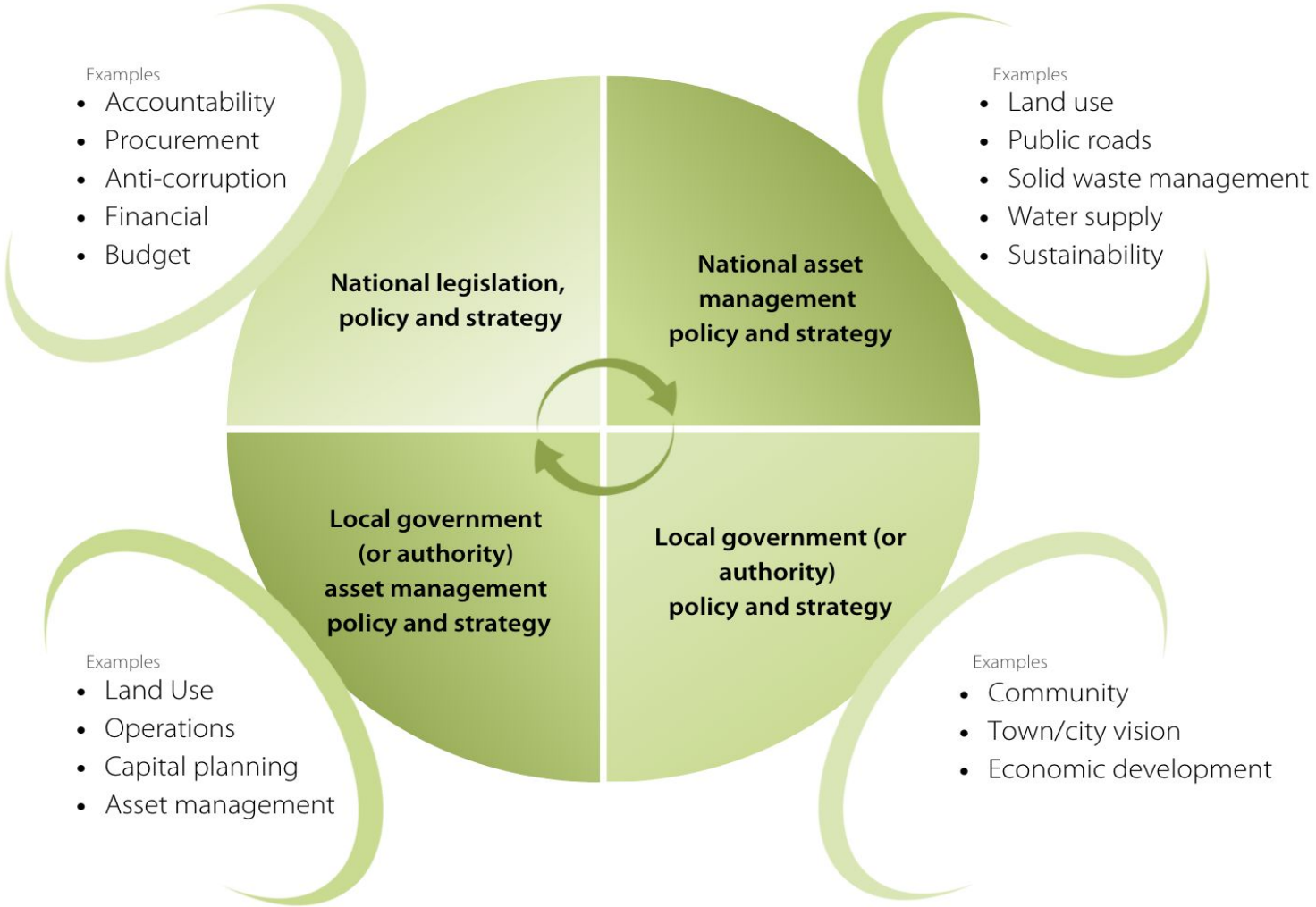
Asset Management Framework & the Enabling Environment

Linda Newton, Ph.D.

Outline

- The Big Picture
- Asset management framework
- Asset management enablers

The Big Picture



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Legislation

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National Legislation /Policy

- Generally Recognised Accounting Practice (GRAP)
  - Asset Classification Decision Tree
- Public Procurement Act 28 of 2024
- Local Government: Municipal Finance Management Act 56 of 2003
- Municipal Structures Act
- Public Finance Management Amendment Act 29 of 1999
- Public Administration Management Act 11 of 2014

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National AM

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Asset Management Legislation /Policy

Direction

- National Building Regulations and Building Standards Amendment Act 49 of 1995
- South African National Water Resources Infrastructure Agency Soc Limited Act Act 34 of 2024
- Electricity Regulation Amendment Act 38 of 2024
- National Environmental Management Laws Amendment Act 2 of 2022
- Road Traffic Management Corporation Act 20 of 1999
- National Sanitation Policy 2016

Guidance

- Guidelines on Asset Management
- National Development Plan (NDP 2030)
- Medium Term Development Plan 2024-2029
- Integrated Development Plans (IDPs)
- National Waste Management Strategy
- Local Government Capital Asset Management Guide 2008
- Asset Transfer Guide

