authority, deem it necessary to add a number of interventions for ASA to focus on in the 6th administration, in order for ASA to be realigned with its legislated mandate and for it to provide the value-add that it was established for.

As such, ASA is to:

- Develop Modular Solutions for government facilities, in partnership with the DPWI;
- Ensure that there is alignment with ASA eco-labelling and green rating tool projects to the Photovoltaic and Water Savings Programme for all government buildings in partnership with the DPWI; and
- Research, recommend and develop a programme to certify energy-saving, climate change mitigation and water-saving technologies, methodologies and reporting mechanisms, as they relate and assist the built environment and DPWI's functions and assets.

As the responsible Executive Authority, I am proud to sign off the ASA Strategic Plan 2020-2024, taking into account that the contents and actions, as well as additional interventions that I have added, are aligned with the seven national priorities.

P. de Lille

Hon. Patricia de Lille,

Minister of the Department of Public Works and Infrastructure (DPWI), MP.





FOREWORD BY THE ACTING CHAIRPERSON

ASA is a public entity that reports to the DPWI, established in terms of the ASA Act, 2015 (Act 11 of 2015). ASA presents its 2020-2024 Strategic Plan, developed after a Board strategic planning session held from 25 to 26 July 2019.

Over the next five years, ASA's strategic focus will be on organisational development and enhanced operational efficiency, business development and the building of strategic partnerships and support for the NDPWI's objectives in respect of transformation of the built environment.

Therefore, this Strategic Plan sets out how ASA will shift its current approach by expanding its current focus to ensure that its activities support the broader transformation and socio-economic objectives of the EA. This will include more actively identifying and structuring partnerships to expand ASA's impact in the built environment sector. Additionally, ASA will endeavour to develop new revenue streams and undertake the necessary organisational, as well as certification interventions to enhance ASA's competitive position through operational efficiency.

This shift in strategic focus has been captured in this Plan and focusses on four outcomes for the 2020-2024 period:

- Ensuring that ASA is appropriately structured, staffed and financed to meet its legislative and political mandate and render an effective professional service in a cost-efficient manner;
- Ensuring that ASA has an appropriate cost model and develops new products and services to enhance its own revenue generating capacity;
- Ensuring that ASA is more visible in the built environment sector and that the organisation develops strategic partnerships to pursue its mandate and expand its impact; and
- Identifying and supporting appropriate projects and interventions in pursuit of the broader built environment transformation objectives.

Dr Jeffrey Mahachi

Acting Chairperson of the Board of ASA

On behalf of the Accounting Authority (AA)




Official sign-off

It is hereby certified that this Strategic Plan:

- Was developed by the Executive Management of Agrément South Africa under the guidance of the Agrément South Africa Board and its Executive Authority, the National Department of Public Works and Infrastructure;
- Takes into account all the relevant policies, legislation and other mandates for which Agrément South Africa is responsible; and
- Accurately reflects the Impact, Outcomes and Outputs that Agrément South Africa will endeavour to achieve over the period 2020-2024.


Ms Lerato Magalo

Executive Manager: Technical Services

Signature: 


Ms Sophy Molete

Executive Manager: Corporate Services

Signature: 

Mr Richard Somanje

Chief Financial Officer (CFO)

Signature: 


Mr Joe Odhiambo

*Chief Executive Officer (CEO)
(Accounting Officer)*

Signature: 

Dr Jeffrey Mahachi

*Acting Chairperson, Board of ASA
On behalf of the AA*

Signature: 

Hon. Patricia de Lille

*Minister of the DPWI
EA*

Signature: 

PART A

Our Mandate



Part A: Our Mandate

1. Constitutional mandate

The Constitutional mandate of ASA is derived from its EA, the NDPWI. The Constitutional mandate for the NDPWI is provided in Schedule 4, Part 4, of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The NDPWI is mandated to be the custodian and portfolio manager of national government's immovable assets. The NDPWI is further mandated to coordinate and provide strategic leadership in job creation initiatives through the implementation of the Expanded Public Works Programme, as well as the transformation and regulation of the built environment sector.

In executing its mandate, ASA must observe the principles of good cooperative governance and intergovernmental relations, as provided for in section 41 of the Constitution.

2. Legislative and policy mandates

Primary legislative mandate

ASA derives its primary legislative mandate from the ASA Act (hereafter the "Act").

In terms of the Act the objects of ASA are to:

- Provide assurance to specifiers and users of the fitness-for-purpose of non-standardised construction related products or systems;
- Support and promote the process of integrated socio-economic development in the Republic as it relates to the construction industry;
- Support and promote the introduction and use of certified non-standardised construction related products or systems in the local or international market;
- Support policy-makers in minimising the risk associated with the use of a non-standardised construction related product or system; and
- Be an impartial and internationally acknowledged South African centre for the assessment and confirmation of fitness-for-purpose of non-standardised construction related products or systems.

ASA is an entity of the NDPWI, and its mandate is within the domain of the built environment. As such, the legislation and mandates that impact on the built environment and public works guide the functioning and operations of ASA.

In undertaking its work, ASA must have regard for the key legislation that underpins the mandate of its EA, as well as generally applicable legislation that has an impact on its core business.

- **NDPWI White Paper:** Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999. The White Paper (1999), sets out government's policy objectives for the construction industry and focuses on the need to enhance delivery, achieve greater stability, improve industry performance, create value for money and facilitate growth of the emerging construction sector.
- **Construction Sector Transformation Charter, 2006.** The Charter 2006 aims to:
 - Provide the construction sector with the first quantitative method of monitoring and evaluating the progress of an enterprise towards achieving Broad-Based Black Economic Empowerment (B-BBEE) targets and thereby contributing to ending the malpractice of fronting;
 - Expand the employment potential and absorption capacity of the sector by using labour-intensive approaches where economically feasible and possible; and
 - Address skills development in a manner that accelerates the advancement of black people, women and designated groups with emphasis on learner-ships, as well as technical and management training.
- **Property Sector Transformation Charter, 2007.** The Charter 2007 aims to promote the objectives contained in section 2 of the B-BBEE Act, 2003 (Act 53 of 2003) as these relate to the property sector, including to:
 - Promote economic transformation in the property sector to enable meaningful participation of black people and women;
 - Unlock obstacles to property ownership and participation in the property market by black people;
 - Promote property development and investment in under-resourced areas, which enhances basic infrastructure, encourages investment and supports micro and small enterprises; and
 - Facilitate the accessibility of finance for property ownership and property development.
- **Green Building Framework, 2001.** This Framework outlines the NDPWI's commitments to addressing key elements in the New Growth Path (NGP) and the Industrial Policy Action Plan by promoting sustainable development, reducing greenhouse gas emissions, promoting energy efficiency, stimulating new green industries, etc.

There are several pieces of legislation that deal with, or have an impact upon, certification of innovative and non-standard construction products for infrastructure development. The relevant legalisation and regulations are as follows:

- **Committee of Land Transport Officials.** It recommends the use of ASA-certificated products for products for which there are no national standards.
- **The Environmental Conservation Act, 1989 (Act 73 of 1989).** It provides for the protection and controlled utilisation of the environment.
- **The National Building Regulations (NRB) and Building Standards Act, 1977 (Act 103 of 1977).** It provides for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities and the prescribing of building standards.
- **The Occupational Health and Safety Act, 1993 (Act 85 of 1993).** It provides for the health and safety of persons at work and of those in connection with the use of plant and machinery, as well as the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.
- **The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000).** It seeks to promote socio-economic transformation, small enterprises, cooperatives, rural and township enterprises development and local industrial development, among other things.
- **The Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004).** It provides for the strengthening of measures to prevent and combat corruption and corrupt activities and to place a duty on certain persons holding positions of authority to report certain corrupt activities.
- **The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000).** ASA is required to ensure that any administrative process conducted, or decision taken in terms of the ASA Act is in accordance with the Promotion of Administrative Justice Act. This Act:
 - Provides for the establishment of a legislative framework for the promotion of black economic empowerment;
 - Empowers the Minister to issue codes of good practice and publish transformation charters; and
 - Establishes the Black Economic Empowerment Advisory Council.



- **The B-BBEE Act, 2003 (Act No. 53 of 2003).** Its fundamental objective is to advance economic transformation and enhance the economic participation of black people in the South African economy.
- **The Construction Industry Development Board (cidb) Act, 2000 (Act 38 of 2000)** provides for the establishment of the cidb to implement an integrated strategy for the reconstruction, growth and development of the construction industry and provide for matters connected therewith.
- **The Council for the Built Environment (CBE) Act, 2000 (Act 43 of 2000)** makes provision for the establishment of a juristic person known as the CBE, the composition, functions, powers, assets, rights, duties and financing of that Council and for matters connected thereto.
- **The Employment Equity Act (Act 55 of 1998).** It aims to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and the implementation of affirmative action measures to redress the disadvantages in employment experienced by designated groups.
- **The Labour Relations Act (Act 66 of 1995).** It aims to promote economic development, social justice, labour peace and democracy in the workplace. It applies to all employers, workers, trade unions and employers' organisations.
- **The National Regulator for Compulsory Specifications (NCRS) Act, 2008 (Act 5 of 2008).** It enables the NCRS to issue compulsory specifications (technical regulations) that require conformity of a product or service to health, safety or environmental protection requirements of a standard, or specific provisions of a standard. No person may import, sell or supply a commodity, product or service to which a compulsory specification applies, unless such commodity, product or service complies with and/or has been manufactured in accordance with such specifications and, if applicable, marked in the prescribed manner with a distinctive mark, which constitutes a declaration of conformity to requirements.
- **The National Treasury (NT) Regulations.** They institute good financial governance, including ensuring that government departments and State-owned Entities efficiently and effectively manage public resources, and that corruption is prevented and detected.
- **The Promotion of Access to Information Act, 2000 (Act 2 of 2000).** It gives effect to the constitutional right of access to any information held by the State, and any information held by private bodies that is required for the exercise and protection of any rights.
- **The Public Finance Management Act (PFMA).** It promotes the objective of good financial management to maximise service delivery through the proficient use of limited resources.



3. Institutional policies and strategies over the five-year period

As an entity reporting to the NDPWI and operating in the built environment sector, ASA also needs to consider the following policy mandates that are crucial for interventions and will assist it in realising its contribution towards the achievement of the aims of the Medium-Term Strategic Framework (MTSF) and its mandate.

Table 1: Institutional policies and strategies over the five-year period

ASA Act	Strategies over the five-year period.
To achieve its objects in terms of the Act:	<p>Empowers ASA to exercise its powers as follows:</p> <ul style="list-style-type: none">• Assess and, if satisfied, certify the fitness-for-purpose of a non-standardised construction related product or system;• Issue, amend, suspend, reinstate, withdraw or renew an ASA Certificate;• Enter into an agreement with a person, entity or organ of State whose services are required to achieve an object or perform a function of ASA or the Board;• Provide services in relation to the objects of ASA to a person, entity or organ of State; and• Exercise any other power as may be prescribed or necessary to achieve the objects of ASA.
ASA is required to:	<ul style="list-style-type: none">• Create appropriate structures to execute its executive and operational functions;• Develop any rules, processes, procedures, criteria or guidelines necessary to achieve the objects of ASA and the execution of its duties; and• Monitor and evaluate the quality management systems of a certified construction related product or system in its manufacture, application, installation or erection processes.



ASA Act	Strategies over the five-year period.
ASA is required to:	<ul style="list-style-type: none"> • Communicate relevant information to stakeholders in respect of the technical, socio-economic and regulatory aspects of a non-standardised construction related product or system certified by ASA; • Support and promote the introduction and use of certified non-standardised construction related products or systems in the local or international market; • Establish and maintain international links with peer organisations; and • Encourage research and development (R&D) of non-standardised construction related products or systems.
A key element of the mandated functions is the process of certification as required by sections 6, 7 and 8 of the Act.	<p>This requires ASA to:</p> <ul style="list-style-type: none"> • Make rules, determine the processes, procedures and forms for and relating to the issuing, amendment, suspension, reinstatement, withdrawal, or renewal of an ASA Certificate; • Issue a certificate in the prescribed form, if it is satisfied that a non-standardised construction related product or system is fit-for-purpose, subject to the payment of the required fees; • Monitor such certificates and manage the renewal of all certificates; and • Establish and maintain a public register of the applications rejected and certificates issued, amended, suspended, reinstated, withdrawn and renewed.

ASA will review the Act and engage the EA to put in regulations to enable the implementation of the ASA Act within the medium to long-term period.

Alignment to National Development Plan (NDP), NGP and MTSF.

