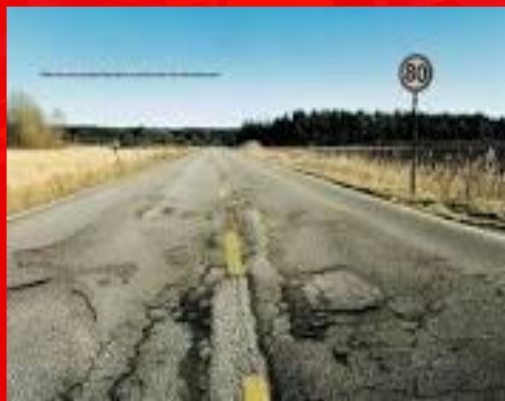


iLembe District Asset Management Forum



**By: Emmanuel Ngcobo
Chairperson: iLembe
District Asset
Management Forum**



Municipal Asset Management Practises

- Tagging assets with Barcodes/Asset Numbers
- Verification of Assets (*Good, Average, Poor*)
- Tracking Movements of Assets (*Locations*)
- Asset Take-ons/Write-offs; Disposal Processes
- Updating Asset Registers with changes as per above
- Capitalisation of Completed Projects from WIP/AUC and Componentisation
- Calculation of Depreciation
- AFS Disclosures (*Note 10;11;12; Appendix B*)

CLEAN AUDIT OUTCOME

The financial statements are free from material mis-statements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

Asset Management Concept

Back to Basics

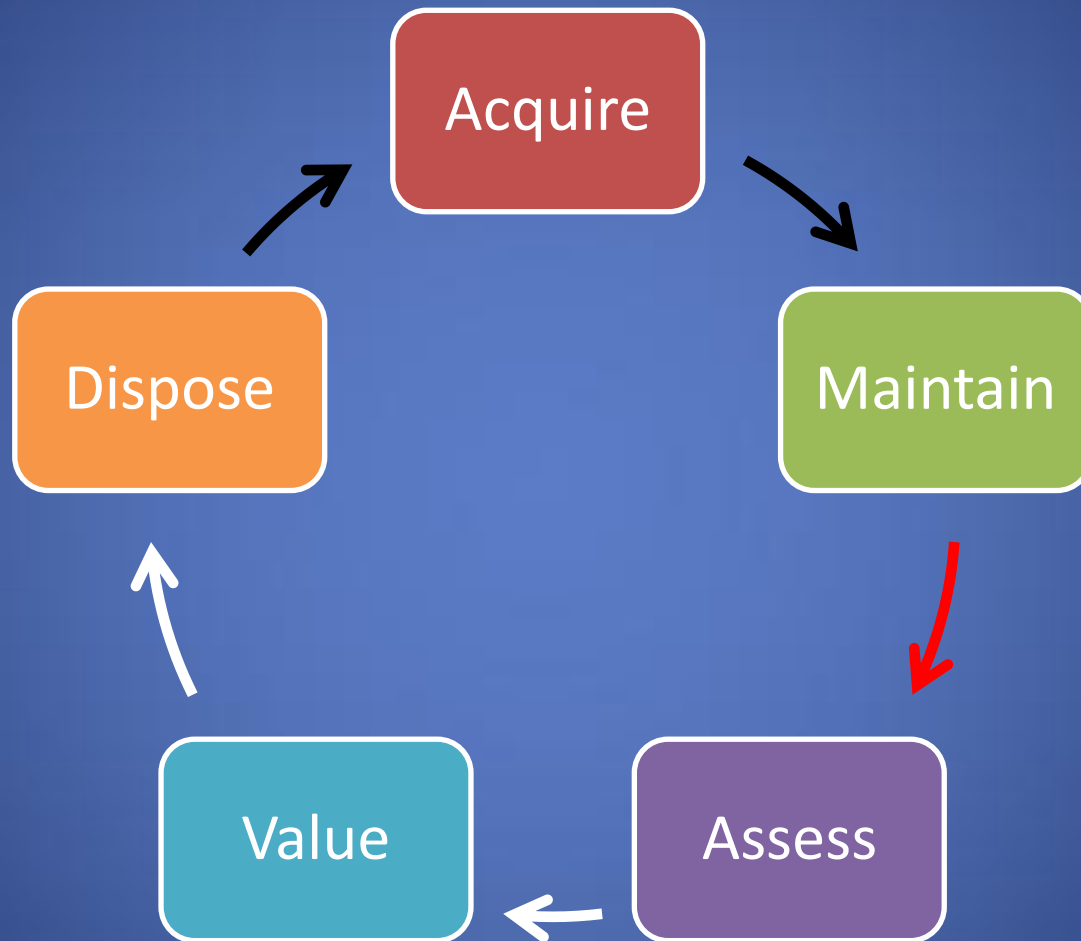
- **Asset management**, broadly defined, refers to any system that monitors and maintains items of value to an entity or group. It may apply to both tangible assets such as buildings and to intangible concepts such as computer systems and software. This being a systematic process of acquiring, operating, maintaining, upgrading, and disposing of assets **cost-effectively**.