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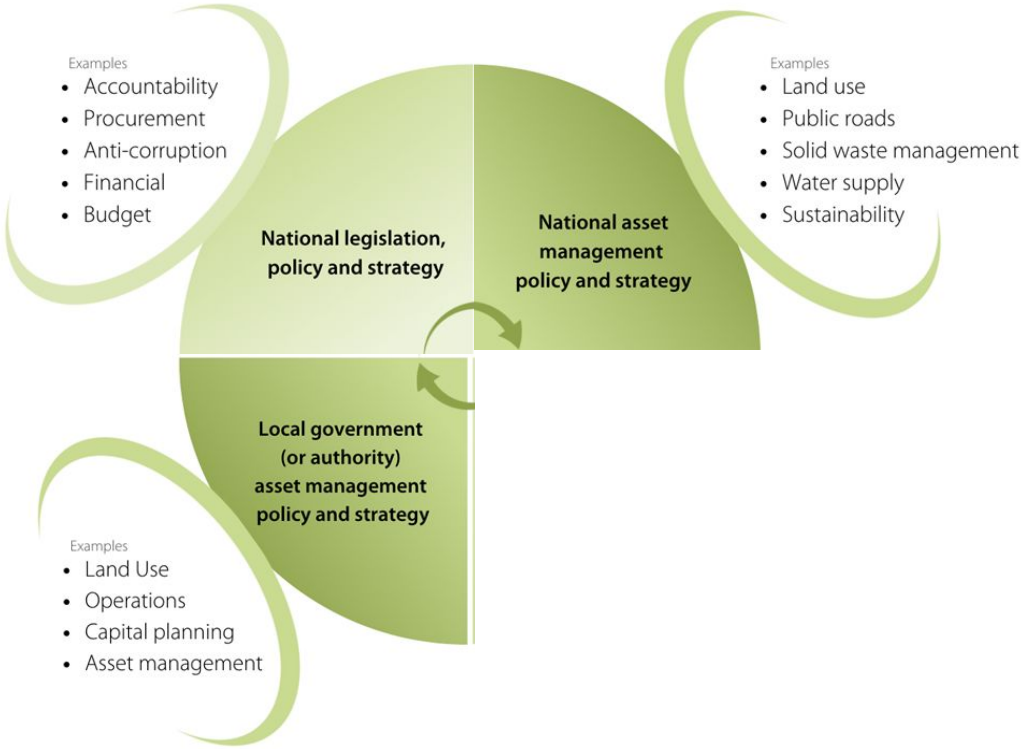
Local Government



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Local Government AM

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Operational policies and procedures examples

Policy

- Furniture and Equipment Policy
- Heritage Policy
- Tractor management policy
- Capital Assets Directive
- Water Utilities Policy
- Machine Policy
- Maintenance Policy and Schedules

Procedures/Guidelines

- Guideline for Tracking Assets
- Guidelines Capital Asset Verification
- Building Condition Report Guideline and Template
- Capturing Data in Inventory System Process

The Big Picture ‘Clock’

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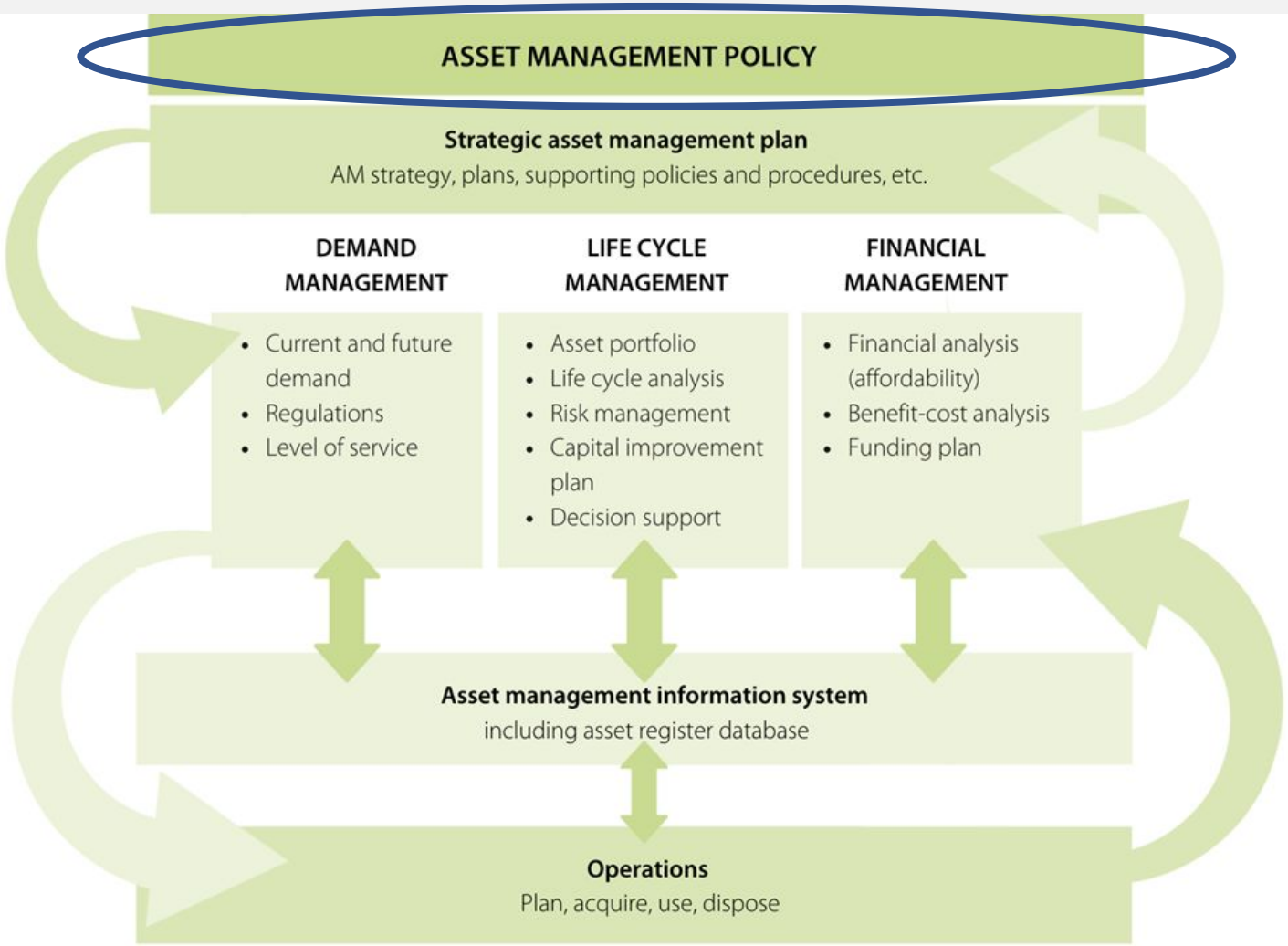
Asset Management Framework

WHY?