In support of its EA, ASA aligns to the government-wide plans identified in the seven priorities of government as stated by the President in the State of the Nation Address on 20 June 2019. The priorities are meant to address the current harsh economic challenges facing the country. The aim of these seven priorities is to fast track South Africa's path to prosperity. The implementation of the plans will enable the country to realise the vision of the NDP and Vision 2030. The priorities will focus on actions with the greatest impact, which will foster quick short-term and long-term benefits over the next 10 years.

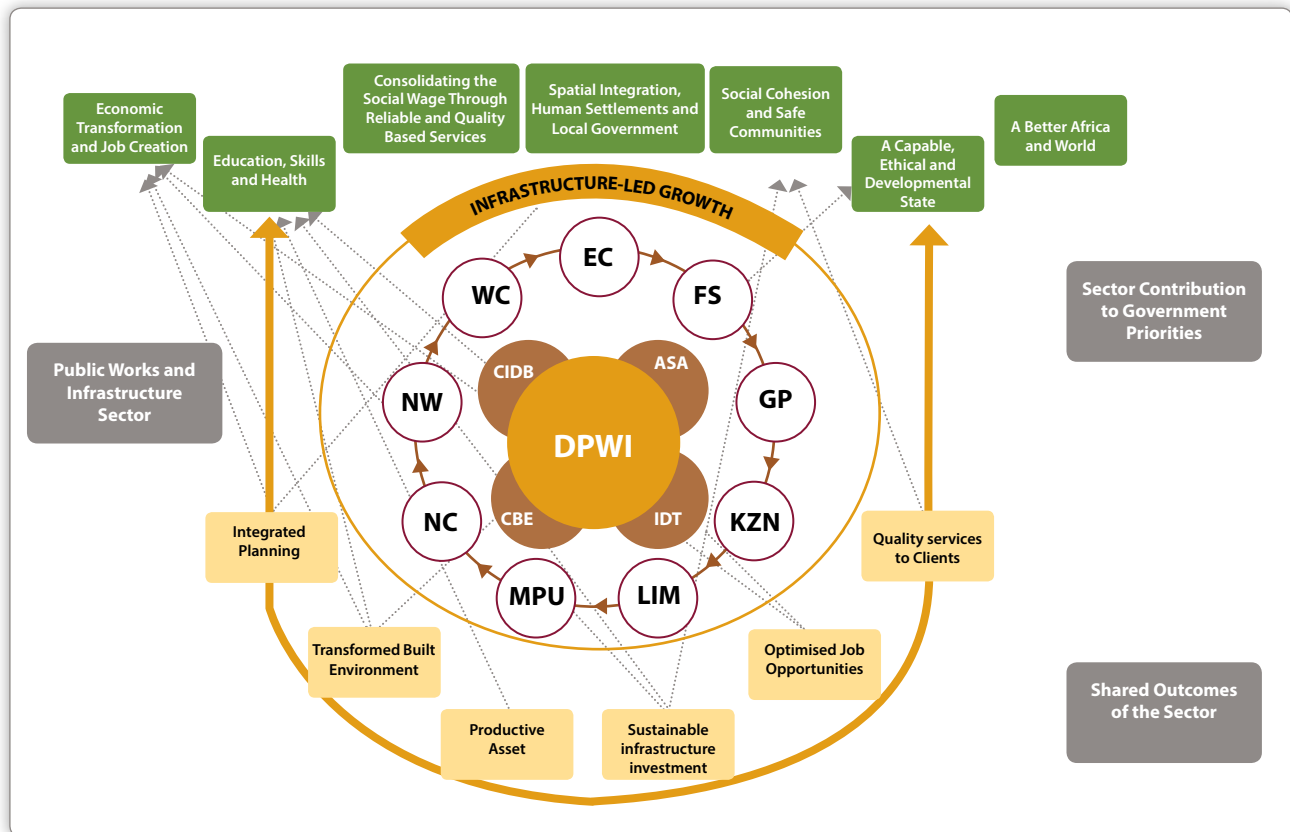


Figure 1: Direct Links to Sectoral, Provincial and Entity Priorities

Source: NDPWI, <http://www.publicworks.gov.za>



In this regard, ASA will contribute to the mandate of the DPWI in addressing the issues of poverty alleviation and unemployment reduction in the country. The certificates awarded by ASA grant the users an opportunity to build infrastructure within the country. The ASA Certificates have been deemed to satisfy status within the NRBs and thereby comply with the requirement of the National Building Standards. These ASA-approved products will be used to deliver social infrastructure in the country. The construction of this social infrastructure will provide those involved in its delivery with employment opportunities for the duration of the implementation of the projects and thereby contribute towards poverty alleviation and unemployment reduction among the beneficiary communities.

ASA has identified four strategic outcome for 2020-2024. While the functions of ASA cut across the entire built environment sector, its primary alignment is with the DPWI's strategic outcomes as summarised below:

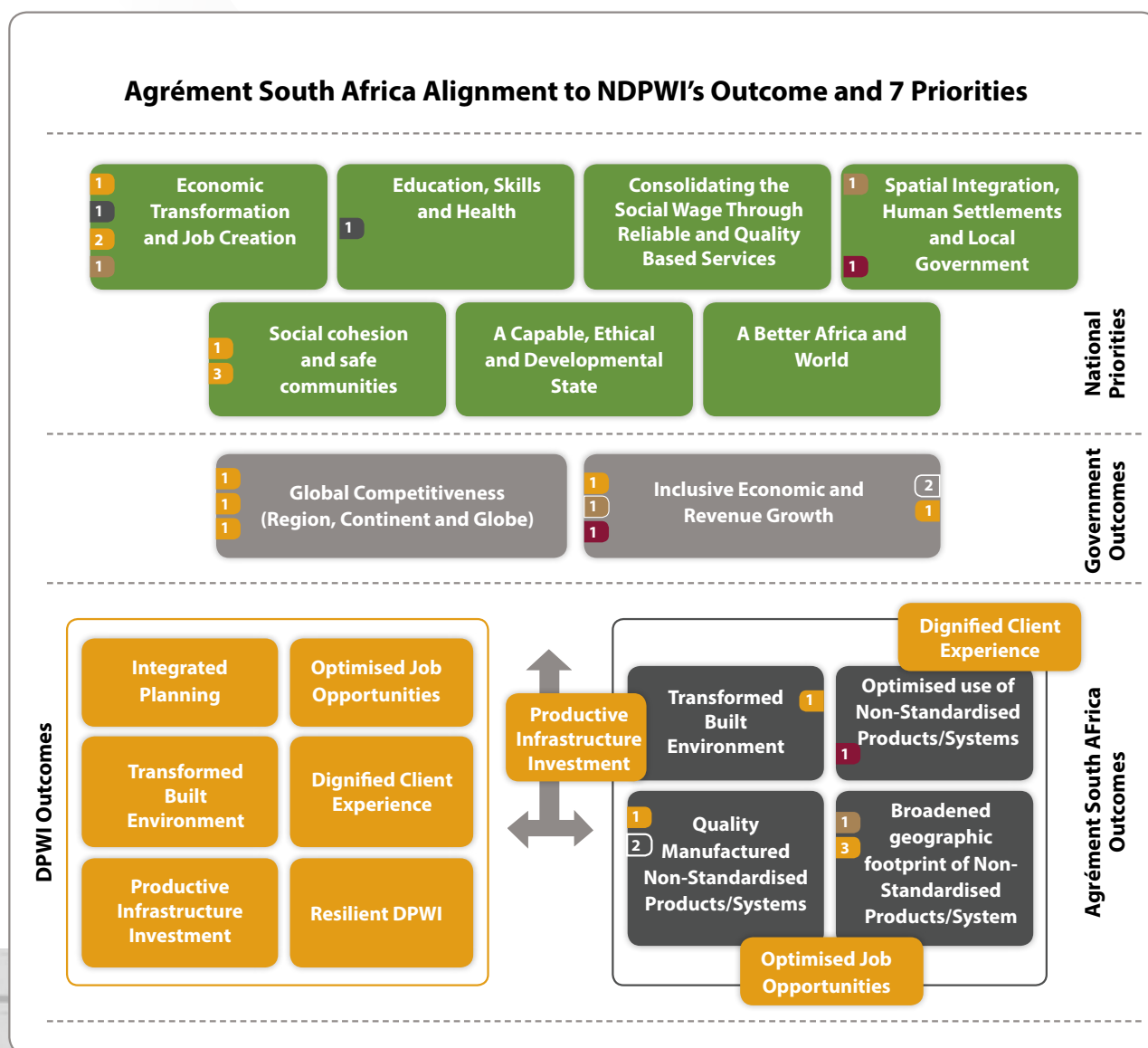


Figure 2: ASA alignment to NDPWI outcomes, NDP and MTSF 7 Priorities

Source: ASA Strategy Workshop.

Below is the ASA Strategy Map linked to the DPWI and aligned to the DPWI outcomes, national outcomes and national priorities.



Figure 3: ASA Strategy Map linked to the DPWI

Source: ASA Strategy Workshop

4. Relevant court rulings

There are currently no court rulings that are relevant to ASA.

PART B

Our Strategic Focus



Part B: Our Strategic Focus

5. Vision

To be a centre of excellence for non-standardised construction products and systems.

6. Mission

To enhance ASA's position as the internationally acknowledged South African centre of excellence for technical assessment, certification, quality assurance and R&D activities to ensure fitness-for-purpose of non-standardised construction related products and systems.

7. Values

ASA's values are aligned with the values espoused in the Constitution. The core values that underpin the culture of ASA are:

People – Respecting people for who they are, their knowledge, skills and experience as individuals and team members;

Reputation – Upholding ASA's brand through excellence, integrity and quality;

Ingenuity – Inspiring innovative solutions;

Diversity – Embracing a dynamic and multicultural environment that respects the individual; and

Enthusiasm – Embracing a positive atmosphere through passion, drive and agility.



8. Situational analysis

8.1 External Environment Analysis

ASA operates within the built environment sector, of South Africa. The Board of ASA is the AA. ASA reports to Parliament through the office of the EA, the Minister of the NDPWI, in terms of the PFMA. The activities of ASA are aligned to the mandate of the organisation, which, in turn, is aligned to the NDPWI and national priorities. The activities of ASA are impacted by the macro-economy, as well as the state of the built environment industry generally and the construction sector (especially housing construction), in particular.

As noted in the NDPWI's strategic review, there are several critical environmental issues that need to be considered, including the economic context, the unemployment challenge and the need for transformation of the built environment sector. To this, one could also add the related challenge of housing delivery in respect of both private and public housing programmes.

8.1.1 Economic growth

After rebounding by a revised 3,2% in the second quarter of 2019, activity in the South African economy slipped slightly in the third quarter. According to Statistics South Africa (Stats SA) (December 2019), mining, manufacturing and transport were the biggest drags on growth in gross domestic product (GDP). The quarter-on-quarter economic growth performance measured by production, seasonally adjusted and annualised is illustrated in Figure 4 below. The poor performance of the construction industry will have a direct impact on ASA's performance, as the organisation relies on applications from the public to assess innovative construction products and systems. Any downward economic performance of the construction industry in South Africa will have an immediate downward impact on ASA's performance.

