

**THE MINISTER OF PUBLIC WORKS, Ms THOKO DIDIZA,
MP, DELIVERS A SPEECH TO INTRODUCE THE
LEGISLATION DURING THE DEBATE ON THE GIAM
BILL IN THE NATIONAL ASSEMBLY**

DATE: 29 MARCH 2007

**VENUE: NATIONAL ASSEMBLY, CAPE TOWN,
WESTERN CAPE**

- Madam Speaker,
- Honourable members,
- Senior Officials of the Department of Public Works,
- Ladies and Gentlemen

As public servants we occupy privileged positions in the society. The country and its people have entrusted us with the ultimate responsibility to change the lives of South Africans for the better. We have at our disposal resources, not least our passion and patriotism to transform the social make-up of our country by eradicating both poverty and hopelessness inherited from apartheid.

One of these resources is land and property that the state holds on behalf of all the citizens of the country. These assets of state not only enable us to transform the property industry, but they also create an opportunity for changing the spatial development planning of the past.

We have indeed through the disposal of some of these assets contributed to the land reform challenge to date 43 621 hectares parcels of land have been given to the department of land affairs for restitution purposes and land redistribution.

Currently discussions are underway with the department of housing to look at how some of the state assets can be used to support our housing backlog in a manner that can contribute towards integrated human settlement.

As a result of the discussion during the development of the Property charter which is awaiting gazetting by the Minister of Trade and Industry, we are discussing possible elaboration of our disposal policies which can guide us on utilizing this instrument in creating opportunities for empowerment in the property sector. As the largest lessee in the property market on behalf of government departments' accommodation needs, we are also looking at how we can utilize our procurement muscle to influence broad base black economic empowerment.

The immovable assets of the state, namely the land and buildings, are literally the concrete foundations upon which service delivery rests. Government, its departments and agents require these resources to function effectively and efficiently, and as custodians, we are tasked with the management of these assets for the realization of government's socio-economic goals, not least the delivery of essential services.

The fact that the South African government is the owner of such a large portfolio, attests to the investment both in terms of time, planning and money that has gone into the acquisition, operation and maintenance of these assets, for the creation of a better life for all.

Their optimum management is consequently an obligation that as general government, we cannot escape. It is well known that historically, immovable asset management practices in government resulted in assets slipping into disrepair, largely due to poor planning for the acquisition and use thereof as well as inadequate funding for the maintenance of such assets.

Government land and other structures would stand vacant because proper planning failed to inform the essence of their acquisition and the extent of their usage. In general, the prevailing culture of replacement rather than ongoing and diligent maintenance eventually costs government significantly more than what ongoing preventative maintenance would have, at the same time creating an eye-sore as abandoned, unused or unkempt properties.

To overcome these challenges and ensure continued improvement in exceeding the expectations of our people, Government required a uniform immovable asset management framework.

Yesterday in my budget speech, I alluded to the National Infrastructure Maintenance Strategy (NIMS) that was developed by

my department and approved by Cabinet in July 2006. Flowing from this strategy is a Government Wide Implementation Plan that my department together with other Infrastructure departments will soon be rolling out to rehabilitate public assets most of which are currently in dilapidated state requiring major investment to get them to their former glory. This is one of the solutions to the historical problem characterized by the minimalist approach to the management of state's immovable assets which spans decades. Since 1994 government has prioritized fixed asset management and the Government-Wide Immoveable Asset Management legislation is the culmination of many years of deep thinking and hard work.

Against this background, my predecessor approached Cabinet and obtained approval in 2003 to develop a comprehensive policy framework to govern immovable asset management throughout Government and to implement this policy by means of legislation.

In 2005, Cabinet approved the Government-wide Immoveable Asset Management Policy and the introduction of the Government Immoveable Asset Management Bill, which I am tabling in this house today.

The objectives of the Bill are to:

- provide a uniform immovable asset management framework to promote accountability and transparency;
- ensure effective immovable asset management within departments;

- ensure alignment of the use of immovable assets with the service delivery objectives of departments; and
- Optimize the value to be derived from immovable assets allocated to departments.

Madam Speaker, the legislation and the regulations to be promulgated, will require all national and provincial departments to adopt a uniform approach to the management of immovable assets, irrespective of whether such assets are government owned or leased, and will set minimum norms and standards for the planning; acquisition; operation & maintenance; and re-use or commercialization of immovable assets.

All departments, whether they are custodians or users of immovable assets, will be required to annually compile Asset Management Plans that will form part of Government's strategic planning and budgeting processes.

Where assets no longer meet service delivery requirements, custodians must consider the re-use or commercialization of such assets to the best advantage of the State, taking into account socio-economic expectations of the state. However, it is also important to emphasise that immovable assets with strategic importance to Government should not be disposed of. In considering the commercialisation of assets, custodians should also take into account the preservation of heritage, cultural and environmental values.

The Bill also provides for immovable asset performance criteria that will highlight the impact of under-funding on maintenance and over-use (which in some instances borders on abuse) of immovable assets. By making such impacts visible, custodians should be in a position to respond in a more structured manner to the service delivery needs of users.

This Bill further addresses the dual accountability that has been created between users of immovable assets and the custodians thereof. By providing a consultative strategic planning framework for custodians and users, and in the spirit of cooperative governance, the continuous interaction between users and custodians should contribute to the optimal use of the State's immovable assets.

Madam Speaker, the Department of Public Works consulted with all national and provincial departments on the policy. In particular, the Department consulted National Treasury to ensure consistency and alignment with the Public Finance Management Act and its regulations, as well as Treasury's strategic planning and asset management initiatives.

Following the consultation with National Treasury and other role-players, the Department drafted legislation to apply to National and Provincial Governments only, as it was opined that the complexity of legislation governing Local Government and the varying levels of autonomy of Public Entities, would require a more extensive

consultation process before legislation applicable to these spheres of Government could be considered and submitted to Parliament.

The Department also consulted extensively with the Department of Provincial & Local Government, which undertook to develop the regulatory framework to govern immovable asset management in local government in terms of existing legislation applicable to local government. In this way, the objectives of this Bill should be achieved in the municipal sphere of government without undue delay.

Madame Speaker, the Bill before the House is a piece of law that provides for uniformity by establishing norms and standards and a general framework relating to the enhanced management and maintenance of government's immovable assets. As such, it will have to be bolstered by the issuing of regulations, guidelines and standards to facilitate benchmarking, condition assessment and performance measurement of immovable assets.

The Department is already far advanced with the preparation of such documentation. As soon as a thorough consultation process has been undertaken, such regulations, guidelines and standards will be promulgated. I further wish to thank the members of the Portfolio Committee on Works and especially the Chairperson, Mr. Fezile Bhengu, for the Committee's vigorous interaction with the Department on this legislation. Your insightful comments and meticulous deliberations have enriched this legislation.

The submissions received through the public-participation process as well as the public hearings on the Bill also played a significant role to improve some of the provisions of the Bill before the House today.

Madam Speaker, I also need to give recognition to the late Minister Stella Sigcau in bringing this Bill before the house. The Bill is a good testimony to her memory and tireless efforts in delivering a better South Africa to all its people.