



public works

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Department:  
Public Works  
**REPUBLIC OF SOUTH AFRICA**

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**GOVERNMENT-WIDE IMMOVABLE  
ASSET MANAGEMENT POLICY**

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As approved by Cabinet on 17 August 2005

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## Glossary

**“Accounting officer”** means the person accountable for a department or constitutional institution in terms of section 36 of the Public Finance Management Act (PFMA) and the person accountable for a municipality or municipal entity as defined in section 1 of the Municipal Finance Management Act (MFMA).

**“best value for money”** means the optimisation of the return on investment in respect of an immovable asset in relation to functional, financial, economic and social return, wherever possible;

**“Constitution”** means the Constitution of the Republic of South Africa, 1996.

**“Custodial functions”** means functions carried out by an executive organ of state on behalf of the relevant government, including powers to procure, manage and dispose.

**“Custodian”** means an organ of state or part thereof which is designated by the relevant executive organ of state in any sphere of government to perform custodial functions.

**“Executive organ of state”** means an organ of state tasked with custodial or ownership functions by the Constitution of South Africa or other legislation.

- The Minister of Public Works is the custodian of immovable assets that vest in the National Government, situated within the former (pre 27 April 1994) Republic of South Africa, except in cases where national assets are assigned to other Ministers by virtue of specific legislation.
- The Minister of Land Affairs is the custodian of immovable assets acquired for land reform purposes, as well as immovable assets that vest in the National Government, situated within the former homelands (as defined in the Constitution), except in cases where national assets are assigned to other Ministers by virtue of specific legislation. The Minister of Public Works, however, is responsible for certain custodial functions (mainly maintenance and management) in relation to immovable assets situated in the former homelands and occupied by a national department in support of its service delivery objectives.
- Other ministers or public entities are assigned custodial functions in terms of the provisions of specific legislation.
- The Premiers or designated Members of Executive Councils (MECs) are the custodians of immovable assets that vest in the provincial governments, where such Premiers or MECs have been empowered by legislation to act accordingly.
- The municipal councils are the custodians of immovable assets that vest in municipalities.

**“Immovable asset”** means an asset that is immovable, i.e. land and any immovable improvement on that land, and which have enduring value and consist of assets of residential, non-residential or infrastructure nature and include machinery and equipment that have been installed and are an integral part of an immovable asset and includes both state-owned and leased assets. The application of the definition means that the types of assets listed below, will be construed to be immovable assets for the purposes of this framework.

- Land including but not limited to developed, undeveloped, vacant, cultivated, non-useable or inaccessible land.
- Buildings including but not limited to office accommodation, prison buildings, police stations, courts, schools, hospitals, and houses.
- Rights in land including servitudes, “right to use”, leases.
- Infrastructure including but not limited to roads, harbours, railway lines, airports, transmission lines, dams and pipe lines.
- Machinery, plant and equipment including but not limited to pump stations, machinery and irrigation systems for as far as such machinery, plant and equipment are construed to be immovable in terms of the common law applicable to property.
- Conservation, cultural and heritage assets including but not limited to monuments, historical sites, heritage sites, conservation areas and sites of scientific significance.

**“Immovable asset management”** means a set of management processes to ensure that the value of an immovable asset is optimised throughout its life-cycle and encompasses strategic planning, acquisition, operations- and maintenance management, and disposal.

**“Life-cycle”** means the period during which a custodian or user expects to derive benefits from the control or use of an immovable asset.

**“MFMA”** means the Municipal Finance Management Act, 2000.

**“Organ of state”** means -

- any department of state or administration in the national, provincial or local sphere of government; or
- any other institution (a) exercising a power or performing a function in terms of the Constitution or a provincial constitution; or (b) exercising a power or performing a public function in terms of any legislation.

**“PFMA”** means the Public Finance Management Act, 1999.

**“Strategic plan”** means the strategic plan each organ of state has to prepare annually in terms of the PFMA and MFMA.

**“Treasury”** means the treasury to which organs of state are required to submit strategic plans in terms of the PFMA and MFMA.

**“User”** means an organ of state or part thereof that requires an immovable asset to discharge its duties, functions and to deliver public services.

## Executive Summary

Improvements to the management of government's immovable assets are required to ensure that such assets are optimally utilised for service delivery. This must be achieved by the systematic, integrated and appropriate management of all decision-making processes throughout the life-cycle of an immovable asset. Immovable asset management is therefore a key element in enabling better service delivery.