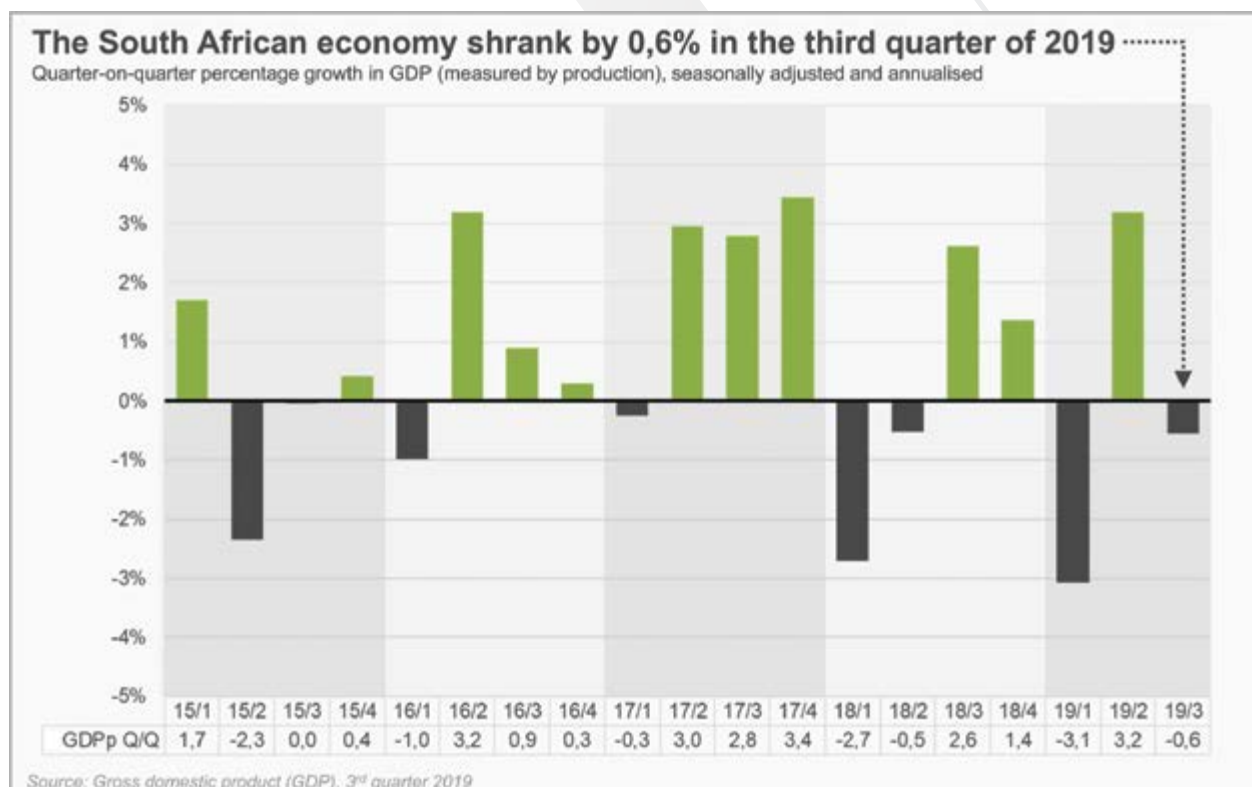


Figure 4: South Africa growth in GDP (%)

Source: Stats SA, <http://www.statssa.gov.za/>

The positive contributors to GDP growth in the third quarter were trade, government and finance. Positive growth in wholesale, motor trade and accommodation lifted the trade industry by 2,6%. A rise in civil service employment in provincial government and higher education institutions pushed general government services up by 2,4%.

According to Stats SA (December 2019), the third quarter of 2019, between July and September 2019, saw mining decrease by 6,1%, driven largely by a fall in the production of platinum group metals, coal and iron ore. The quarter-on-quarter economic growth performance measured by production, seasonally adjusted and annualised is illustrated in Figure 5 below.

Manufacturing fell by 3,9%, but being a bigger industry than mining, its contribution to total GDP growth was just as large (-0,5 of a percentage point in both cases). The contraction was mainly due to decreases in the manufacturing of basic iron, steel and machinery products, as well as products related to the petroleum, chemicals and plastics division. Positive gains were reported in the third quarter for the food and beverages, and transport manufacturing divisions.

The transport, storage and communication industry also found itself on the back foot, falling by 5,4%. This is the biggest quarter-on-quarter fall for the industry since 1993. A slowdown in activity related to freight and passenger transport dampened growth in the third quarter.

Agriculture saw its third consecutive quarter of contraction. Lower production was recorded for field crops such as maize, wheat, sunflower seeds, tobacco and soya beans.

The construction industry failed to pull itself out of recession, registering its fifth consecutive quarter of negative growth. Decreases were reported for activities related to residential and non-residential buildings, as well as construction works. The industry contributed R106 billion to total value added in the third quarter of 2019, lower than the R110 billion recorded in the fourth quarter of 2016 (constant 2010 prices, annualised).

Construction's poor performance is mirrored in other data. Stats SA recently reported that public-sector investment in fixed assets, such as buildings, vehicles, land and equipment, fell by 8,2% between 2017 and 2018 (current prices), while spending on new construction works dropped by 11,3% over the same period.



The poor performance of the construction industry will have a direct impact on the performance of ASA, as the organisation relies on applications from the public to assess innovative construction products and systems. Any downward economic performance of the construction industry in South Africa will have an immediate downward impact in the performance of ASA.

As noted in the NDPWI's review, worsening economic conditions have been coupled with a reduction in fiscal expenditure. The outcome has been a downward revision of expected GDP growth rates. Although there are forecasts that GDP will improve in the medium term, there are too many uncertainties to enable projections to be anywhere near the 6% growth target in the NDP.

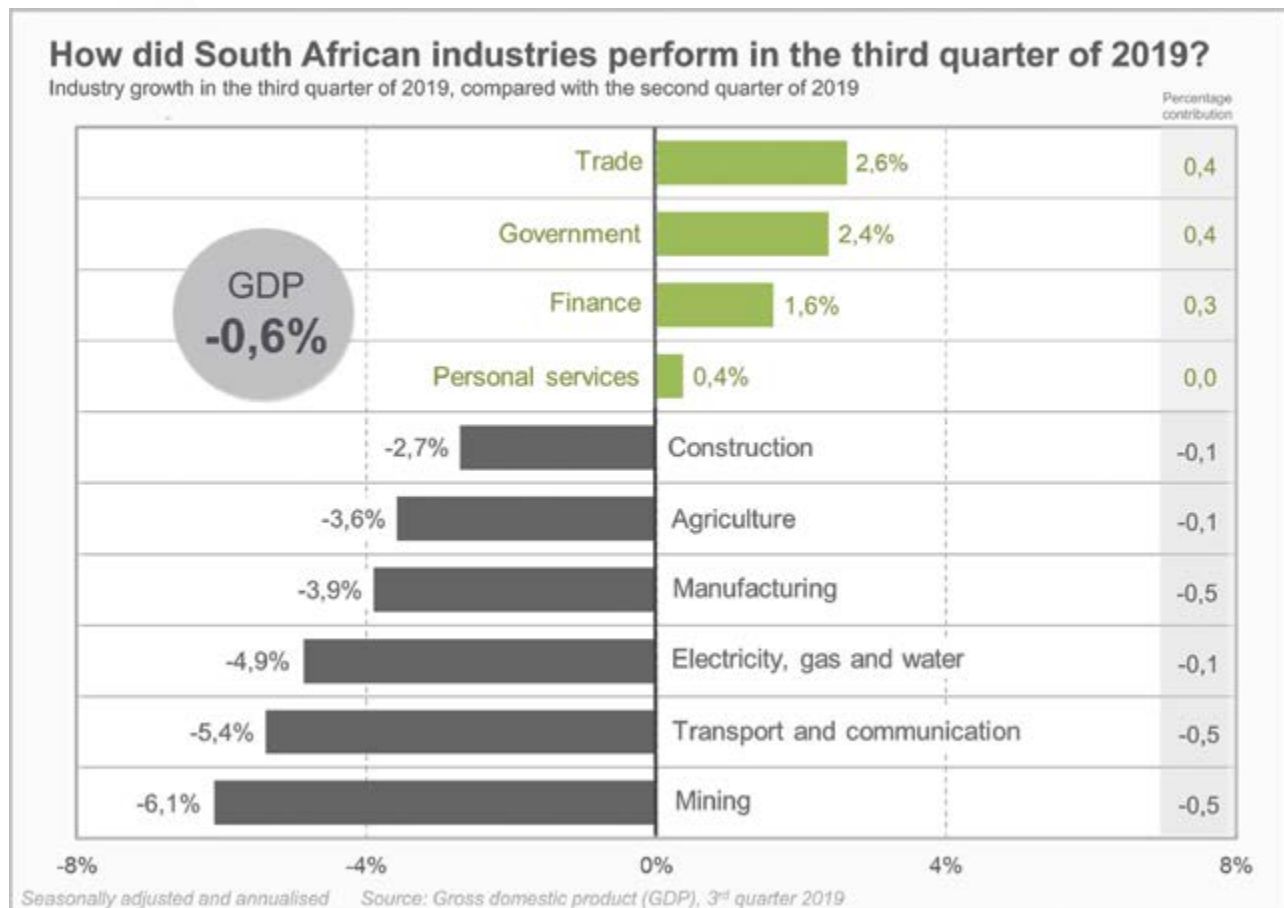


Figure 5: Contributions to growth in GDP, Q3 2019 (% points)

Source: Stats SA, <http://www.statssa.gov.za>

The current account adjustment remains slow, with the deficit expected to widen further, as illustrated in Figure 6 below. The financing of the deficit will also be more challenging in an environment of persistent capital outflows from emerging markets. The global economic crisis further places a burden on emerging market economies. The spat between the United States of America and China continues to have a negative effect on global economic growth. The emerging markets are hardest hit during times of global economic uncertainty as jittery investors withdraw their investments from emerging markets.

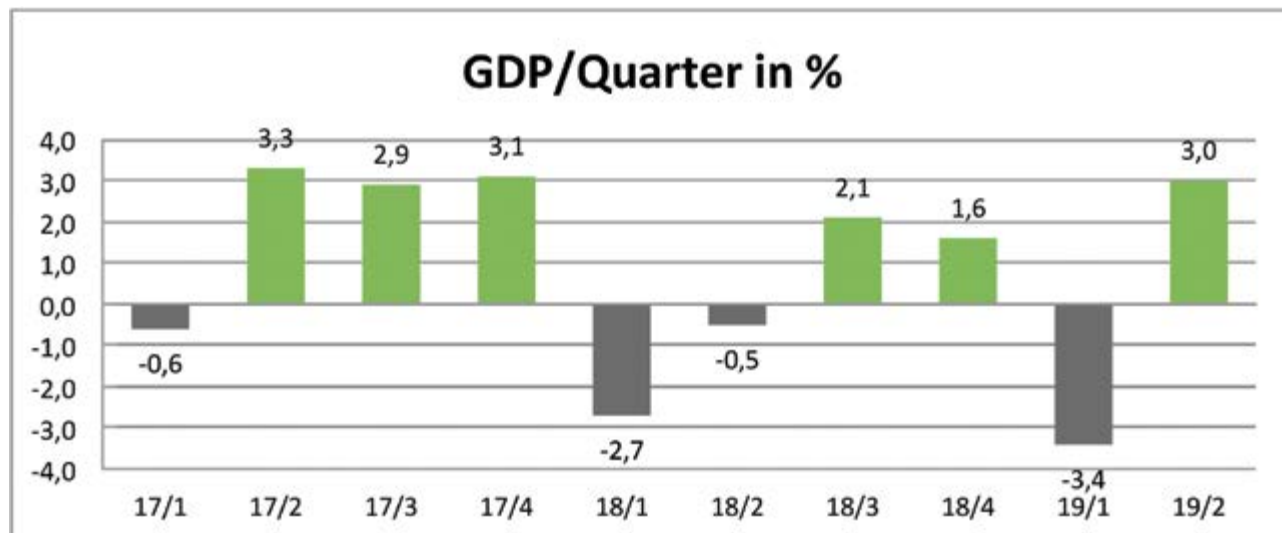


Figure 6: Growth in expenditure on GDP (%)

Source: Stats SA, <http://www.statssa.gov.za>

Government debt has also been rising since the economic crisis of 2008 and stood at R 2,23 trillion during the financial year 2016/2017 or some 50,7% of GDP then. According to Stats SA, the government debt is expected to grow to 56% of GDP by the 2020/2021 financial year. This level of debt is unhealthy for a growing economy and will place a heavy burden on the economy of the country.



Table 2: Total national government debt

End of period R billion	2017/18 Outcome	2018/19 Estimate	2018/19 Medium-term estimates	2020/21 Medium-term estimates	2021/22 Medium-term estimates
Domestic loans²	2 272	2 494	2 748	3 029	3 311
Short-term	311	324	350	385	420
Long-term	1 961	2 170	2 398	2 644	2 891
<i>Fixed-rate</i>	1 455	1 603	1 759	1 921	2 136
<i>Inflation-linked</i>	506	567	639	723	755
Foreign loans²	218	320	295	329	372
Gross loan debt	2 490	2 814	3 043	3 358	3 683
Less National Revenue Fund	- 229	-292	-214	-211	-212
Bank balances ²					
Net loan debt	2 261	2 522	2 829	3 147	3 471
<i>As percentage of GDP:</i>					
Gross loan debt	52.7	55.6	56.2	57.8	58.9
Net loan debt	47.9	49.9	52.3	54.1	55.5

1. A longer time series is given in Table 10 of the statistical annexure at the back of the Budget Review.

2. Estimates include revaluation based on NT projections of inflation and exchange rates.

Source: NT, 2019 Budget Review

The current economic situation and consequent reductions in budget allocations will require that the NDPWI and its entities exercise increased fiscal restraint. The department and its entities will need to consider ways of prioritising and restructuring its programmes to meet its spending needs. There will also need to be a reallocation of resources towards more urgent priorities, as defined in the NDP and the MTSF, with a focus on improvements in efficiency and effectiveness. Programmes and projects that are no longer key priorities will need to be reviewed.