Asset Management Concept

Back to Basics

- System / Process
- Monitors / Maintaining Value Items
- Acquisition; Recording; Operating; Upgrading; Disposing
- Cost Effectively
- Cost Effectively
- Cost Effectively

** Doing More With Less*



Asset Management Concept

- Acquisition:-

- > IDP Alignment > Master Plans > Budget/SDBIP Stages
- > Procurement Plans > Bid Committees (*BSC*)

- Recording:-

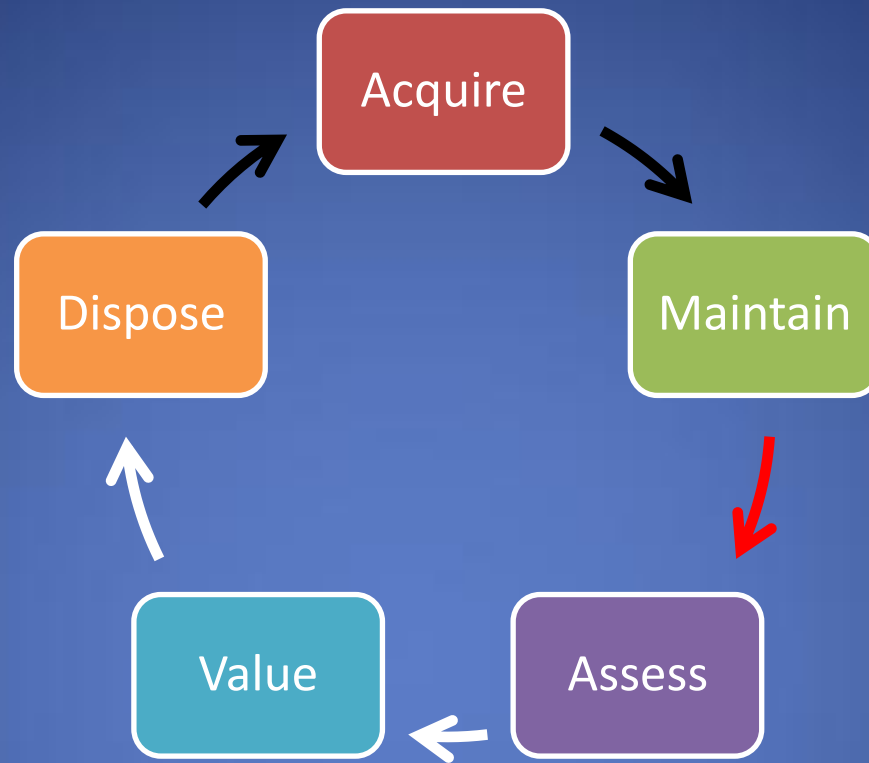
- > As-Builts Drawings > Warranties/Guarantees
- > GIS Information

- Operating and Maintenance/Monitoring:-

- > O & M Plans driven by conditional assessments as required by GRAP17

- Disposals:-

- > Decommissioning (Regulations) > Attaining Best Possible value on Disposal



Infrastructure Asset Management Plan

- Investment Plan
- Operations and Maintenance Plan



**IDP/Master Plan/
MTERF Budget**

Asset Management

Concept:

Municipal Point of View

- “To provide an agreed level of service in the most **cost effective** manner for **present and future** communities...”