WHAT?

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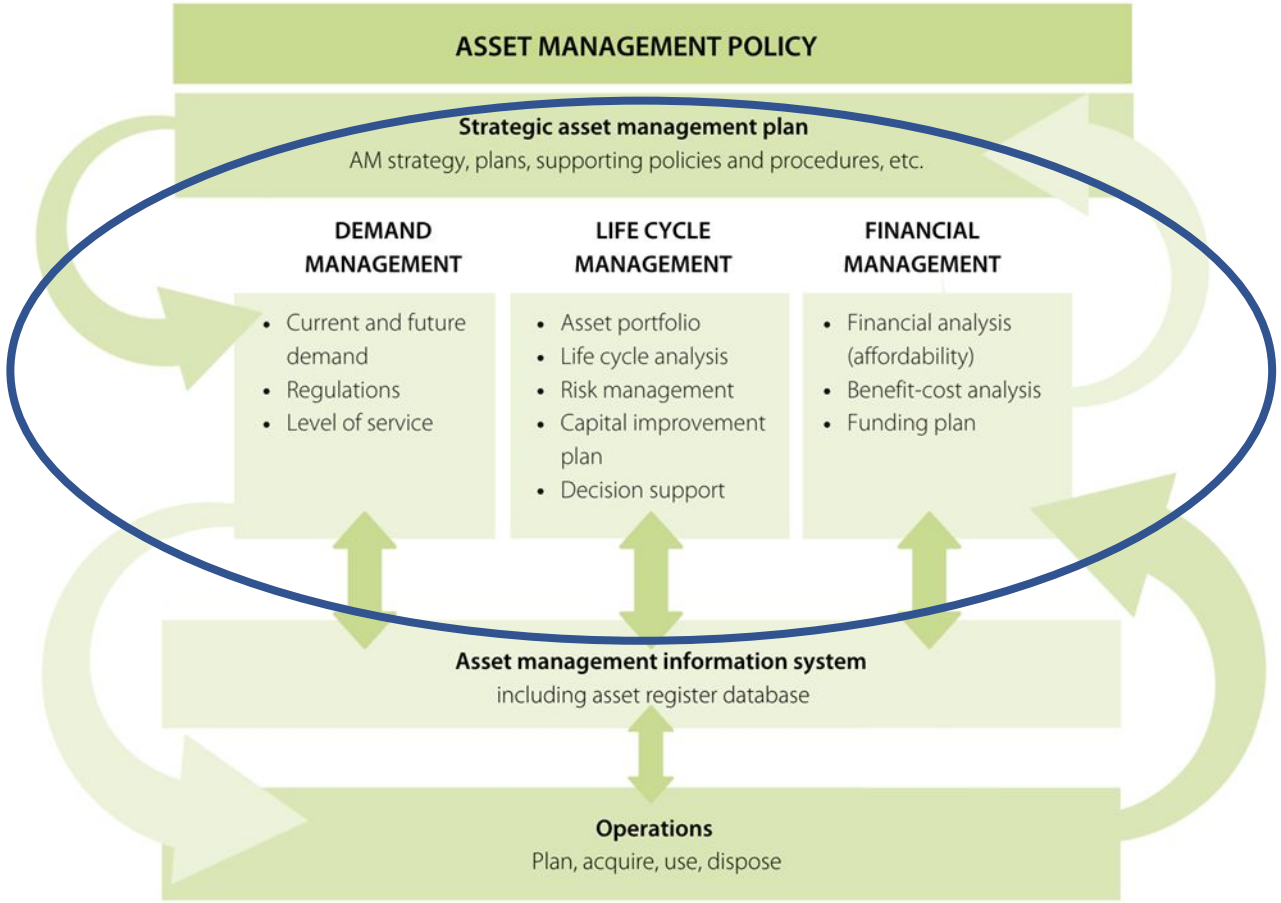
Asset Management Policy

- General principles and requirements for AM
- Linked to local government's strategic plan
- Content:
  - Organisational context/vision/goals
  - AM vision/goals
  - Principles
  - Supporting policies
  - AM roles and responsibilities

Asset Management Direction

HOW??