The aim of this Policy is to introduce a government-wide immovable asset management framework. It will be implemented through the promulgation of the Government-wide Immovable Asset Management Act (GIAMA), which will provide an enabling framework for immovable asset management. The purpose of this framework is -

- to provide organs of state with guidance in respect of the management of immovable assets throughout their life-cycle;
- to establish uniformity and ensure the application of minimum requirements in managing immovable assets and the related delivery of services;
- to enable the whole of government to ensure demonstrable linkages between service delivery and immovable asset resource planning and co-ordination;
- to establish accountability for the effective, efficient and transparent management of immovable assets; and
- to ensure that decision-making by individual organs of state takes place within a government-wide common framework.

The GIAMA will make it incumbent on custodians and users, as appropriate to their functions, to demonstrate that they are managing immovable assets in such a way as to promote government's objectives listed below.

- Promoting accountability, fairness and transparency within government.
- Promoting effective, efficient and economic use of immovable assets.
- Reducing the overall cost of service delivery.
- Reducing demand for new immovable assets.
- Supporting government's socio-economic objectives including land reform, economic empowerment, poverty alleviation, job creation and the redistribution of wealth.
- Realising the best value for money from the disposal of immovable assets.
- Increasing opportunities for partnering with the private sector.
- Protecting the environment and our diverse cultural and historic heritage.
- Improving health and safety in the working environment.

GIAMA requires each organ of state to produce an immovable asset management plan that will form part of the strategic planning and budgeting processes of government. The immovable asset management plan must cover all the immovable assets which the organ of state uses or intends to use. Where the organ of state is not the custodian of these assets, these plans should be developed in consultation with the relevant custodian.

Custodians of immovable assets must also compile immovable asset management plans, covering all the assets within their ambit. In some cases, custodians will be in a position to view the management of immovable assets from a wider perspective than that of individual organs of state, and the production of custodian immovable asset management plans will enable these “whole of government” considerations to be taken into account during the strategic planning and budgetary process.

Custodians must establish proper communication and service level agreements with users, performance standards and cost for the management of immovable assets. Custodian must furthermore establish a process that assesses the condition of an immovable asset and updates the relevant information in an immovable asset register. The custodian must also measure the effectiveness and efficiency of immovable assets and make the information obtained through these processes available to the user for the production of a user asset management plan.

Each organ of state must submit its immovable asset management plan to the relevant Treasury annually, by a date to be determined by that Treasury in consideration of the budgetary cycle. These asset management plans must inform the budget allocation process, and must be revised and included in the strategic plans of organs of state once budgetary allocations are finalised.

The Minister of Public Works will determine Immovable Asset Management Guidelines and Standards that will complement general asset management guidelines issued by National Treasury in terms of the PFMA.

In conclusion, immovable assets have to be managed throughout their life-cycle within a framework of cost effectiveness, efficiency and reduced risk. Individual organs of state will derive benefits from immovable assets when matching such assets with service delivery objectives within the framework of government’s development priorities. Given the extent and diversity of immovable assets owned and used by government and the significant impact such assets have on the macro-economic, socio-political and physical landscape of South Africa, there is an urgent need for a uniform approach to the management of these assets. This policy and resulting legislation will address that need.

# 1. Strategic Context

## 1.1 Background

Government must use its valuable immovable asset resources efficiently and effectively to achieve its service delivery objectives. In the past few years, the concept of *asset management* has gained support on a global scale. The governments of many countries have embarked on programmes to implement asset management principles, and have made annual and medium term budgets subject to the compilation and approval of an asset management plan. These programmes demonstrate that the application of immovable asset management principles has distinct benefits. These benefits relate to service delivery, accountability, risk management and efficiency.

- Better service delivery is achieved by -
  - improved alignment of immovable assets with service delivery and community expectations;
  - determining and documenting communities' needs and expectations; and
  - formal consultation with stakeholders and agreement on service levels.
- Improved accountability is achieved by -
  - documenting and publishing performance indicators with regard to the use of immovable assets;
  - measuring performance indicators and the ability to benchmark results against similar operations and organisations;
  - demonstrating in a transparent and systematic manner that services are delivered efficiently and effectively;
  - implementing a basis for evaluating and balancing service delivery requirements, cost and quality of service trade-offs; and
  - improving processes and accountability for capital and recurrent works.
- Improved risk management is achieved by -
  - assessing the probability of immovable asset failure,
  - determining the consequences and impact on service delivery, and
  - developing risk management strategies to address continuity of services.
- Improved financial efficiency is achieved by -
  - better allocation of limited government resources;
  - improved decision-making based on costs and benefits of alternative solutions;
  - the wider use of non-asset solutions to meet service demand;
  - reducing the demand for new immovable assets through better integration of services and planning for immovable assets;
  - recognising the full costs of owning, using, operating, maintaining and disposal of immovable assets over the life-cycle of such assets; and
  - the more effective use and maintenance of existing immovable assets.

