



Public Hearings on

**Government Immovable Assets Management
Bill [B1-2006]**

Portfolio Committee on Public Works

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6-7 March 2007



Agenda

1. Lamacs Solutions (Pty) Ltd
2. Our objectives here today
3. The immovable asset management imperative
4. Our comments on the Bill
5. END

Our objectives here today

1. Share our insights and achieve common understanding
2. Impact the definition of GIAMA
3. We want to assist in resolving the problem
4. Our vested interest
 1. We are South Africans – we pay tax
 2. This domain is our core, only business

Multi-dimensional imperatives behind GIAMA

1. **Strategic** imperative

1. Government is by far the largest property owner
2. Socio economical issues
3. By far most valuable (R) asset

2. **Legal** imperative

1. PFMA, MFMA, GIAMA, Land Reform, Vesting, Tenure Upgrade

3. **Financial** imperative

1. Property Portfolio involves massive budgets – income, expense

4. Demands for **effectiveness** – **objectives** must be achieved across all imperatives

5. Demands for **efficiency** – achieve objectives **cost effectively**

6. **Risk management** imperative – across all imperatives

Bottomline - **National Strategic Asset**

Comment 1 – GIAMA is groundbreaking

- GIAMA is milestone legislation
 - PFMA, MFMA are laws that acknowledge that **money** is an asset
 - Labour laws acknowledge that **staff** are assets
- GIAMA is an acknowledgement that **property** is an asset !
 - Represents a fundamental paradigm shift
 - The 90% current definition of “asset” = tables and chairs

Comment 2 – Administration business system must be mandated

- Administration can be defined as:
 - Trained people that “progress” business events through a pre-defined process supported by an information system, e.g. finance, HR
 - Administration generates information
 - Administration gives control
 - Administration precedes management – critical success factor to management activity
 - **The health of an administration process is measured by the information that it produces**

You cannot manage if you do not administrate

Administration

- In this light.....
- We want to caution against “maintenance silver bullet” - much wider picture that must be addressed
- It is our contention that the level of planning as articulated in the act is not possible with the current levels of information available
- A comprehensive business system must be established
- We suggest that explicit mention is made of the requirement for administration systems e.g MFMA Sec63
 - People, process, information systems
- If this is not standardised, e.g. GRAP, consistent aggregation of information and measurement against benchmarks and standards will not be possible !
- Audit standard – 4 assertions – not possible at all without administration processes and systems

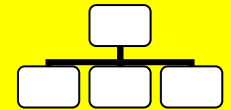
An administration and management framework

Contextualised by Regulatory and Enterprise policy framework

Property Management performed by

- Asset Management - Policy implementation - Risk Management - Revenue/Expenditure Management - Contract Management - Capacity Management – Reporting - Trends Analysis – Property Portfolio Management

management team



Property Administration performed by

Administrate land parcel
Ownership
Acquisitions
Disposals
Classification
Valuation
Sub-division

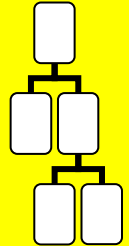
Administrate land object
Classification
Valuation
Inspections
Space

Administrate Maintenance
Proactive
Reactive
Service providers
Call centre
Maintenance SLA
Budgeting

Administrate usage
Leases
Servitudes
Mining rights
Water rights
Rentals
Other usage
Age analysis

Effecting of transactions
Invoicing
Receipting
Escalations
Payments
Integration with other systems

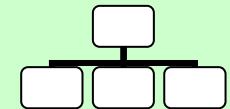
admin staff



Information system supported by



appropriate team



Sharing of information with external parties

CALL DESK – queries, maintenance requests, complaints
Other enterprise systems integration, e.g. financial system, GIS
Management Information Systems (Business Intelligence)
External interested stakeholders

Resultant from Administration & Info sys

1st Priority

Critical to 1st priority

Resultant from Administration & info sys

Comment 3 - The GIAMA “eco system” must be established

- PFMA, MFMA (asset legislation) – the full interdependent system
 - a) GRAP is a **standard of administration and reporting**
 - b) **AG measures compliance** to GRAP – by implication MFMA, PFMA
 - c) Tertiary **training, job descriptions, accreditation** is done in support of GRAP
 - d) A massive **industry** functions around this standard, (also Labour Laws)
 - a) Software vendors, training, research, consultants, auditors, best practice
 - e) The **Financial Management discipline** is built around this standard, i.e. GRAP.
 - a) Mission critically dependant on the three components of administration, i.e. people, process, information system
- **These components are mutually inclusive and this “system” ensures that the legislation works**

We are suggesting a similar “system” structure to be established for GIAMA

- Proactively flesh out on the GIAMA “system”:
 - a) “GRPP” is a **standard of administration and reporting**
 - b) **AG measures compliance** to GRPP – by implication GIAMA
 - c) Tertiary **training, job descriptions, accreditation** is done in support of the “standard”
 - d) A mechanism to **formalise an industry** expand around this standard
 - a) Software vendors, training, research, consultants, auditors, best practice
 - b) This is the incentive to ensure continues investment and improvement
 - e) The **Property Management discipline** to be emerge around this standard
 - a) Mission critically dependant on the three components of administration, i.e. people, process, information system
- **It is this complete “eco system” that will ensure that your objectives with GIAMA are achieved**
- **No time to allow it to grow organically**
- **It is our contention that without this fleshing-out GIAMA will not be enforceable, measurable**

Comment 4 – Definition of asset must be expanded

- The act must have a comprehensive definition of what constitutes an “immovable asset”
- The act must make explicit distinction between infrastructure and non-infrastructure assets
 - Different in their attributes, useful life, administration and management paradigms, maintenance regimes, etc.

Conclusion

- There are organisations and individuals that collectively have the answers to the problems
- They can also assist in the exploitation of opportunities, not just solve problems
- This that we had the opportunity to share is just the tip of the iceberg – there is more !!

END

Questions ?