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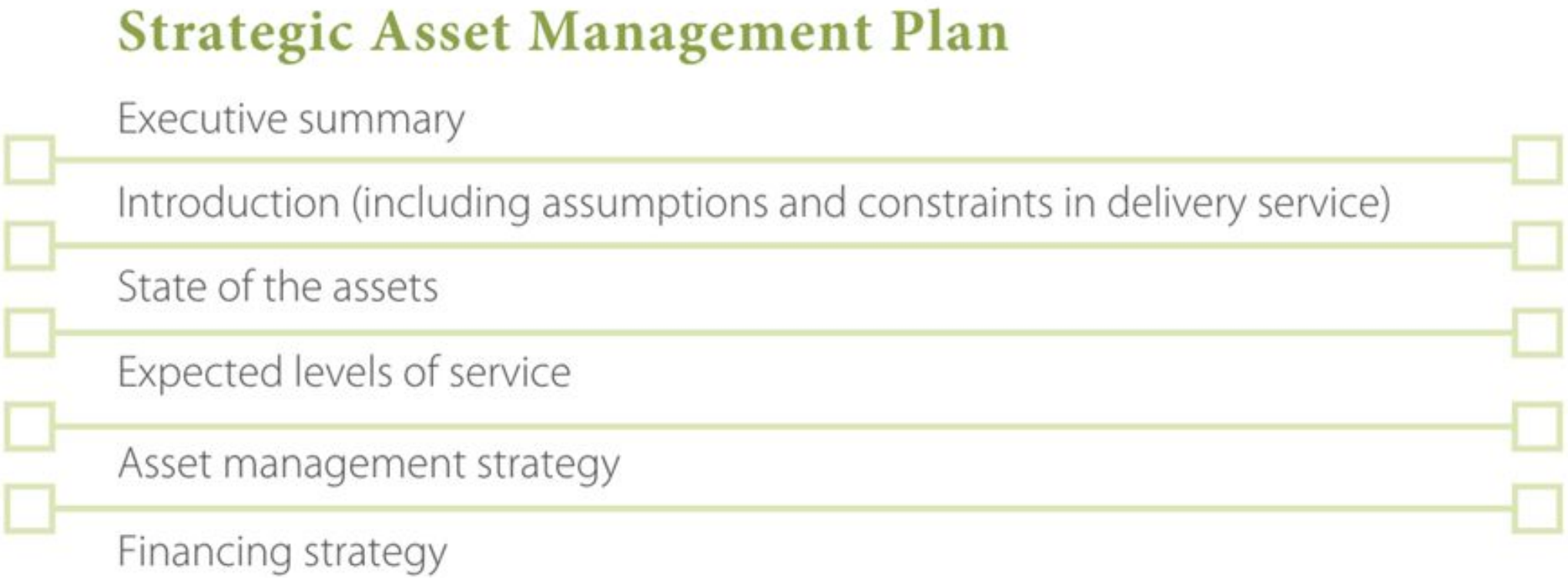
The AM Strategy

- AM vision
- Goals & objectives

The AM Plan

- Required Levels of Service (LOS) for assets
- AM resources, responsibilities
- Performance measures
- Complemented by other plans
  - Land Use Development Plan

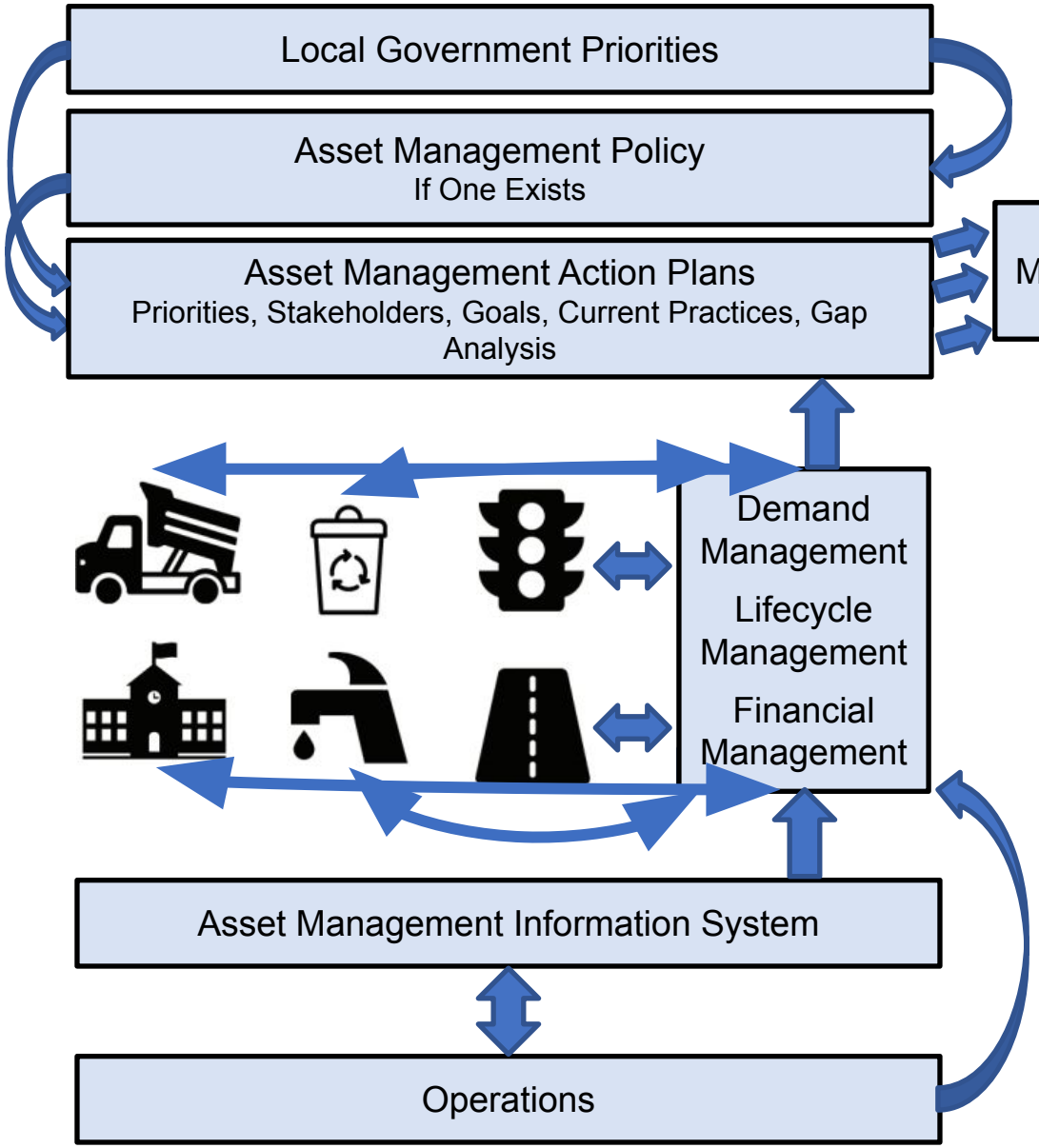
The Strategic Asset Management Plan (SAMP)



Adapted from GIZ, p. 29.