## **1.2 Introduction**

Improvements to the management of government's immovable assets are required in South Africa to ensure that such assets are optimally utilised for service delivery. This must be achieved by the systematic, integrated and appropriate management of all decision-making processes throughout the life-cycle of an immovable asset. Immovable asset management is therefore a key element in enabling better service delivery in line with Batho Pele.

The extensive and diversified immovable asset portfolio of government has significant impact on the overall macro-economic, socio-political and physical landscape of South Africa. Investment in immovable assets contributes substantially (approximately 16% in the past few years) to Gross Domestic Product and therefore plays a vital role in economic growth. In addition, government has put increased focus on an expansionary public infrastructure programme. Improved immovable asset management will play an important role in attaining government's objectives of economic growth and employment creation.

Black Economic Empowerment (BEE) is a key priority of government and the objectives of BEE are set out in the Broad-based Black Economic Empowerment Act, 2003. Immovable asset management should therefore seek to advance BEE objectives. This must be achieved through the way government procures, leases, maintains, operates and disposes immovable assets. The introduction of immovable asset management principles will enable BEE to be implemented in a systematic, planned and consistent manner in this area of government's activities.

Land is a finite resource and all immovable assets are linked to land. Past land policies were a major cause of insecurity, landlessness, homelessness and poverty in South Africa. Such policies resulted in inefficient urban and rural land use patterns and a fragmented system of land administration. This has severely restricted effective resource utilisation and development. Government's land policy and land reform programme recognise that land, its ownership and use, has always played an important role in shaping the political, economic and social processes in the country and that it should contribute to reconciliation, stability, growth and development in an equitable and sustainable way. Improved efficiency and effectiveness in the management of government's immovable assets would facilitate a more systematic and accelerated release of assets for land reform purposes.

## **1.3 The Need for Immovable Asset Management in Government**

### **1.3.1 Problem Statement**

Historically, immovable asset management practices in government resulted in immovable assets slipping into disrepair due to improper funding and maintenance. In general, the culture of replacement rather than maintenance eventually cost government significantly more than what ongoing preventative maintenance would have cost. These practices in government were a result of a non-uniform governance framework and the lack of monitoring and evaluation systems.

Immovable asset management is a low priority within the context of other challenges that face users, primarily because it is not their core business. As a consequence assets are not maintained at their optimal value. Over time this has resulted in government's immovable assets being stripped of their inherent value.



Moreover, underutilised immovable assets increase the cost to government. Should these immovable assets be utilised in different forms, they may contribute significantly more to service delivery and the socio-economic development of the country.

### **1.3.2 The Challenge of Immovable Asset Management in Government**

The ultimate challenge to ensure best value to government and the citizens of South Africa is to effectively manage government's immovable assets by matching government's service delivery objectives with efficient and effective use of immovable assets.

In the context of immovable asset management, the object of the PFMA and MFMA is to enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of government. In giving effect to this objective, custodians and users of immovable assets (as appropriate to their functions) should apply the following principles to the management of immovable assets under their control (both state-owned and leased) -

- ensure effective, efficient and transparent systems of financial and risk management and internal control;
- maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;
- ensure that a system is implemented and maintained through which all major capital projects should be properly evaluated prior to a final decision on the project;
- ensure the effective, efficient, economical and transparent use of the resources of government; and
- be responsible for the management, including the safeguarding and the maintenance of the assets of government.

The PFMA governs a uniform accounting system for the management of an asset throughout its life-cycle that devolves accountability to a user. Historically, custodians bore the cost for immovable assets. In terms of the principle of devolved accountability, total infrastructure and accommodation cost which includes all cost relating to immovable assets and the maintenance thereof, must be borne by users. It is therefore imperative that a uniform management framework be established to ensure consistent government-wide immovable asset management, which stipulates the roles and responsibility of users and custodians.

## **1.4 Objective of the Policy**

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. The Minister of Public Works was mandated by Cabinet to formulate and implement a government-wide policy framework for immovable asset management and to implement the policy by means of legislation.

