

National Department of Public Works

Government-wide Immovable Asset Management Bill

Portfolio Committee on Public Works
03 May 2006



public works
Department of
Public Works
REPUBLIC OF SOUTH AFRICA

Content

1. Introduction
2. The need for GIAMA
3. Legal framework of GIAMA
4. Objectives of GIAMA
5. Principles of Immovable Asset Management
6. Guidelines & Requirements
7. Immovable Asset Management Plans
8. Responsibility of User
9. User Asset Management Plans
10. Responsibility of Custodian
11. Custodian Asset Management Plans
12. Norms and Standards
13. Applicability of GIAMA
14. Conclusion



public works
Department of
Public Works
REPUBLIC OF SOUTH AFRICA

1. Introduction

This presentation aims to highlight the objectives, principles and timeframes pertaining to the proposed legislation to govern the life-cycle management of immovable assets throughout Government.



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

2

2. The need for GIAMA

- Government is confronted with service delivery needs which must be matched with efficient and effective use of resources, including immovable assets.
- Government's extensive and diversified immovable assets have a significant impact on the overall macro-economic, socio-political & physical landscape.
- Decisions on immovable assets have long-term implications and should be based on the full impact of costs over the expected lifespan of such assets.
- It is therefore imperative that Government's immovable assets be managed in a uniform, efficient, effective and accountable manner.



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

3

3. Legal framework of GIAMA

- The Constitution mandates the National Government to pass legislation for all spheres of government if the purpose is to establish uniformity and to set minimum norms and standards with regard to service delivery.
- Cabinet mandated the Minister of Public Works to develop a policy framework to govern the management of immovable assets throughout Government and to implement that policy by means of legislation, stating:
"...there needs to be new legislation and regulations that govern the maintenance, handling and disposal of immovable assets". [Item 1.2.9 of Minutes of Cabinet, 2 April 2003]



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

4

4. Objectives of GIAMA

GIAMA will make it incumbent on national & provincial departments to promote Government's objectives through the management of immovable assets under their control. The objectives of the legislation are to:

- Provide a uniform immovable asset management framework to promote accountability & transparency.
- Ensure effective immovable asset management within government departments.
- Ensure alignment of the use of immovable assets with the service delivery objectives of departments, to ensure the efficient utilisation of such assets.
- Optimise the cost of immovable assets allocated to government departments.
- Enable the submission of better quality information regarding immovable asset related needs into the budgeting process, which in turn will result in improved budgeting for capital works, maintenance and operating costs



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

5

5. Principles of Immovable Asset Management

The management of immovable assets as defined in GIAMA must comply with the following principles of immovable asset management:

- 1) IAM must comply with existing legislation (e.g. PFMA, OHSA & sector specific legislation); government policies (e.g. Batho-Pele & access for disabled persons to public buildings) and regulations (e.g. Building Regulations)
- 2) Strategic planning and management of immovable assets are key corporate activities and need to be considered together with other strategic planning (e.g. human resources & information technology).



public works
Department
Public Works
REPUBLIC OF SOUTH AFRICA

6

Principles of Immovable Asset Management (Continued)

- 3) Immovable assets should exist to support the service delivery objectives of the organ of state.
- 4) Immovable assets with strategic importance to Government should not be disposed of.
- 5) Required resources must be allocated to optimise utilisation of and expenditure on immovable assets.
- 6) Before deciding to acquire new immovable assets, organs of state must consider all relevant factors including non-asset solutions, full life-cycle costing, risk analysis and the optimal use of existing immovable assets.



public works
Department
Public Works
REPUBLIC OF SOUTH AFRICA

7

Principles of Immovable Asset Management (Continued)

- 7) In asset management decisions, organs of state should take into account the preservation of heritage, cultural and environmental values.
- 8) Immovable asset management decisions should meet the needs of the present without compromising the needs of future generations.
- 9) Immovable asset management must be aimed at the improvement of health and safety in the working environment.
- 10) Immovable asset management must be aimed at reducing the overall cost of service delivery through the optimal allocation of resources.



6. Guidelines & Requirements

The proposed legislation will empower the Minister of Public Works to determine immovable asset management guidelines and minimum requirements that will -

- a) complement general asset management guidelines issued by National Treasury in terms of the PFMA;
- b) provide a framework for the management of immovable assets throughout their life-cycle, encompassing -
 - Strategic planning;
 - Acquisition (buy, build or lease);
 - Maintenance & management; and
 - Disposal.



Guidelines & Requirements (Continued)

- c) address the minimum content, format and processes required to compile immovable asset management plans;
- d) provide a planning framework for custodians to implement a portfolio management function;
- e) provide a framework to facilitate benchmarking, condition assessment and performance measurement of immovable assets; and
- f) prescribe the minimum information required to manage immovable assets.



7. Immovable Asset Management Plans (AMPs)

- All national and provincial departments will be required to compile an AMP that will form part of the annual strategic planning & budgeting processes of Government.
- Departments responsible for custodial functions i.r.o. immovable assets will compile a custodian AMP (C-AMP), whereas users of immovable assets will compile a user AMP (U-AMP).
- An AMP must cover all the immovable assets which that custodian/user department controls/uses or intends to control/use (State-owned and leased assets).



Immovable Asset Management Plans (Continued)

- Custodians and users of immovable assets should jointly conduct the annual strategic planning process. Custodians must assist users by availing information pertaining to the performance of immovable assets allocated to such users.