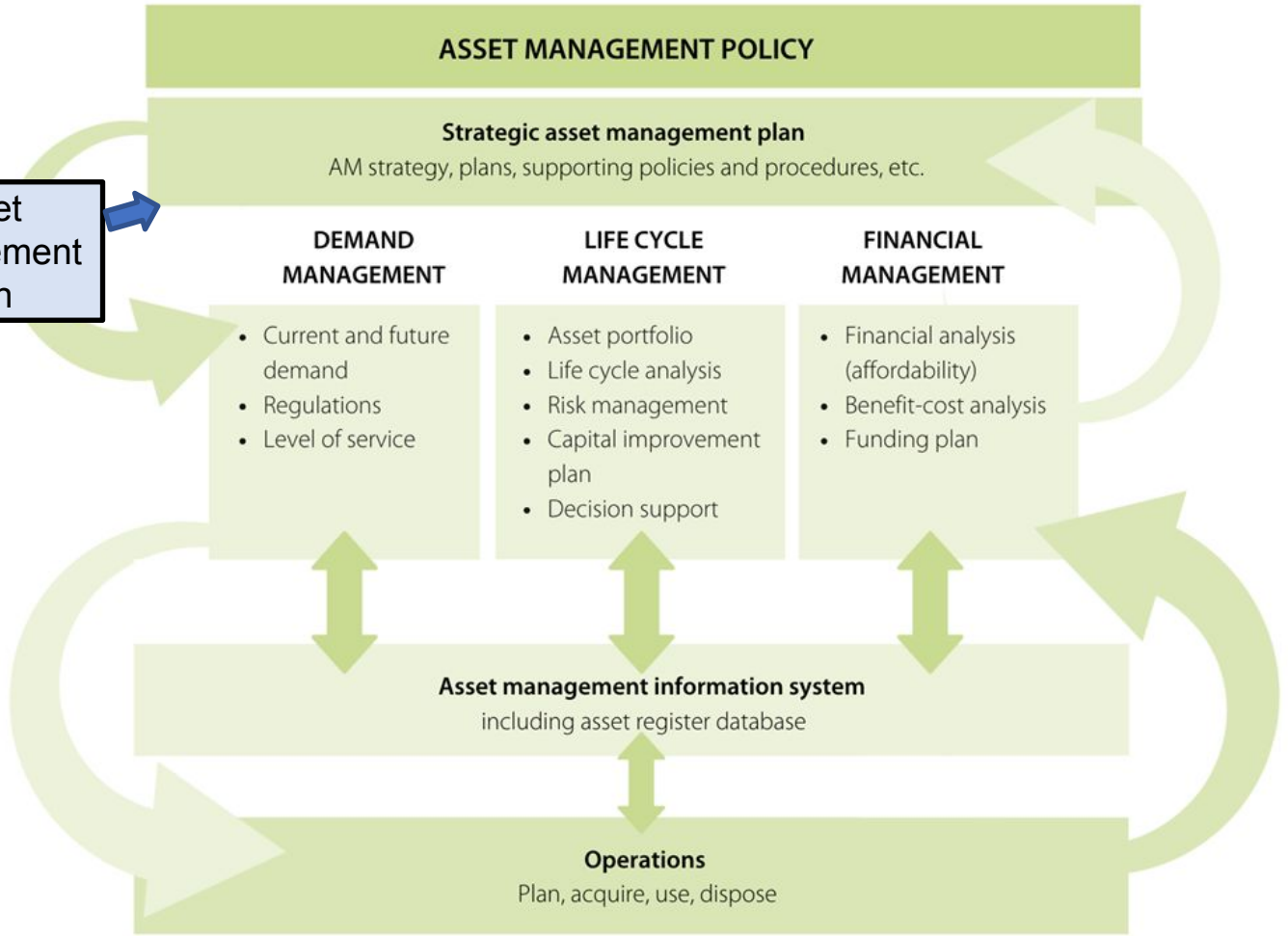
Where You Are Now

Asset Management Action Plan Process



Where You Are Headed

Asset Management Framework



Enabling Asset Management

Asset Management Enablers

People

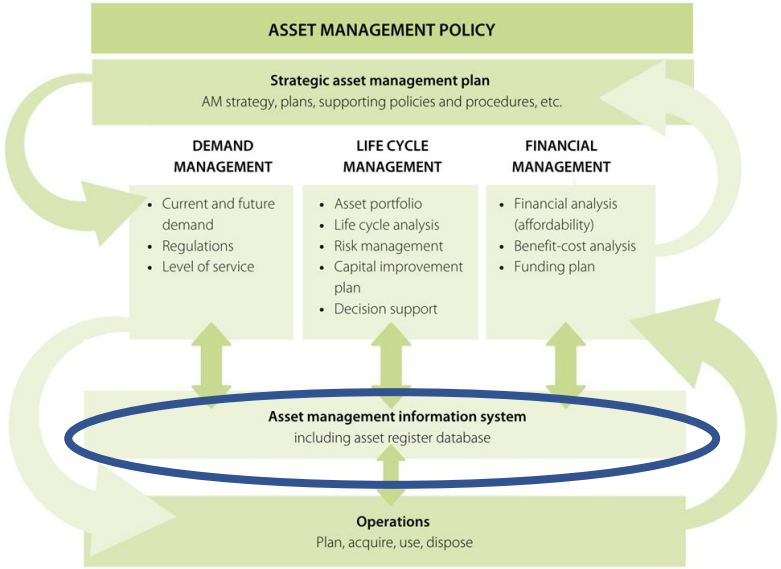
Competent & qualified
Trained
Dedicated

Technology that meets your needs

Assessment tools
Simple spreadsheets
Databases

Resources

Equipment
Material



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Central Government Enablers

Forms of direct support

Data management

- Maintaining databases of asset inventory
- Producing maps of asset inventory

Advisory services

Evaluating asset condition and remaining value

Providing advice on maintenance programmes and capital investment plans

Forms of indirect support

Capacity development

- Curating guides and best practices
- Funding development of tools
- Subsidizing AMAP development and use of expert consultants
- Subsidizing training from third parties

Legislative, regulatory and policy environment

Reviewing and revising existing norms, rules and regulations to promote local asset management

Intergovernmental transfers

Grants and loans that finance and incentivize sustainable local asset management