The aim of this Policy is to introduce a government-wide immovable asset management framework. It will be implemented through the promulgation of a Government-wide Immovable Asset Management Act (GIAMA).

The GIAMA will make it incumbent on organs of state to demonstrate that they are managing immovable assets efficiently and effectively and will provide a government-wide enabling framework for immovable asset management. The purpose of this framework is -

- to provide organs of state with guidance in respect of the management of immovable assets throughout their life-cycle;
- to establish uniformity and ensure the application of minimum requirements in managing immovable assets and the related delivery of services;
- to enable the whole of government to ensure demonstrable linkages between service delivery and immovable asset resource planning and co-ordination;
- to establish accountability for the effective, efficient and transparent management of immovable assets; and
- to ensure that decision-making by individual organs of state takes place within a government-wide common framework.

## **1.5 Applicability of the Policy**

The principles of this policy will apply government-wide, without taking away existing mandates and roles and responsibilities, to all organs of state, including national and provincial government departments, municipalities, constitutional institutions, national and provincial trading entities, municipal entities and relevant public entities on which the PFMA and MFMA places an asset management responsibility.

The Minister of Public Works intends to introduce legislation applicable to national and provincial government in Parliament in 2005. Due to the complexity of legislation governing local government and the varying levels of autonomy of public entities, the Department will embark on a more extensive consultation process before submitting equivalent legislation tailored to local government and public entities.

## **2. The Government-Wide Immovable Asset Management Framework**

### **2.1 Introduction**

Immovable assets owned or used by organs of state should primarily be used to optimally support delivery of current and future government services. It is implied in this principle, that service delivery includes the attainment of government objectives, especially where immovable assets could be used for land reform, black economic empowerment, alleviation of poverty, the creation of jobs and the redistribution of wealth.

The purpose of government's strategic planning process is to link service delivery with the needs and expectations of the community it serves. Each organ of state therefore has to prepare a strategic plan which addresses the human resources, financial resources and support systems needed to deliver the defined services. Similarly, the immovable assets required for service delivery should be addressed in an immovable asset management plan, as part of this strategic planning process.

## 2.2 Objectives of GIAMA

The GIAMA will make it incumbent on custodians and users, as appropriate to their functions, to demonstrate that it is managing immovable assets efficiently and effectively and in such a way as to promote government's objectives listed below.

- Promoting accountability, fairness and transparency within government.
- Promoting effective, efficient and economic use of immovable assets.
- Reducing the overall cost of service delivery through -
  - the better allocation of limited government resources immovable assets;
  - the more effective use and efficient maintenance of existing immovable assets (both state-owned and leased); and
  - improvement of immovable asset management processes and accountability for capital and recurrent works.
- Reducing demand for new immovable assets through -
  - the better integration of service delivery- and immovable asset planning;
  - improved alignment of immovable assets with service delivery objectives;
  - maximising the service potential of existing immovable assets;
  - improved utilisation of immovable assets; and
  - non-asset solutions to meet service delivery demands.
- Supporting government's socio-economic objectives including land reform, economic empowerment, poverty alleviation, job creation and the redistribution of wealth.
- Realising the best value for money from the disposal of immovable assets, whilst promoting government's socio-economic objectives.
- Increasing opportunities for partnering with the private sector so as to benefit government and to realise additional returns from immovable assets.
- Protecting the environment and our diverse cultural and historic heritage, conservation and especially heritage sites.
- Improving health and safety in the working environment.

## 2.3 Immovable Asset Management Principles

Immovable Asset Management must be based on the principles listed below to ensure that immovable assets support service delivery objectives.

- An immovable asset solution (capital and recurrent) must be properly evaluated and all options (including non asset solutions) duly assessed prior to a final decision.
- An immovable asset must be used efficiently and becomes surplus to a user if it does not support its service delivery objectives at an efficient level and if it cannot be upgraded to that level.
- To minimise the demand for immovable assets, alternative service delivery methods that do not require immovable assets must be identified and considered.

- In relation to an acquisition, it must be considered whether -
  - a non asset solution is viable;
  - an immovable asset currently used by the state is adequate to meet change in its service delivery objectives; and
  - the full impact of cost over the lifespan of the immovable asset justifies its acquisition in relation to the cost of the service;
- Immovable assets that are currently used must be kept operational to function in a manner that supports efficient service delivery.
- When an immovable asset is acquired or disposed of, best value for money must be realised.
- In relation to a disposal, a custodian must consider whether the immovable asset concerned -
  - cannot be used by another user or joint usage by different users;
  - cannot be used in relation to government's socio-economic objectives, including land reform, economic empowerment, alleviation of poverty, job creation and the redistribution of wealth; or
  - cannot be used in relation to use in social development initiatives of the state.
- Immovable asset management plans must take cognisance of the immovable asset requirements in strategic plans of other organs of state and other spheres of government in the same geographic area.