Government has begun implementing growth-enhancing reforms, in line with the President's economic stimulus and recovery plan. Additional steps to strengthen policy certainty, improve the effectiveness of infrastructure spending and rebuild public institutions will encourage private-sector investment and bolster confidence. The economic stimulus and recovery plan will have the greatest impact on youth, women and small businesses. The economic stimulus and recovery plan have five broad parts:

- The implementation of growth-enhancing economic reforms;
- Reprioritisation of public spending to support job creation;
- The establishment of an infrastructure fund;
- Addressing urgent and pressing matters in education and health; and
- Investing in municipal social infrastructure improvement.

Infrastructure is a critical pillar in strengthening key value chains across the economy. Strong infrastructure strengthens the domestic demand for local capital goods, industries, services and products. Ultimately, the more locally produced inputs the National Infrastructure Build Programme utilises, the more the country can grow its manufacturing industry and expand businesses to create much-needed jobs. Gainful and consistent employment is one of the most certain ways in which to ensure the increase in a population's living standards.

In response to the current economic setting, the NDPWI and its entities need to expedite infrastructure development, reduce the current backlogs on infrastructure projects and significantly improve the condition of the State's Immovable Asset Portfolio. This will act as a stimulus for contractor development, employment creation and, ultimately, economic growth. In addition, the Supply Chain Management (SCM) system will be subject to an extensive review, customisation and business process re-engineering to meet business needs, improve efficiencies and turnaround times in the delivery of infrastructure projects.

8.1.2 Employment

South Africa's unemployment rate remained the same at 29,1% in Q4 of 2019 (Figure 7). According to the Quarterly Labour Force Survey (QLFS) released by Stats SA, this is the highest unemployment rate since Stats SA started measuring unemployment using the QLFS in 2008.

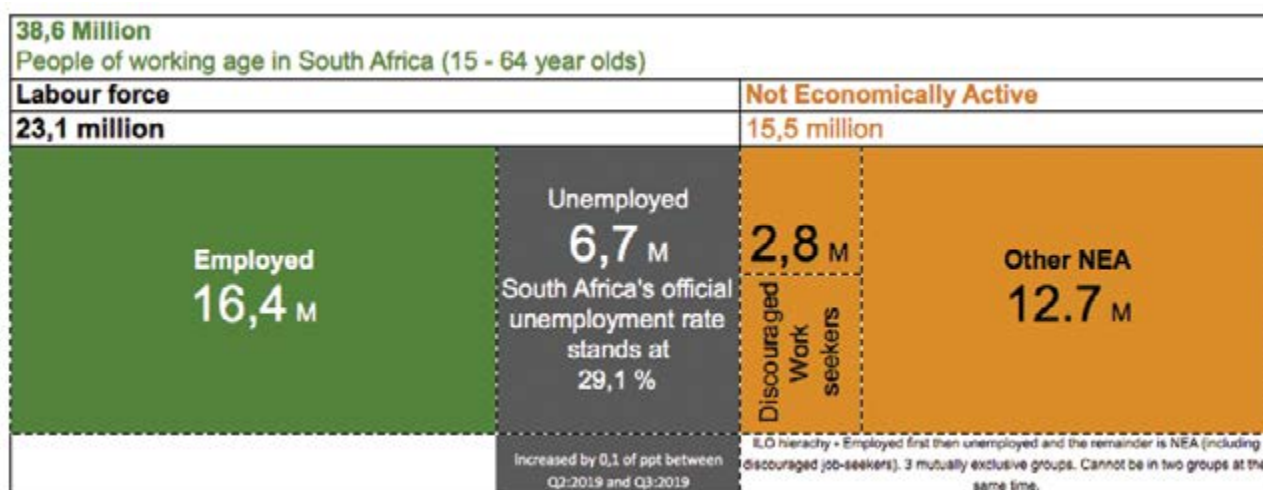


Figure 7: Unemployment rises slightly in third quarter of 2019

Source: Stats SA, <http://www.statssa.gov.za/>

Figure 8 shows that increases in employment have been observed in the fourth quarters of each year, except in 2017, where a decrease of 21 000 jobs was observed. The largest increase in fourth quarter employment was observed in Q4 of 2016 at 235 000. Between the third and the fourth quarters of 2019, employment increased by 45 000 for the third consecutive quarter following a decline of 237 000 in Q1 of 2019.



Figure 8: South Africa quarter-to-quarter changes in unemployment, Q4: 2013 to Q4: 2019

Source: Stats SA, <http://www.statssa.gov.za/>

Figure 9 shows that the quarterly increase of jobs in the formal sector employment was mainly due to community and social services (120 000), finance and other business services (57 000) and construction (38 000) in Q4 of 2019 compared to Q3 of 2019. Unfortunately, trade, manufacturing and utilities contributed negatively to the observed net change in formal sector employment, shedding 61 000, 35 000 and 19 000 jobs, respectively in the same period.

Compared to the same period last year, a loss of jobs in the formal sector employment was mainly driven by finance and other business services (69 000), construction (42 000) and manufacturing (41 000) in Q4 of 2019. Formal sector employment increased only in community and Social services (189 000) during the same period.



Figure 9: South Africa quarter-to-quarter and year-on-year changes in the formal sector by industry

Source: Stats SA, <http://www.statssa.gov.za/>

In the fourth quarter of 2019, the informal sector employment decreased compared to the third quarter of 2019. The loss in the informal sector employment was mainly driven by the trade (98 000), construction (27 000), and community and social services (7 000) industries. Employment gains were recorded in Transport (38 000), finance and other business services (19 000), and utilities (6 000).

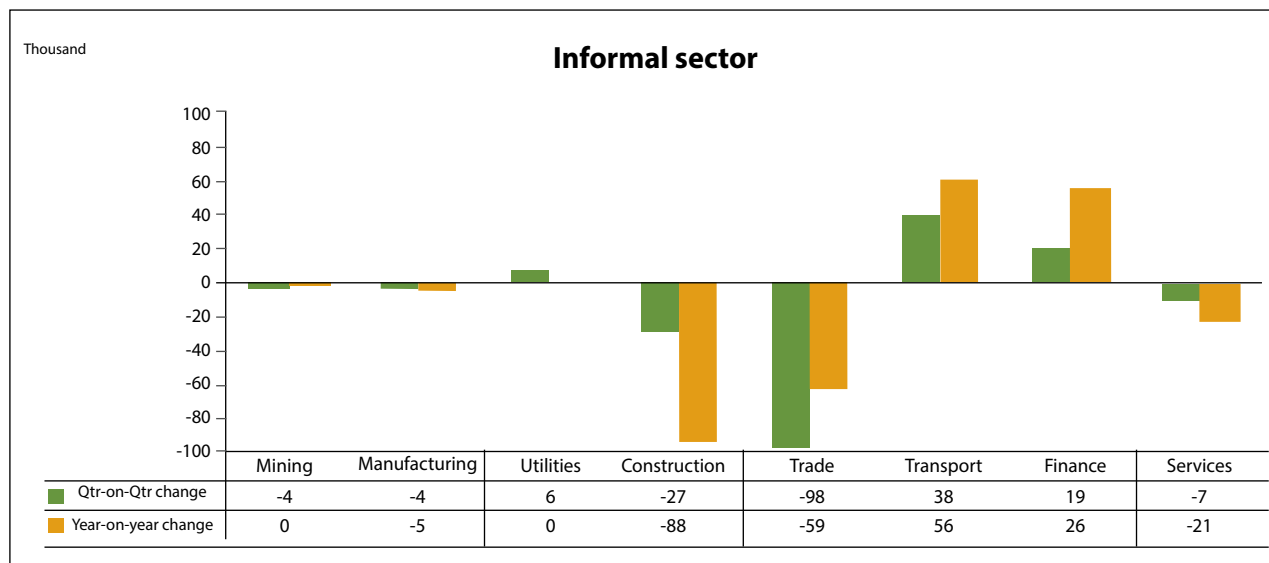


Figure 10: South Africa quarter-to-quarter and year-on-year changes in the informal sector by industry

Source: Stats SA, <http://www.statssa.gov.za/>

The percentage of young persons aged 15 to 24 years who were not in employment, education or training (NEET) increased from 31,1% in Q4 of 2018 to 32,0% in Q4 of 2019. In the age group, 15 to 24 years, the NEET rate for males increased by 1,5 percentage points, while the rate for females increased by 0,3 of a percentage point. The NEET rate for females was higher than that of their male counterparts in both years (Figure 11). In both Q4 of 2018 and Q4 of 2019, more than three in every 10 young females aged 15 to 24 years were NEET (Figure 11). This is a very high percentage.



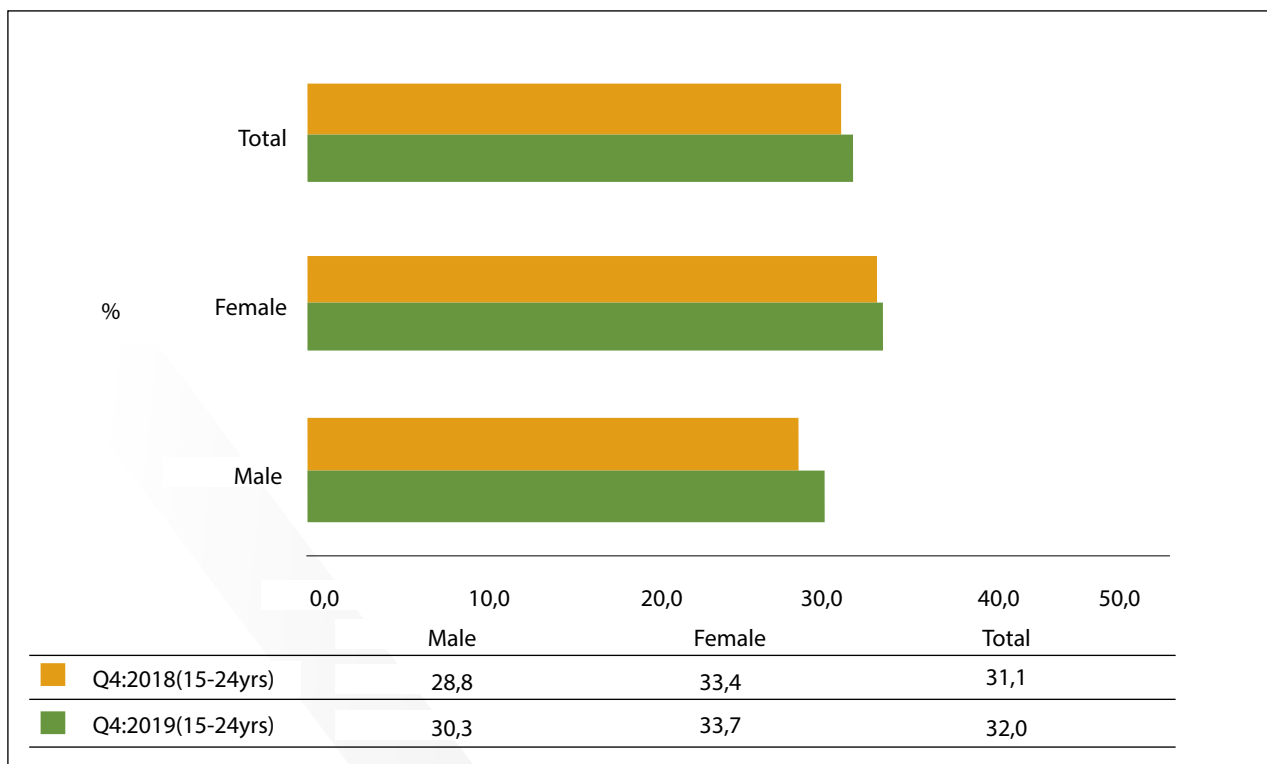


Figure 11: NEET rates for youth aged 15 to 24 years by sex

Source: Stats SA, <http://www.statssa.gov.za/>



Compared to Q4 of 2018, the percentage of young persons aged 15 to 34 years who were NEET increased by 1,0 percentage point from 38,9% to 40,1% in Q4 of 2019. The NEET rate for males increased by 1,5 percentage points, while for females, the rate increased by one percentage point in Q4 of 2019. In both Q4 of 2018 and Q4 of 2019, more than four in every 10 young females aged 15 to 34 years were NEET (Figure 12).