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Elements of Success

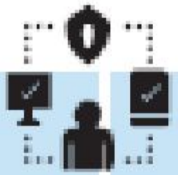
Elements of success

Align funding incentives

Align incentives with local priorities and principles of local decision-making and long-term planning.

Involve stakeholders

External stakeholders can contribute to creating and implementing an enabling environment.



Keep asset management multidisciplinary

Asset management can benefit from integrating a broad spectrum of skills, perspectives and professional backgrounds.

Make asset management accessible

Long-term adoption of asset management entails different strategies for local governments with different capacities. Each strategy comes with its own tradeoffs and benefits.

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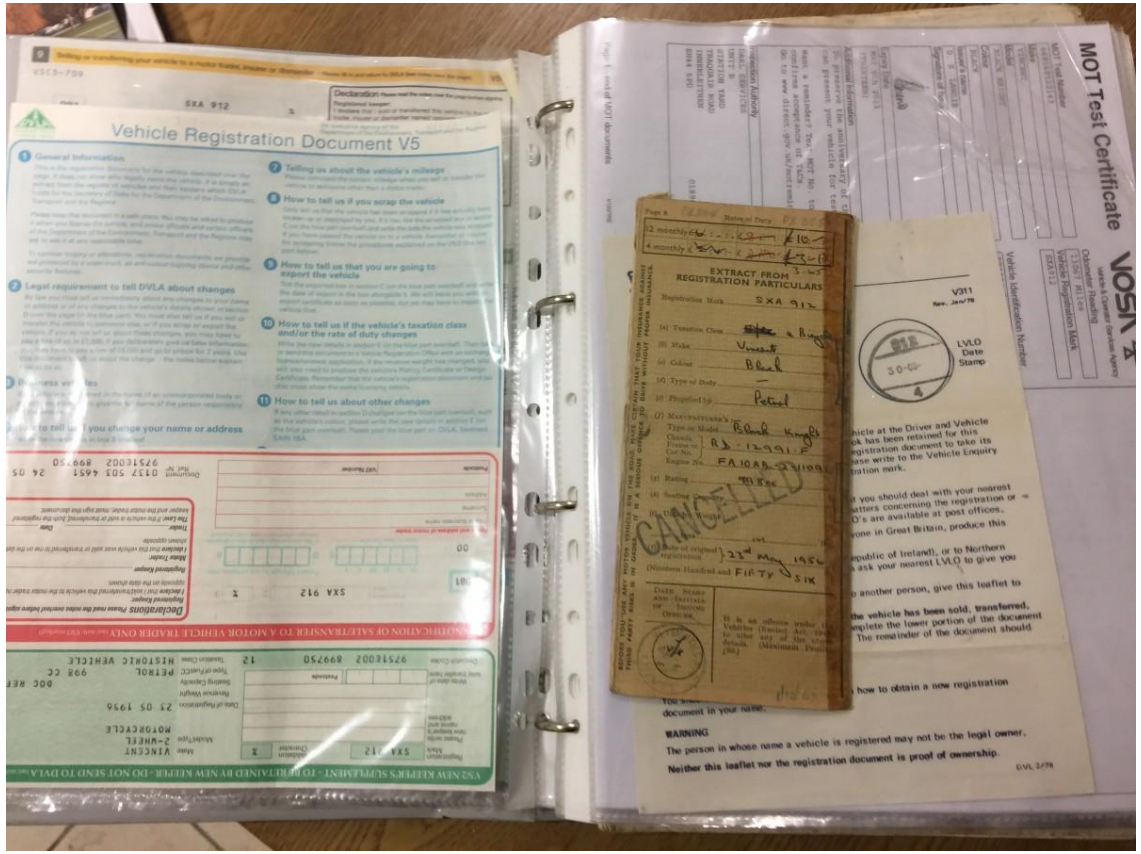
Let’s Talk about Asset Information

Asset Data

- What data will be captured (following a clear, consistent classification of assets) and why
- How the data will be captured and when
- Who will have what roles and responsibilities for data validation and verification
- How it will be used

What can I learn from my motorcycle?