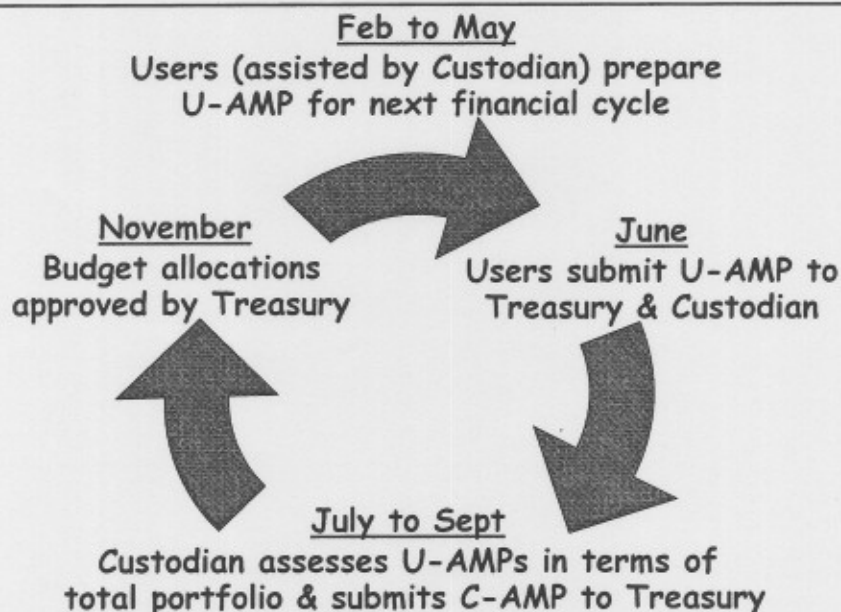
[This includes the analysis of such information in a manner that would enable users to make informed decisions]

- All AMPs must be submitted to the relevant Treasury annually (on a date to be determined by that Treasury).
- AMPs must inform the annual budgetary process and must be revised once budget allocations are finalised.
- Revised AMPs must be included in the annual strategic plans of government departments.



public works
Department
Public Works
REPUBLIC OF SOUTH AFRICA

12



public works
Department
Public Works
REPUBLIC OF SOUTH AFRICA

13

8. Responsibility of User

A user of immovable assets utilises such assets to give best effect to its functions and therefore must produce a user asset management plan (U-AMP) to ensure:

- accountable, fair and transparent utilisation of immovable assets;
- effective, efficient and economic use of immovable assets;
- reduced overall cost of service delivery;
- reduced demand for new immovable assets.



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

14

9. User Asset Management Plans

The U-AMP enables the accounting officer of a user to:

- assess the utilisation of accommodation in terms of service delivery objectives;
- assess the functional performance of accommodation;
- prioritise the need for repair, upgrade or refurbishment of state-owned accommodation;
- plan for future accommodation needs;
- communicate these needs to the custodian in a structured fashion; and
- secure funds to pay for utilisation of assets (accommodation charges and new leases).



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

15

10. Responsibility of Custodian

Custodians are responsible for the efficient & effective management of immovable assets throughout their life-cycle and therefore must produce a custodian asset management plan to ensure that immovable assets are:

- provided in a transparent & cost effective manner to meet the service delivery requirements of users;
- maintained in the state in which they would optimally support service delivery objectives;
- assessed in relation to performance, suitability, condition & effect that condition of an asset has on service delivery ability; and
- disposed of if the assessments so indicate.



public works
Department of
Public Works
REPUBLIC OF SOUTH AFRICA

16

11. Custodian Asset Management Plans

The C-AMP enables the accounting officer of a custodian to:

- consolidate and assess users' needs in terms of the total asset portfolio, by means of options and feasibility analyses and economic appraisals (best value);
- determine full cost of immovable asset use;
- plan for implementation of acquisition, repair & maintenance, refurbishment and disposal of assets;
- monitor performance of assets in terms of value, utilisation, life-cycle costs, condition, occupational health & safety and service reliability;
- plan to provide appropriate assets to users to fulfil service delivery needs at true cost.



public works
Department of
Public Works
REPUBLIC OF SOUTH AFRICA

17

- Functional Assessment of Immovable Assets
- Space & cost norms
- Valuation of immovable assets
- Feasibility Analyses
- Option Analyses
- Immovable Asset Registers



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

18

- Due to (a) complexity of legislation governing Local Government and (b) the varying levels of autonomy of Public Entities, more extensive consultation is needed before legislation applicable to such organs of State can be submitted.



public works
Department of Public Works
REPUBLIC OF SOUTH AFRICA

19

14. Conclusion

- NDPW has consulted with all National and Provincial Departments on the GIAMA policy and their comments have been incorporated in the Bill.
- In particular, NDPW continually consults with National Treasury to ensure consistency with the *Public Finance Management Act* (PFMA) and its regulations, as well as National Treasury's *Asset Management Guideline*.
- In anticipation of the enactment of the legislation, NDPW has developed comprehensive guidelines for the compilation of U-AMPs and C-AMPs.



Conclusion (Continued)

- As a pilot project, a U-AMP has been developed for the Dept of Home Affairs. Similarly, NDPW will actively assist all other national government departments in the compilation of their U-AMPs.
- This process of engagement between custodians and user departments on the requirements of GIAMA will in due course be rolled out to provincial governments.
- The regulations and guidelines to be issued in terms of GIAMA will also play an important role as part of Government's ASGISA strategy to improve the maintenance of the country's infrastructure.

-ooOoo-