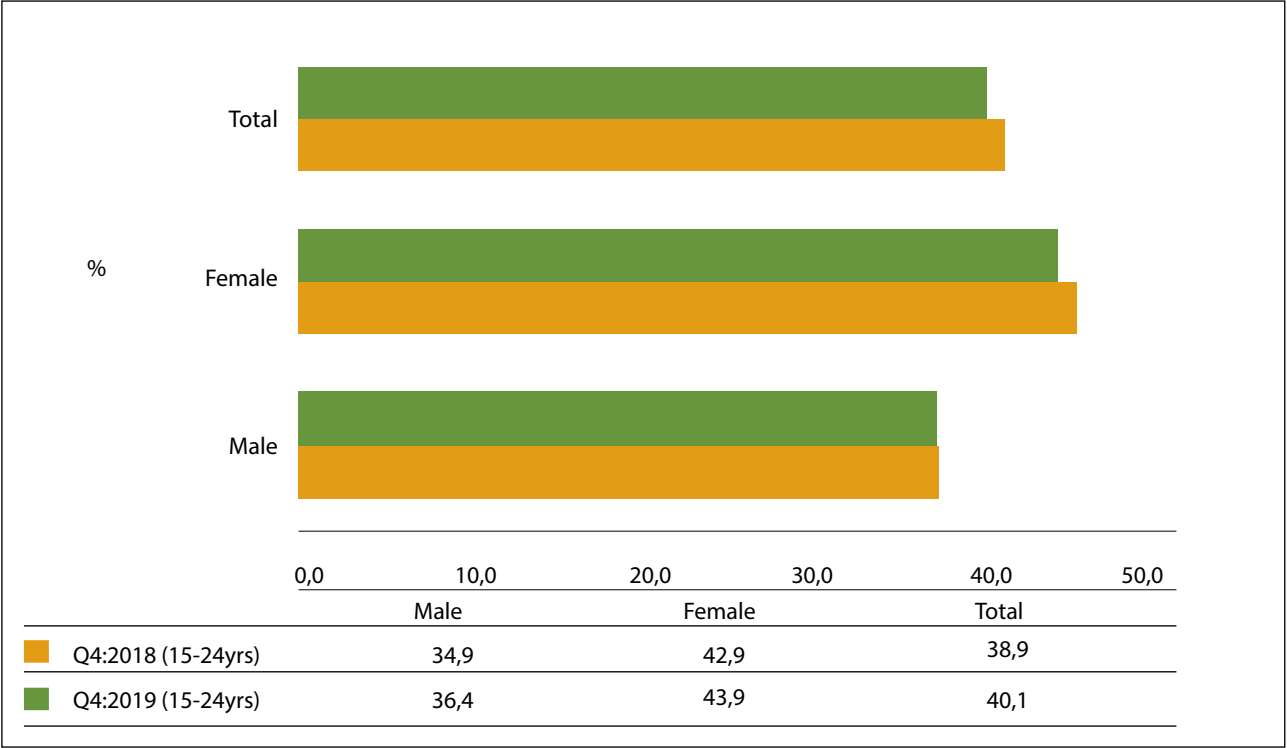


Figure 12: NEET rates for youth aged 15 to 34 years by sex

Source: Stats SA, <http://www.statssa.gov.za/>



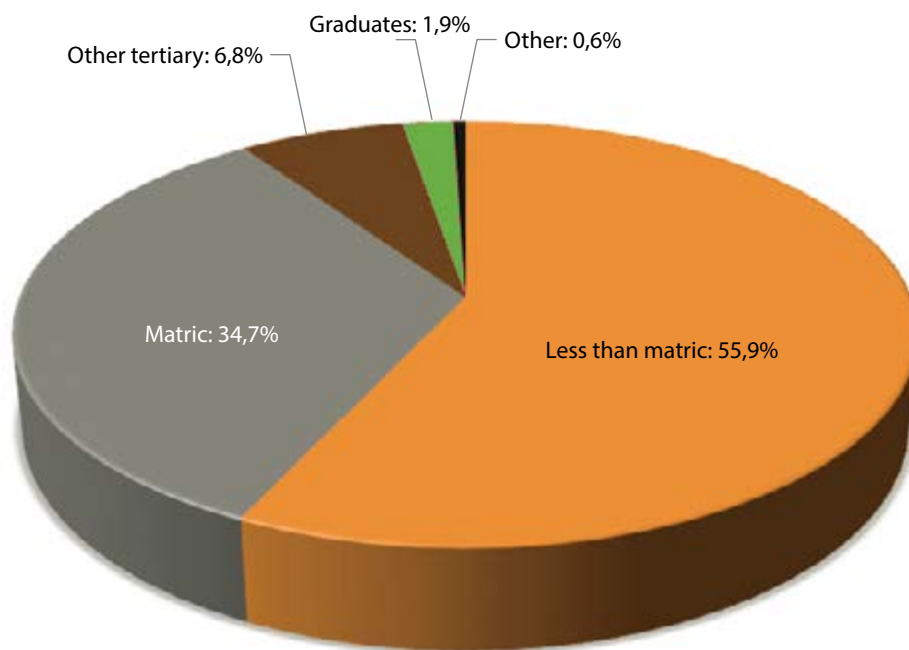


Figure 13: Proportion of the unemployed by education level, Q4: 2019

Source: Stats SA, <http://www.statssa.gov.za/>

Figure 13 shows that of the 6,7 million unemployed persons, 55,9% had an education level below matric, followed by those with matric at 34,7% in the fourth quarter of 2019. Only 1,9% of the unemployed persons were graduates, while 6,8% had other tertiary qualifications as their highest level of education.

8.1.3 Transformation

The NDPWI and its entities are committed to transforming the construction industry and built environment sector more broadly to contribute to the enhancement of skills and reducing poverty.

According to the 2017 cidb Construction Monitor: Transformation, the pace of transformation in the construction industry shows little signs of improvement. The Construction Monitor draws on information from the cidb Register of Contractors, Register of Projects and the Consulting Engineers South Africa Bi-Annual Economic and Capacity Survey.



Among the key findings of the monitor were:

- Less than 40% of cidb-registered enterprises in Grade 9 are black owned;
- Black-ownership representation has not increased significantly over the past three years in the higher-level grades;
- Woman ownership in Grades 2 to 6 is decreasing overtime, whereas in Grades 7 to 9 it is increasing;
- Forty-two per cent of Grade 9 enterprises and 50% of Grades 7 and 8 enterprises have a minimum B-BBEE
- Level of 2 (a B-BBEE level 1 or 2); and
- Black-owned contractors (51% and more) are accessing around 51% of public sector awards.

These trends necessitate that emerging contractors be empowered to transact at higher levels of business and integrate into the broader economy. Transformation requires the commitment from the established industry to transform from within, as well as from the public sector through developmental support and procurement interventions.

The NDPWI has identified the need to prioritise the development of cooperatives, and small, medium and micro enterprises as part of the broader social plan of government, which is targeted at addressing the unemployed, with a focus on women, youth and people with disabilities, and part of this process involves skills development.

Contractor development aims to boost delivery capacity and capability, as well as the sustainability, of emerging contractors, who constitute an estimated 80% of cidb-registered contractors. Sustainability includes improving access by these contractors to government infrastructure projects.

8.1.4 Socio-cultural environment

While all areas of infrastructure development and the built environment face challenges, the issue of social settlements is particularly pertinent to the work of ASA and a key focus area for government. South Africa is confronted with a shrinking tax base and a widening national expenditure, as well as increasing numbers of people dependent on government for housing assistance, provision of basic services and upkeep of their residential areas.

Census 2011 reported that, while more than 77, 7% of the 14.4 million households live in formal dwellings, there is about 13.6% that reside in informal dwellings and 7.9% in traditional dwellings. Stats SA estimates that the demand for adequate housing is about 2.2 million households, which includes households in informal settlements and backyard shacks. These households are dependent on the intervention of the State for housing. Of these, 1.7 million have registered in the Needs Database of the Department of Human Settlements Water and Sanitation (DHSWS).

Although there have been increases in the average annual household income (i.e. about R 103,204 in 2017), the levels are not enough for households to be able to house themselves. About 3.5 million households with income between R 3,501 and R 15,000 per month do not qualify for full government subsidy.

While households with a monthly income of between R 3,500 and R 7,500 may qualify for a mortgage loan of between R 140,000 and R 300,000, the supply of stock is limited and mortgage finance for households with a monthly income below R 7,500 is almost non-existent. This means there is an increasing number of households that do not qualify for a government subsidy or mortgage finance due to several reasons that include non-availability of stock and inability to access mortgage finance. This requires a more adequate support response that includes incremental (self-build) housing. (National DHSWS Strategic Plan 2015 to 2020).

The NDP, as South Africa's blueprint for eliminating poverty and reducing inequality by 2030, acknowledges that the fundamental reshaping of the apartheid spatial form may take decades, but directs that South Africa should strive for meaningful progress in creating urban settlements that are functionally integrated, balanced and vibrant, including the revival of rural areas. The NDP also recommended that, to address the current weaknesses of human settlements and housing policies and programmes, several actions be taken, including:

- Systematically responding to entrenched spatial patterns across all geographical scales that exacerbate social inequality and economic inefficiency;
- Taking account of the unique needs and potential of different rural and urban areas in the context of emerging development corridors in the Southern African sub-region before making decisions on developments;
- Reviewing State housing policies to better realise constitutional housing rights, ensuring that the delivery of housing is used to restructure towns and cities and strengthen the livelihood prospects of households;
- Supporting active citizenry and developing incentives through a range of interventions, which includes the establishment of social compacts; and
- Planning for human settlements be guided by a set of normative principles that will create liveable, equitable, sustainable, resilient and efficient spaces, including supporting economic opportunities and social cohesion. (National DHSWS Strategic Plan 2015 to 2020).

The NDPWI has committed itself and its entities to more efficient ways of working and utilising their core activities in support of the country's broader socio-economic objectives.

Within this context ASA – while retaining its core certification function – needs to consider ways in which it can utilise resources more efficiently (given the fiscal constraints evident), and more critically seek ways to support opportunities for socio-economic impact and built environment transformation.

8.1.5 Strategies responding to the External Environment

Aligned with its mandate, ASA supports the construction industry by facilitating the introduction, application and utilisation of satisfactory innovation and technology development, in a manner that adds value to the process. ASA is also the only internationally acknowledged and objective facility in South Africa that assesses and certifies non-standardised construction products.

In the next MTSF period, the entity will continue to focus on the following areas:

- Issuing, amending, suspending, reinstating, withdrawing or renewing ASA Certificates;
- Awareness programmes on non-standardised construction related products or systems certified by ASA;
- Encouraging innovation in respect of the technical, socio-economic and regulatory aspects of a non-standardised construction related product or system certified by ASA;
- Monitoring and evaluating the quality management systems of a certified construction related product or system; and
- Supporting and promoting the introduction and use of certified non-standardised construction related products or systems in the local or international market.

The entity will embark on the following initiatives:

Eco-Labeling

Recently, ASA was appointed as the competent body to undertake Eco-Labeling for government's buildings and products for a renewable period of five years. The Eco-Labeling system will address aspects such as indoor air quality, comfort, environmental, material and energy resource conservation, and will be incorporated in the NDPWI's Standard Specifications for construction related works. ASA serves a national and continental interests by being internationally acknowledged as an independent South African entity serving the building and engineering communities by providing assurance to manufacturers, suppliers and users through technical approvals for the fitness-for-purpose of non-standardised and/or unconventional products, materials and systems.

Green rating tool for public buildings

Furthermore, ASA was mandated to rate public sector buildings using the green building rating tool currently being used to rate private sector buildings. This not only presents an opportunity to rate the current public buildings, but new buildings must also be built according to set standards and thus contribute towards a green economy. This initiative further enhances the quality of healthy lives of all South African and ensures sustainable developments in transport, energy and water, which are the backbone of construction related products and systems. The expected outcome of this initiative is efficient use of resources and low carbon emission, thus leading to sustainable developments. This will be implemented over the five-year period.

Strategic links with members of the World Federation, cidb, CBE, National Home Builders Registration Council (NHBRC), South African Bureau of Standards (SABS) and national government

The organisation also has and maintains strong strategic links with members of the World Federation of Technical Assessment Organisations and shares technical information for mutual benefit. The NDPWI continues to provide the strategic policy direction for the entities reporting to it. These sister entities include the cidb, the Industrial Development Trust and the CBE. ASA also plays a role in some of the SABS Generation Committees, as well as the Industry Advisory NHBRC. Overall, ASA plays a key role in the safe introduction of fit-for-purpose innovative construction technologies for the built environment. The National DHS continued to rely on the technical assessments undertaken by the organisation in the selection process of non-standardised building systems and products.