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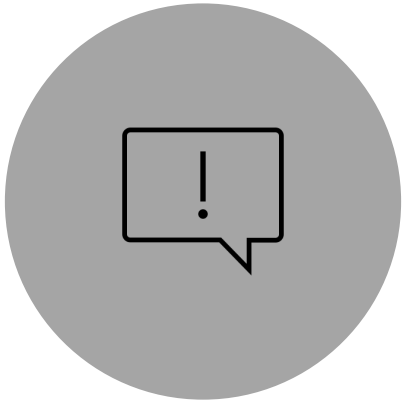
All assets are not equal

SOME ASSETS ARE MORE IMPORTANT THAN OTHERS



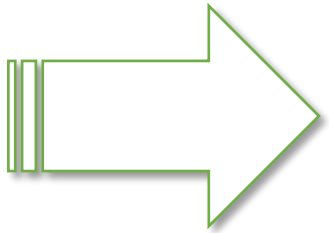
WITHOUT GOOD DATA YOU WILL NOT BE ABLE TO ANTICIPATE WHAT NEEDS REPAIR AND WITH WHAT LEVEL OF URGENCY

ONCE YOUR COMMUNITY IF HIT WITH A PROBLEM, YOU MAY NOT HAVE THE RESOURCES READY TO DEAL WITH IT

The ‘6 Ws’ drive what data needs to be collected

For each asset, we need to collect….

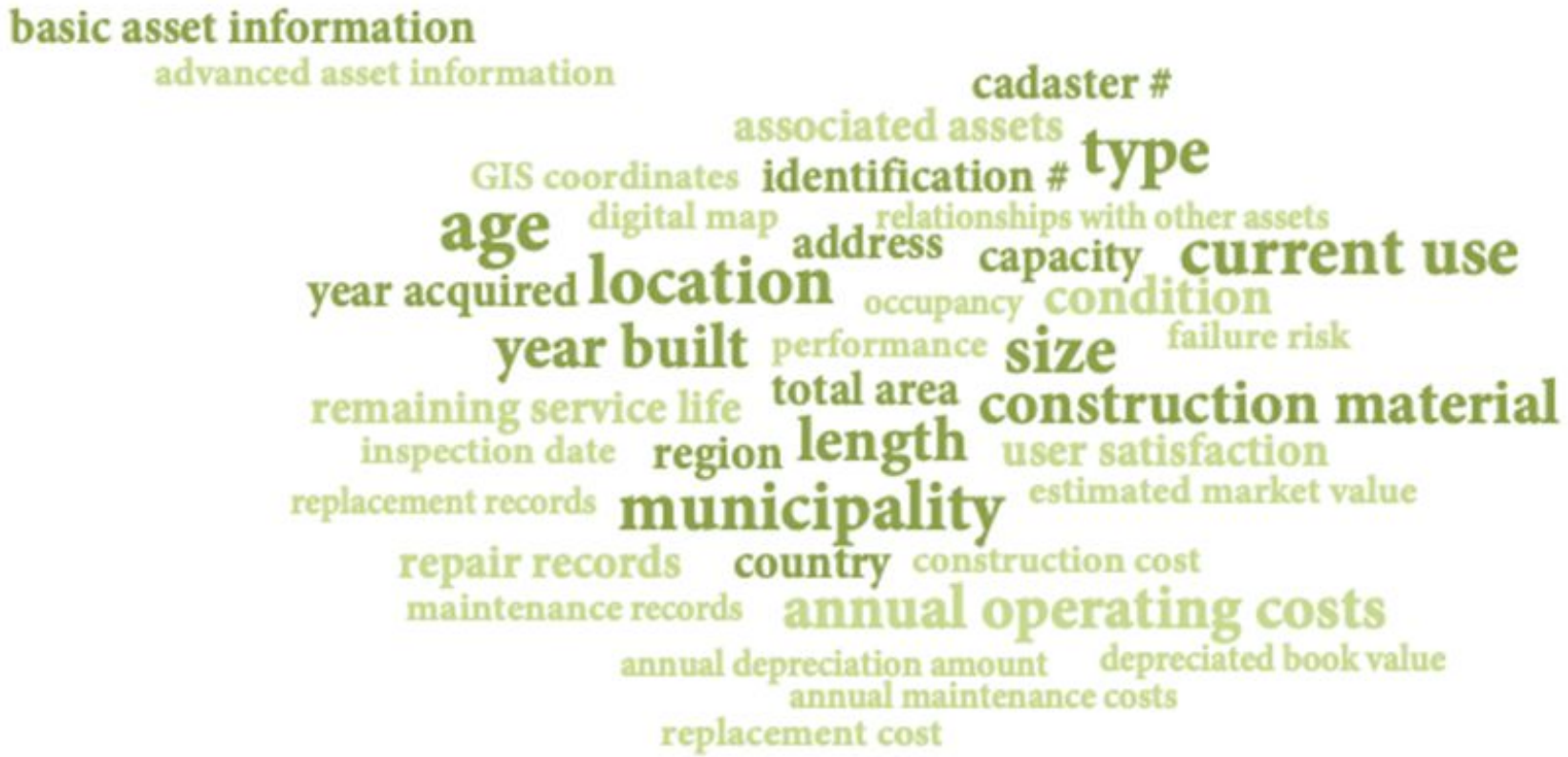
- Physical data
- Location
- Condition data
- Performance data
- Maintenance data
- Financial data



So that we know for each asset...

- Where is it located?
- What is it worth?
- What is its condition?
- What is its remaining service life?
- What is its deferred maintenance?
- What is its probability of failure?

The Asset Register



What problems do you find with the data you have on your assets?