Asset Management Challenges:

Municipal Perspective

- Interesting Stats: Movable vs Immovable

Movables (Value)	8%
Immovables (Value)	92%
Movables (Quantity)	60%
Immovables (Quantity)	40%

Municipal Perspective

Immovables/Infrastructure:

Buildings/Water Treatment Plants/Power Stations

❖ A total struggle for municipalities

*...to operate and maintain their service infrastructure
in a cost-effective and sustainable manner.*

Rapid deterioration of assets ➡ Catastrophic
component failure ➡ Regular and Prolonged
disruptions in Service Delivery.

{ Re-Active Maintenance ➡ Higher Costs of Maintenance }

Crisis Management...???

Municipal Perspective

Causes:

❖ Financial Constraints

- ❖ Insufficient Funds; Insufficient Funds; Insufficient Funds
- ❖ Inadequate maintenance/upgrade budget
 - ❖ Priorities
 - ❖ Conditional Assessments

❖ Institutional Deficiencies

- ❖ Asset Management Unit not in place/structured improperly
- ❖ Lack of Capacity/Resources

❖ Human Resource Factor

- ❖ Unqualified Personnel
- ❖ Limited (*or no*) knowledge of “What/How/When”

District Asset Management Forum

- Member Municipalities: iLembe District; KwaDukuza; Mandeni; Ndwedwe; Maphumulo Local Municipality
- Established November 2014
- Mandated by/and Reports to District CFO Forum
- Terms of Reference/Constitution Drafted and Adopted by Forum Members
- Currently assessing municipal asset management statuses – as a starting point

District Asset Management Forum

| Objectives |

- To bring together, promote and strengthen the Asset Management Community district wide;
- Uplift the professional status of the asset management practitioners
- Establish, maintain and improve common specifications for asset management and maintenance;
- As a centralized knowledge repository, to stimulate and promote education and training in asset management;
- to promote asset management as a means to long term sustainability

District Asset Management Forum

| ACHIEVEMENTS THUS FAR |

- Recognition and Support by the District Municipal Managers Forum
- Challenges identified and Solutions provided (District/KZN Treasury/Expert in the field)
- Notification and arranging of relevant training
- Aligned Asset Management Policies and reviewed by KZN Treasury
- Held successful 2014/15 AFS Readiness Workshop
 - *2015/16 Plans includes Municipal visits; systems and process reviews; alignment of procedures and standardisation of templates*

Committee told SA faces municipal infrastructure crisis

*SOUTH Africa is facing a major infrastructure catastrophe and needs to manage its municipal infrastructure properly to deal with the crisis, says eThekweni city engineer Jannie Pietersen. In a presentation to Parliament's economic development committee on Thursday, Mr Pietersen said that the country's municipalities were responsible for infrastructure assets running into billions of rand, but there was little or **no planning on how to manage these resources**.*

He was presenting on behalf of the Institute of Municipal Engineers of South Africa to the committee during the last day of public hearings on the Infrastructure Development Bill. One of the goals of the draft law is to speed up the roll-out of 178 strategic infrastructure projects that range from coal mining in the Waterberg to the R250bn Durban dig-out port. It will also give legal effect to the Presidential Infrastructure Co-ordinating Commission (PICC).

*Mr Pietersen said at present, 98% of the national, provincial and local governments' efforts went into building new infrastructure, which only amounted to about 2% of the total asset base, but little, **if any thought was given to how the existing assets were managed**.*

"Most of the infrastructure that contributes to SA's economic well being and prosperity lies in the ground. People only complain once those assets stop functioning."

Mr Pietersen also used the example of an eThekweni road that was washed away last year. "That was because of a failure of a pump that would have cost R20,000, but because it broke down we had R20m worth of damage," he said.

.....Thank You....