ASA deals with innovative construction products and systems, which are tested and certificated. The centre needs to increase its visibility and the benefits of innovative construction to a broader customer base that should include most of the population of South Africa.

8.2 Internal Environment Analysis

ASA has used a combination of SWOT analysis and results-based methodology to inform the development of the five-year Strategic Plan. The external factors that impact on the operations of ASA, which include strengths, weaknesses, opportunities and threats are discussed below:

Below is ASA's internal analysis as it seeks to improve its effectiveness in the built environment:



Figure 14: ASA SWOT analysis

From the internal analysis above (see Figure 14), ASA executes its mandate by evaluating the fitness-for-purpose of a variety of innovation, construction products and systems. This not only includes building systems, construction related materials and products, but also several sanitation products and various types of plumbing pipes and fittings, bathtubs, bathroom and toilet units, as well as sanitary disposal systems.

The following pathways to change were developed:

- Conduct technical assessment of innovative and non-standardised construction related products and systems and ensure that such products and systems are used for the intended purpose;
- Conduct market research for innovative ideas and participants, share information and empower new and emerging innovators on non-standardised construction related products or systems;
- Develop any rules, processes, procedures, criteria or guidelines necessary for the manufacturing of quality non-standardised products or systems that are fit-for-purpose; and
- Promote the use of certified non-standardised construction related products or systems in most (where applicable) public social-economic infrastructure programmes ranging from refurbishment, replacement, upgrades to the construction of public infrastructure across the country.

8.2.1 Trend analysis on prior performance

As previously stated, ASA fulfils its mandate through the assessment and certification of innovative and non-standardised products and systems. During the 2018/2019 financial year, 27 certificates were issued. Certificated products or systems include road products, building systems, wall insulation material, roofing insulation systems, ceilings, damp-proof courses, traffic monitoring systems, paints, roof tiles, toilet systems, energy analysis software and water proofing systems.

The performance of products and systems was assessed against set performance criteria, while manufacture and, where applicable, installations or erections were assessed in terms of documented and approved quality management systems. The Technical Committee of the Board satisfied itself that due diligence was exercised during the assessment process. It involved confirmation that evaluations were completed as per assessment sub-programmes/contracts with favourable test results and assessments from external specialists and testing laboratories; ensuring that an approved, documented quality system was in place and on record with ASA; and reviewing draft certificates.

Innovation can lead to efficiency and this has been proven in several countries around the world. In the context of the built environment, this means reduced construction cost and construction time. Innovation can act as an agent of reform in the construction industry through job creation, assisting in the creation of a green economy, reducing the effectiveness of monopolies that may occur in certain sectors of the industry, material beneficiation, etc. Most of the ASA-certified products and systems come with the advantages mentioned above.

8.2.2 Key stakeholders

The table below analyses the stakeholders with whom ASA interacts.

Table 3: ASA stakeholders

Stakeholder	Nature of Interest	Source of Power	Additional Comments
Building professionals	Benefits associated with innovative construction technologies.	Innovative technology, products and systems are usually not specified.	Innovative construction systems can be safely introduced as they have been successfully assessed as being fit-for-purpose.
Certificate holders	Facilitation of approvals and marketing.	ASA certification is deemed to satisfy the requirements of the building regulations.	The local authority, NHBRC and the bank ultimately accept the innovation. ASA intercedes on behalf of the certificate holder should certification not be accepted, which is seldom necessary.
Department of Human Settlements Water and Sanitation (DHSWS)	The provision of housing subsidy.	The department is mandated to decide where human settlements will be located and which construction technology/methodology to employ.	The NHBRC acts as the DHSWS' field agent and, in effect, has to approve and monitor non-standard subsidy housing.
DPWI	Tasked with encouraging the use of innovative products and systems to the benefit of South Africa.	Funding the day-to-day operations of ASA.	Enhance working relationship; continue support to employment creation, such as the use of a compressed earth building system at Gom-bani village in Limpopo.
Homeowners	Benefits associated with innovative construction technologies.	Financial sustainability.	Innovative construction systems can be erected faster and usually cheaper than conventional construction, which increases return on investment.

Stakeholder	Nature of Interest	Source of Power	Additional Comments
Local authorities	Plan approval is required by law. Promote uniformity in the understanding and implementation of NBRs made in terms of the NBR and Building Standards Act.	The withholding of building plan approval – when present, professional architects and engineers are required to perform specific functions.	<p>Tasked with ensuring that buildings erected in their jurisdictions comply with NBR requirements.</p> <p>Responsible for NBR administration and the control of on-site activities on construction projects.</p>
NHBRC	Management of risk associated with their structural and water penetration warranty scheme.	Refusal to register contractor and building, thereby denying insurance cover.	Registration is legislated, unless the developer or homeowner can provide adequate guarantees, which is often not possible by the applicant.
NRCS	Government is responsible for protecting the health and safety of citizens and the environment, and for ensuring fair trade.	Government is obliged to ensure that national and international trade is fair and based on reliable measurements.	NRCS is a public entity that reports to the Minister of Trade and Industry for administration of technical regulations, including compulsory specifications based on standards that protect human health and safety, and the environment.



Stakeholder	Nature of Interest	Source of Power	Additional Comments
Roads Agencies	Benefits associated with innovative construction technologies.	Innovative construction technologies and products and systems are usually not specified.	The aim is to keep the economic “arteries” of South Africa’s economy in good condition without harm to our environment; enhance citizens’ travel experience, and improve and maintain the national road network for the social development and economic growth of South Africa.
SABS	Promotes South African national standards to facilitate international trade and enhance South Africa’s economic performance and transformation.	Develops, promotes and maintains standardisation and quality for commodities and renders related conformity assessment services.	Ensure the continued existence of the SABS, as the prime national institution in its field; establish the SABS Board; provide for the repeal of the Standards Act, 1993 (Act 29 of 1993); provide for transitional provisions and related matters.
South African Local Government Association	Acts as an employer body representing all municipal members and, by agreement, associate members.	Represents, promotes and protects the interests of local government and raises the profile of local government.	To enter into a Memorandum of Understanding to formalise our relationship through efficient service delivery.



8.3 Organisational environment

The governance of ASA is entrusted to the ASA Board, with the Minister of DPWI being the EA responsible for the entity. The ASA Board is appointed by the Minister for a period of three years. A member of the Board may not serve more than two consecutive terms of office. The ASA Board’s term of office expires in the 2019/20 financial year. The core function of the Board is to set the strategic priorities and goals of the organisation.

The Board is the accounting authority of Agrément South Africa and consists of—

- (a) a minimum of seven members, but no more than eleven members, appointed by the Minister; and
- (b) the Chief Executive Officer by virtue of his or her office.

The Chief Executive Officer is a non-voting member on the Board

The ASA Board currently has four sub-committees as follows:

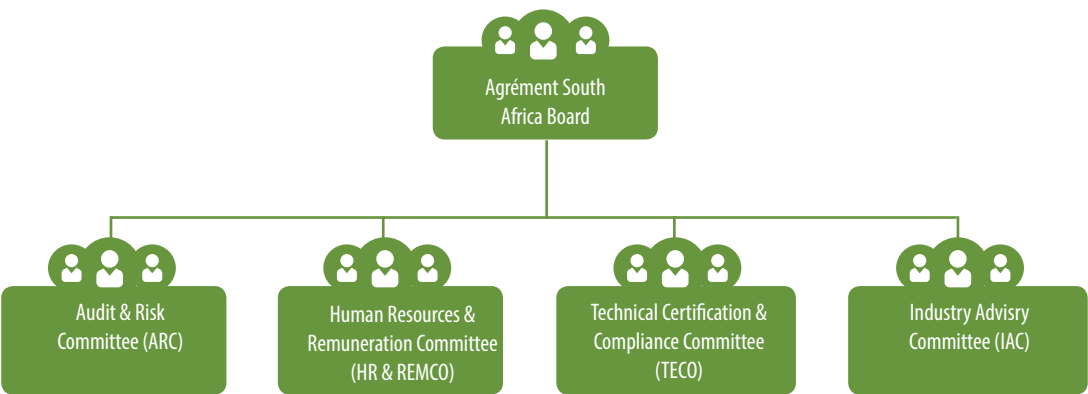


Figure 15: ASA Board and sub-committee structure.



8.3.1 Organisational structure

ASA's organisational structure has changed over time as the business model evolved. The figure below details ASA's current functional structure. ASA will continue to review its structure to ensure the proper resourcing and implementation of its mandate.

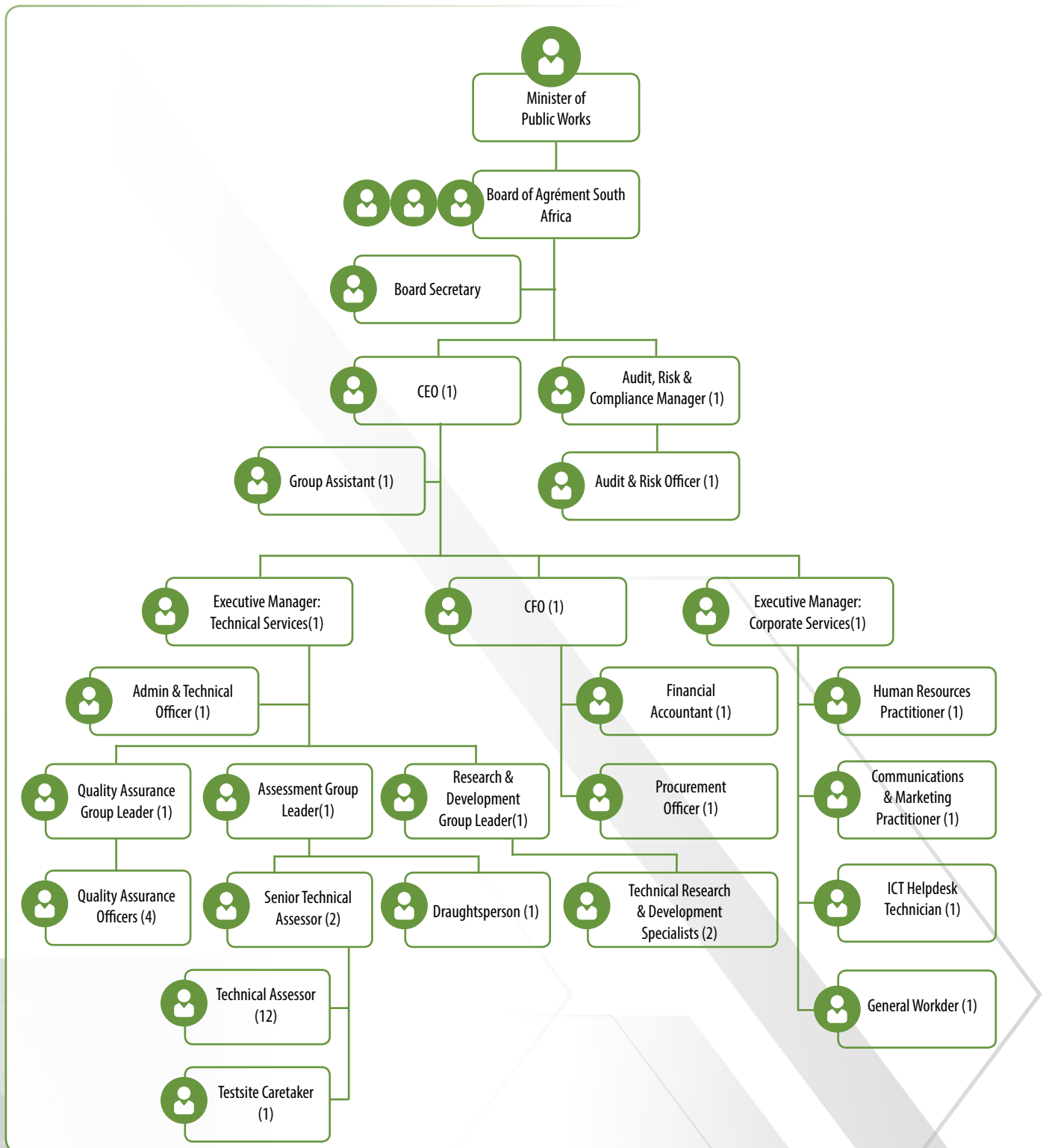


Figure 16: Current ASA functional structure.

In order to address the above, ASA will, among other things:

- Continue to review the organisational design to implement these strategies.

Continuous improvements in implementing our mandate and any other additional mandate from the EA. ASA is managed by the CEO assisted by an Executive Management team made up of the CFO, Executive Manager: Corporate Services and the Executive Manager: Technical Services.