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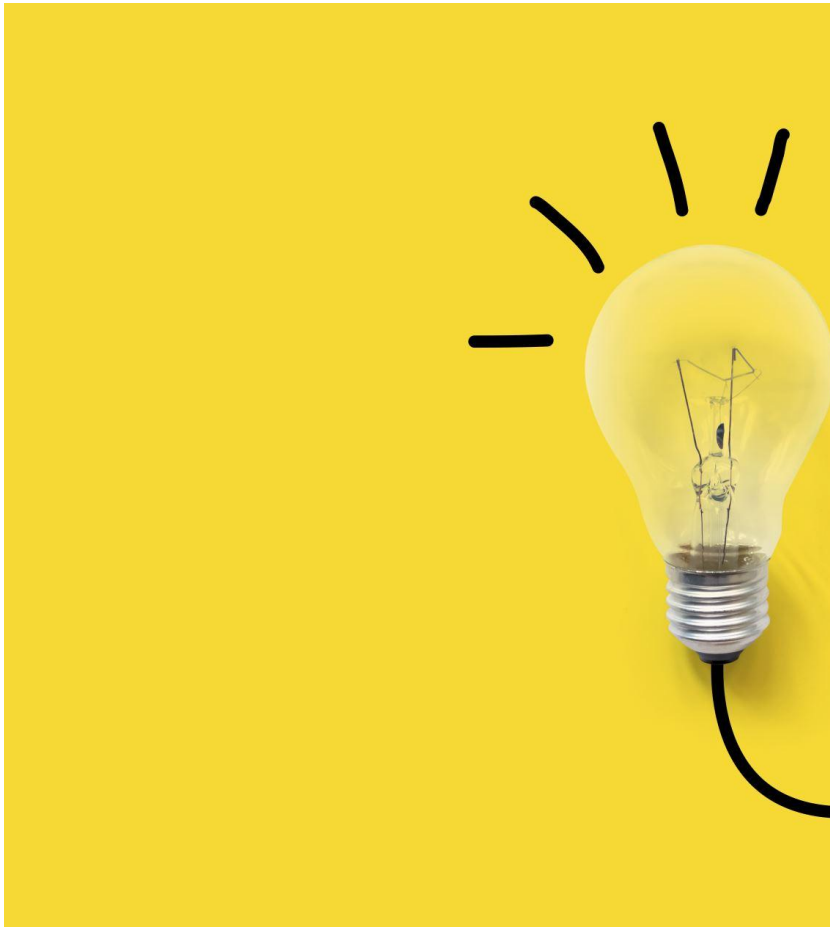
Data quality is more than accuracy



Relevance
Accessibility
Timeliness
Value-added
Interpretability
Completeness
Believability
Flexibility
Reliability
Traceability
Cost-effectiveness
Volatility
Accuracy
Concise
Security
Ease of operation
Reputation
Consistency
Amount of information
Integrity
Understandability
Objectivity
Intelligible

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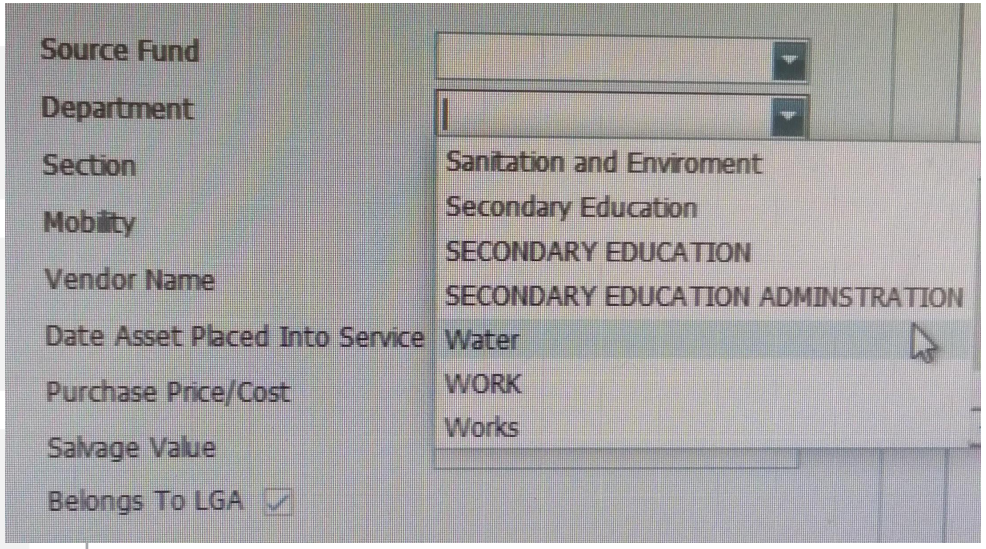
What is the impact of poor data quality?

- Searching for data
- Poor data quality leads to wrong decisions
- No trust in data
- Repeated data collection
- Diverting resources from other tasks



Poor data management can be costly for your organisation

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Developing an asset information system is not easy

The development of a full-fledged asset management information system will be a resource-intensive process.

A lot can be done with limited financial and human resources, if parties involved show genuine long-term commitment.

Even small initial steps can yield enormous payoffs.

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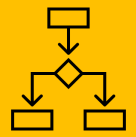
Get the basics right – don’t overcomplicate

You must select and **adopt** information processes suitable to the requirements of your own local or central government.

At the beginning, your asset information management system may simply be based on a **register of assets** that helps you identify assets that are deteriorating.



At a more advanced level, it will be more comprehensive and include **decision support tools** that show you when to renew, replace or acquire new assets.

Key takeaways

- A systematic, methodical approach to data collection will result in reliable information necessary for sound decision-making and improved service performance.
- Having good quality asset data allows governments to anticipate the resources that need to be set aside their critical assets.
- Always need to keep in mind the cost-benefit ratio of asset data while developing your asset information system.

Summary

Understand the Big Picture …

- National direction and guidance
- Local direction and guidance
- Create your asset management framework

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