The organisational structure above reflects the current operational functions, as well as the key support capabilities to deliver on its mandate. However, given the mandate set out in the Act and additional mandates, ASA embarked on an organisational diagnostic process. One of its objectives is to review the structure and staffing to ensure the achievements of the mandate over the short to long term.

ASA requires additional staff to assist in evaluating, assessing and approving existing infrastructure development technologies to better direct housing and human settlement investments, fast track delivery and ensure the affordability and diversity of the products available in the market through enhanced quality and quantity of innovative construction technologies, as well as supporting and encouraging the certification of products that utilise waste materials. As the evaluation and certification base of ASA grows, the need for additional technical evaluators/quality assurance, R&D and environmental specialists, together with support functions, will grow over the medium to long term.

Additionally, as the organisation seeks to address its legislated mandate (for instance, augmenting and promoting R&D), as well as broader socio-economic imperatives as determined by its EA. New sets of skills and competencies, and additional staff will be required. This will necessitate a review of the current organisational structure and staffing approach in the short to medium term.

- Invest in information technology in order to respond to digital transformation and artificial intelligence.

ASA will keep abreast with changes in technologies and embraces digital transformation and artificial intelligence. This adaptation will ensure that the organisation is not only agile, but its human capital is fully capacitated to respond to the changing environment.

In addition to this, ASA will embark on a Business Impact Analysis, which is a critical process in business continuity and disaster recovery planning.

- Review facilities to ensure fitness-for-purpose as the organisation changes.

With the current and anticipated growth in the short to medium term, ASA will require additional office space, in line with ergonomics best practice. This will ensure improved collaboration among internal teams.

- Effective and impactful marketing and communication strategies.

ASA will be embarking on a rigorous marketing and brand awareness process in the short to medium term. This will be achieved through strategic partnerships and collaborations with other built environment stakeholders.

The table below reflects progressive organisational staff in the short to medium-term period.

Table 4: ASA - Staff complement

Position	Filled	Vacant posts	Total (filled and vacant)	Current vacancy rate (%)
Administrative and Technical Officer	1	0	1	0%
Audit and Risk Officer	1	0	1	0%
Audit Risk and Compliance Manager	1	0	1	0%
Board Secretary	1	0	1	0%
CEO	1	0	1	0%
CFO	1	0	1	0%
Communication and Marketing Practitioner	1	0	1	0%
Draughts person	1	0	1	0%
Executive Manager: Corporate Services	1	0	1	0%
Executive Manager: Technical Services	1	0	1	0%
Financial Accountant	1	0	1	0%
General Worker	1	0	1	0%
Group Assistant	1	0	1	0%
Human Resources Practitioner	1	0	1	0%
ICT Helpdesk Technician	1	0	1	0%
Procurement Officer	1	0	1	0%
Quality Assurance Officers	3	1	4	25%
Senior Technical Assessor	2	0	2	0%
Technical Assessor	6	6	12	50%
Technical Group Leader: Assessments	1	0	1	0%
Technical Group Leader: Quality Assurance	1	0	1	0%
Technical Group Leader: Research and Development	1	0	1	0%
Technical Research and Development Specialists	2	0	2	0%
Test Site Caretaker	0	1	1	100%
Total	32	8	40	20%

ASA has a total staff complement of 40 posts of which 32 are filled permanently and eight are vacant. The entity currently has a vacancy rate of 20%. The entity decided on this structure to ensure that it achieves its mandate. The prioritised posts will be filled through an intensive recruitment drive. The process is aligned to the integrated Human Resource Plan to ensure that ASA is capacitated to deliver on its mandate and respond to government's policy agenda, taking its financial position into consideration.

9. Overview of the medium-term expenditure from 2020/21-2024/25

At present, ASA is funded from two main sources: an annual government grant and own revenues. In this regard, during the 2019/20 financial year, ASA had total revenues of R36.6 million comprising R31.1 million in the annual transfer from NDPWI (85% of total income) and R5.5 million in own revenue. The latter comprised R4.2 million for the rendering of services and a further R1,3 million from returns on investments.

The table below summarises the MTEF budget for ASA. A key challenge evident in the medium term is the reduced budget allocation, which will require ASA to be more cost-efficient and seek to increase its own revenues going forward.

Table 5: ASA Budget MTEF, ENE

Statement of financial performance	2016/17		2017/18		2018/19		2019/20		Medium-term estimate		2022/23
	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget estimate	Approved budget	2020/21	2021/22	
R thousand											
Revenue											
Tax revenue	–	–	–	–	–	–	–	–	–	–	–
Non-tax revenue	3,540	4,493	4,463	3,453	3,292	4,323	3,972	3,972	4,300	4,570	4,666
Sale of goods and services other than capital assets	3,310	4,229	4,120	2,281	2,442	2,643	2,634	2,634	2,966	3,154	3,349
of which:											
Administrative fees	530	586	632	632	655	0	1,160	1,160	1,418	1,529	1,643
Sales by market establishment	2,780	3,643	3,488	1,649	1,787	2,643	1,474	1,474	1,548	1,625	1,706
Other sales	–	–	–	–	–	–	–	–	–	–	–
Other non-tax revenue	230	264	343	1,172	850	1,680	1,338	1,338	1,335	1,416	1,317
Transfers received	12,383	12,434	29,045	29,045	29,988	29,988	31,062	31,062	31,164	32,564	33,413
Total revenue	15,923	16,927	33,508	32,498	33,280	34,311	35,034	35,034	35,464	37,134	38,079
Expenses											
Current expenses	14,166	16,352	33,508	20,224	33,280	29,893	35,034	35,034	35,464	37,134	38,079
Compensation of employees	8,002	7,866	15,014	10,975	19,541	15,127	20,810	20,810	21,175	22,510	23,455
Goods and services	5,886	8,249	17,860	9,000	13,099	11,142	13,974	13,974	13,864	14,178	14,178
Depreciation	278	237	634	249	640	3,624	250	250	425	446	446
Interest, dividends and rent on land	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–	–
Total expenses	14,166	16,352	33,508	20,224	33,280	29,893	35,034	35,034	35,464	37,134	38,079
Surplus/(Deficit)	1,757	575	–	12,274	–	4,418	–	–	–	–	–

10. Strategic planning process

The strategic planning process was a combined ASA Board and Executive Management exercise and comprised one-on-one engagements with members of the ASA Board and the Executive Management, as well as a workshop to formulate and agree on the strategic direction for ASA.

The following are key steps undertaken by ASA:

Table 6: Description of the strategic planning process

Activity	Timeframe
• Develop environmental scanning guidelines and templates and obtain Executive Committee endorsement.	30 October 2019
• Execute the environmental scanning process by undertaking research and business intelligence gathering.	30 October 2019
• Conduct Operational Planning workshop to develop departmental operational plans.	30 October 2019
• Conduct Executive Committee Strategic Planning Session to process the environmental scan, strategy proposals and recommendations on proposals.	30 October 2019
• Conduct Board Committee Strategic Planning Session to process the environmental scan, strategy proposals and recommendations on proposals.	30 October 2019
• Conduct follow-up Executive Committee Strategic Planning Session to develop impact statement, outcomes, outputs and output indicators.	30 October 2019
• Develop the draft Strategic Plan and present to Executive Committee (EXCO) for consideration in preparation for tabling to the Board for consideration.	30 October 2019
• Finalise the Strategic Plan and budget (MTEF) and submit to the NDP-WI.	31 October 2019
• Received comments on strategic planning documents.	20 December 2019
• Update strategic planning document.	23 December 2019 to 6 January 2020
• Discuss the updated strategic document.	7 January 2020
• Submit the document for editing.	7 January 2020
• Present strategic document to Executive Management.	13 January 2020
• Submit strategic document to Audit and Risk Committee for approval.	22 January 2020
• Special EXCO to review Strategic Plan and Annual Performance Plan documents.	23 January 2020
• Submit strategic document to the Board for approval before final submission to the EA.	30 January 2020 (Board) 31 January 2020 (EA)
• Received approval from the EA.	End February 2020
• Implement the strategy effectively.	1 April 2020
• Report strategic implementation progress on a quarterly basis.	Quarterly

PART C

Measuring ASA's performance



Part C: Measuring ASA's performance

11. Institutional Programme Performance Information

11.1. Impact Statement

Impact Statement	Innovator and Stakeholder Confidence.
Definition	<ul style="list-style-type: none"> Fit-for-purpose products and systems impacting communities. (increased use of non-standardised construction);
	<ul style="list-style-type: none"> Job creation;
	<ul style="list-style-type: none"> Stakeholder confidence;
	<ul style="list-style-type: none"> Cost-effectiveness; and
	<ul style="list-style-type: none"> Encourage innovator.

11.1.1. Outcomes

Table 7: Outcome 11.1.1. Inclusive economic and revenue growth

MTSF Priority:	Economic Transformation and Job Creation		
Outcomes:	Outcome Indicators.	Baseline.	Five-year Target.
Optimised use of non-standardised construction related products and systems.	Percentage of non-standardised construction related products and systems certification projects processed and certified within planned project timeframes.	80%	90%
Transformed Built Environment.	Percentage increase of participants among designated groups participating in the Enterprise Development Programme.	New Indicator.	10%.
	Percentage increase of procurement spend for bids awarded to designated groups in line with PPR 2017.	New Indicator.	10%.
Quality Assurance.	Quality and compliance inspections conducted for 85% of certificates in use.	82%	90%

Table 8: Outcome 11.1.2. Global Competitiveness (region, continent and globe)

MTSF Priority:	A better Africa and World		
Outcomes:	Outcome Indicators	Baseline	Five-year Target
Broadened geographic footprint of non-standardised construction related products and systems.	Percentage increase in the use of certified non-standardised construction related products and systems across South Africa/ Africa/world.	New Indicator.	10%.

Table 9: Outcome 11.1.3. Optimised use of non-standardised construction related products and systems

MTSF Priority.	Economic transformation and job creation.
Outcome.	Optimised use of non-standardised construction related products and systems.
Outcome Indicator.	<ul style="list-style-type: none"> Percentage increase in the use of non-standardised construction related products and systems. Number of Eco Label Scheme specifications approved by the Board.
Baseline.	-
Five -year target.	5%
Outcomes' contribution to achieving the aims of the MTSF and mandate of the ASA:	The strategic focus and outcomes of ASA are aligned to the DPWI's Outcomes, national outcomes and national priorities. This is to ensure that the activities of ASA have as impact on the aims of the MTSF, which are in line with the organisation's mandate as per the ASA Act.
Enablers intended to assist with the achieving the five-year target:	<p>The main enabler to achieving the Annual Performance Plan targets which are aligned to the organisation's five-year Strategic Plan is compliance with principles of good governance. These principles lead to good organisational governance and follow King 3 policies of Board governance.</p> <p>King 3 policies of Board governance defines and guides appropriate relationships between the Government, the Agrément South Africa Board Members and the Executive Management team.</p>
Outcomes' contribution to achieving the intended impact:	<p>The King 3 policies of Board governance define the Principles of Policy Governance as follows:</p> <p>Principles 1 is the organisation's ownership, the board's responsibility to government and Parliament, and the board's authority.</p> <p>Principles 2 specifies that the Board defines, in writing, policies identifying the benefits that should come about from the organisation, how the board should conduct itself, and how staff behaviour is to be prescribed.</p> <p>Principles 3 deals with the Board's delegation of authority, and monitoring and evaluation.</p> <p>Executing this paradigm shift from the traditional practice of governance will provide a clear differentiation between governance and management responsibilities in organisations, thus enabling the organisation to achieve its intended outcomes and impact.</p>
Rationale for developing the outcome indicator:	The rationale for the development of the outcome indicators was linked to the intended impact as specified above.

Table 10: Outcome 11.1.4. Transformed Built Environment

MTSF Priority:	Economic transformation and job creation.
Outcome:	Transformed Built Environment.
Outcome Indicator:	<ul style="list-style-type: none"> Percentage of participants among designated groups participating in the Enterprise Development Programme. Percentage of procurement spend for bids awarded to designated groups in line with PPR 2017.
Baseline:	New Indicators
Five-year target.	<ul style="list-style-type: none"> 10% of issued certificates. 10% of issued certificates.
Outcomes' contribution to achieving the aims of the MTSF and mandate of the ASA:	Through the enterprise development and procurement spend ASA will leverage or promote socio-economic transformation and empowerment of designated groups in line with the Preferential Procurement Regulations 2017 and objects of Act.
Enablers intended to assist with the achieving the five - year target.	<p>The main enabler to achieving the five-year targets is compliance with principles of good governance. These principles lead to good organisational governance and follow King 3 policies of Board governance.</p> <p>King 3 policies of Board governance define and guide appropriate relationships between the government, the ASA Board Members and the Executive Management team.</p>
Outcomes' contribution to achieving the intended impact:	<p>Research is key to the realisation of the vision of ASA. It can provide insight into the systems and the constituencies it serves. Rigorous and systematic enquiry and analysis will be done through the R&D department, assessing the impact of ASA Innovative Building Systems, Innovative Sanitation Systems, Innovative Roads Products, and Innovative Software, by March 2022. The research may be empirical or theoretical, quantitative or qualitative applied or basic. It may involve the critique of policy; in-depth analysis of regularly compiled data sets and explanations of trends; observations; case studies and other research investigations, or meta-reviews and analyses.</p> <p>The proposed outcomes will require additional human resources capital and capabilities to undertake the R&D support activities.</p>
Rationale for developing the outcome indicator.	The rationale for the development of the outcome indicators was linked to the intended impact as specified above.

Table 11: Outcome 11.1.5. Quality Manufactured non-standardised construction related products and systems

MTSF Priority:	Economic transformation and job creation.
Outcome:	Quality Assurance.
Outcome Indicator:	Percentage of quality and compliance inspections conducted for certificate holders post certification.
Baseline.	82%
Five-year target.	90%
Outcomes' contribution to achieving the aims of the MTSF and mandate of the ASA:	Quality management systems are in place to ensure that good quality innovative non-standardised material and satisfactory standards of design, manufacture and, where appropriate, erections are consistently maintained within defined parameters.
Enablers intended to assist with the achieving the five-year target:	<p>The main enabler to achieving the five targets is compliance with principles of good governance. These principles lead to good organisational governance and follows King 3 policies of Board governance.</p> <p>King 3 policies of Board governance define and guide appropriate relationships between the government, the ASA Africa Board Members and the Executive Management team.</p>
Outcomes' contribution to achieving the intended impact:	<p>ASA serves the consumer and user interests by providing assurance of fitness-for-purpose of innovative, non-standardised construction technologies/products with ongoing quality assurance. The purpose is to ensure good-quality materials and satisfactory standards of design, manufacture and, where appropriate, erections are consistently maintained within defined parameters. Key focus areas are:</p> <ul style="list-style-type: none"> • Approval of the certificate holder's quality management system based on audits of the quality management manual and the implementation thereof and; • Annual quality inspections of materials, design standards, manufacture and where applicable erection/installation/application of the subject. <p>The validity of ASA Certificates is reviewed every three years. On conclusion of a satisfactory review, the validity of the certificate is extended for a further three-year period. The certificate remains valid, provided that the certificate holder complies with the general and specific conditions of certification, the technical requirements stipulated in the certificate, the performance in use of the subject is acceptable, and any changes in building legislation, regulations, and relevant standards or of ASA performance criteria have not invalidated the technical assessment which formed the basis of certification.</p>
Rationale for developing the outcome indicator:	The rationale for the development of the outcome indicators was linked to the intended impact as specified above.

Table 12: Broadened geographic footprint of Non-Standardised construction related products and systems

MTSF Priority:	A Better Africa and World.
Outcome:	Broadened geographic footprint of non-standardised construction related products and systems.
Outcome Indicator:	Percentage increase in the use of certified non-standardised construction related products and systems across South Africa/Africa/world.
Baseline:	-
Five-year target	5%
Outcomes' contribution to achieving the aims of the MTSF and mandate of the ASA:	Improved geographic spread in the use of certified non-standardised construction related products and systems across South Africa/Africa/world.
Enablers intended to assist with the achieving the five-year target:	<p>The main enabler to achieving the five targets is compliance with principles of good governance. These principles lead to good organisational governance and follows King 3 policies of Board governance.</p> <p>King 3 policies of Board governance define and guide appropriate relationships between the government, the ASA Board Members and the Executive Management team.</p>
Outcomes' contribution to achieving the intended impact:	To encourage growth in use of certified products and systems, ASA, through the R&D department, will research opportunities arising as a result of the fourth industrial revolution within the innovative built environment. Through the R&D activities, we will conduct research on environmentally friendly and sustainable green building developments from leading countries, research on environmentally friendly and sustainable developments in Alternative Building Technologies, research on environmentally friendly and innovative sanitation systems and roads products.
Rationale for developing the outcome indicator:	The rationale for the development of the outcome indicators was linked to the intended impact as specified above.

12. Risk management

ASA can be adversely affected by a variety of business risk and economic developments. A structured risk management process helps Executive Management to better understand how risks might impact the organisation and to take appropriate risk mitigation initiatives. Doing business inherently involves taking risks. ASA strives for a culture of openness and transparency in which identified risks are disclosed pro-actively and unexpected events are reported as soon as they occur.

Executive Management is responsible for designing, implementing and operating an adequately functioning risk management. The main objective is to identify and manage the strategic, operational, financial, performance and financial reporting and compliance risks to which ASA is exposed, to promote effectiveness and efficiency in ASA's operations, to promote reliable performance and financial reporting and to promote compliance with laws and regulations. Executive Management is aware that such a framework can neither provide absolute assurance that its objectives will be achieved, nor entirely prevent material errors, losses, fraud and the violation of laws and regulations.

For proper implementation of risk management framework, the AA, which is the Board, is supported by the following pillars:

- *Executive Management*

This function owns and manages risk and is responsible for maintaining effective controls and executing risk and control procedures daily. It involves identifying and assessing risks being undertaken and establishing appropriate controls to mitigate the risks. There are adequate management controls in place to monitor ongoing compliance and highlight control breakdown.

- *Audit and Risk Committee*

This is an oversight committee of the Board and supports Executive Management and helps to ensure that the risk and control procedures are operating as intended.

- *Internal Audit*

This function reports to Audit and Risk Committee and provides independent objective assurance on the effectiveness of governance, risk management and internal controls, including how management manages and controls risks. Internal Audit brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.



In implementing our mandate, we are faced with several risks that may interfere with our business objectives. Some of these risks relate to our operational processes, while others relate to our business environment. It is important to understand the nature of these risks and the impact that they may have on our business, financial conditions, economic conditions and results of operations. Some of the more relevant risks are described below, which may not be in order of likelihood or materiality. These risks are not the only ones we face. Some risks may not yet be known to us and certain risks that we do not currently believe to be material could become material in the future.

The outcome and significant risks currently considered relevant and applicable mitigation measures can be outlined as follows:

Table 13: Risk management

Outcome	Key Risks	Risk Mitigations
Optimised use of non-standardised construction related products and systems.	Products and systems failures.	Issue, amend, suspend, reinstate, withdraw or renew an ASA Certificate.
Transformed Built Environment.	Market dominance by the same stakeholders and inventors.	<ul style="list-style-type: none"> Awareness programmes on non-standardised construction related products and systems certified by ASA. Encourage innovation in respect of the technical, socio-economic and regulatory aspects of a non-standardised construction related products and systems certified by ASA.
Quality assurance.	Weak quality assessment controls.	Monitor and evaluate the quality management systems of certified construction related products and systems.
Broadened geographic footprint of non-standardised construction related products and systems.	Non-compliant construction related products and systems.	Support and promote the introduction and use of certified non-standardised construction related products and systems in the local or international market.





PART D

Technical Indicator Descriptions



Part D: Technical Indicator Descriptions

Indicator 1: Optimised use of non-standardised construction related products and systems.

Indicator title:	Percentage of non-standardised construction related products and systems certified within agreed timeframe.
Definition:	The indicator seeks to clarify the timeframes within which the organisation conducts technical assessment of innovative and non-standardised construction related products and systems.
Source of data:	Registered projects, inspections reports, invoices, Evaluation Status Report, technical assessment offers, assessment reports, Projects Committee Minutes and TECO Minutes. The data will be collected from the Technical Assessments Department as well as from the Board Secretary (TECO Secretary).
Method of calculation:	Count the number of non-standardised construction related products and systems certification projects processed and certified within planned project timelines and express as a percentage of total number of non-standardised construction related products and systems certification requests registered with the Technical Assessments department. <u>Count the number of non-standardised construction related products and systems certification projects processed and certified within planned project timelines.</u> <i>Total number of non-standardised construction related products and systems certification requests registered.</i>
Means of verification:	List of Certificates presented to TECO (approved, deferred and non-approved).
Assumptions:	Completeness of data.
Disaggregation of beneficiaries (where applicable):	All South African citizens.
Spatial transformation (where applicable):	This indicator contributes to economic transformation and job creation.
Calculation type:	Cumulative.
Reporting cycle:	Annual.
Desired performance:	90% of projects processed within agreed timeframes.
Indicator responsibility:	Executive Manager: Technical Services.

Indicator 2: Transformed Built Environment.

Indicator title:	Number of designated groups participating in the Enterprise Development Programme.
Definition:	The indicator seeks to promote the use of certified non-standardised construction related products and systems amongst designated groups.
Source of data:	Registered projects, inspections reports, invoices, Evaluation Status Report, technical assessment offers, assessment reports, Projects Committee Minutes and TECO minutes. The data will be collected from the Technical Assessments Department, as well as from the Board Secretary (TECO Secretary).
Method of calculation:	Count the number of participants from designated groups participating in the Enterprise Development Programme and express as a percentage of total the number of participants in the same period. <u>Count the number of participants from designated groups participating in the Enterprise Development Programme.</u> <i>Total the number of participants in the same period.</i>
Means of verification:	EDP Certificate.
Assumptions:	Completeness of data.
Disaggregation of beneficiaries (where applicable):	
Spatial transformation (where applicable):	This indicator contributes to economic transformation and job creation.
Calculation type:	Cumulative.
Reporting cycle:	Annually.
Desired performance:	10%
Indicator responsibility:	CFO and Executive Manager: Technical Services.

Indicator title:	Percentage of procurement spend for bids awarded to designated groups in line with Preferential Procurement Regulations 2017.
Definition:	This indicator seeks to measure the procurement spend for bids awarded to designated groups in line with Preferential Procurement Regulations 2017.
Source of data:	Registered projects, inspections reports and Evaluation Status Report. The data will be collected from the Department.
Method of calculation:	Count the procurement spend for bids awarded to designated groups in line with PPR 2017 and express as a percentage of total procurement spend to over the same period. <u>Count the procurement spend for bids awarded to designated groups in line with PPR 2017.</u> <i>Total amount of procurement spend in the same period.</i>
Means of verification:	List of approved certificates.
Assumptions:	Completeness of data.
Disaggregation of beneficiaries (where applicable):	All South African citizens.
Spatial transformation (where applicable):	This indicator contributes to economic transformation and job creation.
Calculation type:	Cumulative.
Reporting cycle:	Annual.
Desired performance:	10%
Indicator responsibility:	Executive Manager: Technical Services.



Indicator 3: Quality Assurance.

Indicator title:	Percentage of certificates audited for compliance and quality management.
Definition:	This indicator seeks to ensure that quality of certified products and systems is upheld.
Source of data:	Quality management inspection reports and quality assurance reports. The data will be collected from the Quality Assurance Department.
Method of calculation:	Count the number of quality and compliance inspections conducted for certificates in use and express as a percentage of total number of Agrément certificates in use. <u>Count the number of quality and compliance inspections conducted for certificates in use.</u> <i>Total number of Agrément Certificates in use.</i>
Means of verification:	Quality assurance inspection reports.
Assumptions:	All certificates paying annual fees are in use. Completeness of data.
Disaggregation of beneficiaries (where applicable):	All South African citizens.
Spatial transformation (where applicable):	This indicator contributes to economic transformation and job creation.
Calculation type:	Cumulative.
Reporting cycle:	Annual.
Desired performance:	90%
Indicator responsibility:	Executive Manager: Technical Services.

Indicator 4: Broadened geographic footprint of non-standardised construction related products and systems.

Indicator title:	Increase in the use of certified non-standardised construction related products or systems across South Africa/Africa/world.
Definition:	The indicator seeks to increase the use of certified non-standardised construction related products and systems in all nine provinces of South Africa.
Source of data:	<p>Agreements entered into with local and provincial specifiers that promote the use of certified non-standardised construction products and systems in their specifications.</p> <p>The data will be collected from Technical Assessment Unit and Quality Assurance unit.</p>
Method of calculation:	Number of agreements entered into with local and provincial government departments across the country.
Means of verification:	Signed agreements.
Assumptions:	Specifiers' buy-in.
Disaggregation of beneficiaries (where applicable):	All South African citizens.
Spatial transformation (where applicable):	This indicator contributes to economic transformation and job creation.
Calculation type:	Cumulative.
Reporting cycle:	Annual.
Desired performance:	Signed agreements covering all nine provinces.
Indicator responsibility:	Executive Manager Technical Services.

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