## **2.4 Immovable Asset Management Process**

Immovable asset management is a collective term for a set of management processes to ensure that the value of an immovable asset is optimised throughout its life-cycle, which encompasses strategic planning, acquisition, operation- and maintenance management, and disposal.

### **2.4.1 Strategic Planning**

The purpose of the immovable asset strategic planning process is to link service delivery strategies with immovable assets. It encompasses the consideration of current and future service delivery strategies and what the implications of these strategies are for the immovable asset portfolio.

Immovable asset strategies have long-term implications and must be based on reliable management information and the full impact of cost over the lifespan of an asset. It must consider that -

- immovable assets have lengthy acquisition periods, are costly to create and complex to manage and maintain;
- timeous maintenance of immovable assets will prevent diminishing lifespan and premature deterioration of asset values; and
- a balance should be established between reactive maintenance, preventative maintenance and renovations.

The immovable asset strategic planning process, therefore, influences all the other components of the immovable asset management plan, namely, the immovable asset acquisition plan, the immovable asset maintenance and management plan and the immovable asset disposal plan. It identifies the gap between existing immovable assets and those required to meet service delivery requirements. It includes the analysis of the current portfolio of immovable assets with a view to determining -

- the need for additional immovable assets to efficiently address increases and geographical changes in the demand for services or to replace inadequate existing immovable assets;
- those immovable assets that are currently used and which are to be efficiently kept operational to function in the manner in which they were originally, or subsequently, intended to function; and
- those immovable assets, that are redundant due to a decrease or a geographical change in the demand for services.

### **2.4.2 Acquisition Planning**

An immovable asset acquisition plan is required where the immovable asset strategic planning process indicates that the organisation needs additional immovable assets or major improvements or upgrades to the existing immovable asset portfolio to support its service delivery requirements. It is therefore necessary to assess all options available to address the identified immovable asset needs and/or improvements/upgrades. The options are listed below.

- To purchase (and therefore to own) new immovable assets.
- To lease (and therefore not to own) new immovable assets.
- To construct new immovable assets.
- To involve private sector through the various forms of public private partnerships (PPPs) to provide new immovable assets.
- To adapt, extend or refurbish existing immovable assets.
- To expropriate private properties (or rights therein) in terms of relevant legislation.

### **2.4.3 Operation and Maintenance Planning**

Immovable asset operation and maintenance plans are required when the immovable asset strategic planning process indicates that the organisation needs to hold certain immovable assets. Its purpose is to define how that organisation will ensure that existing immovable assets will be maintained and operated.

During the maintenance planning process the performance and condition of an immovable asset must be assessed. Immovable asset performance relates to the ability of the immovable asset to meet target levels of service, while the condition of the immovable asset reflects the physical condition of the asset. Key to this assessment is information on financial, technical and operational performance of the immovable asset over time. Such information must be supplemented with physical condition assessments. The purpose of condition assessments is to -

- identify any defects, deterioration and deficiencies, either currently affecting the performance of the immovable asset or likely to do so over the planning period;
- identify the effect of the condition of an immovable asset on service delivery ability;
- determine the maintenance required to return the immovable asset to the state in which it would provide the most effective service; and
- estimate cost of the maintenance activities identified.

Once the above assessment has been completed, maintenance priorities can be determined and programmed for. The key considerations in determining maintenance priorities are the following -

- statutory requirements;
- health, safety and environmental considerations; and
- financial and risk considerations.

#### **2.4.4 Disposal Planning**

Immovable asset disposal plans are required when the strategic planning process identifies immovable assets that no longer support the service delivery requirements. Immovable assets are of value to a user if such assets continue to support service delivery objectives in a cost effective and efficient manner. A user must indicate in its immovable asset management plan which assets are or will become surplus in the planning period.

Custodians must, in preparing and implementing their immovable asset management plans, seek to achieve the objectives listed below.

- To ensure that immovable assets identified as being surplus or redundant are assessed in detail to establish that there are no alternative uses for these immovable assets.
- To facilitate the effective and efficient re-use and co-use of surplus immovable assets for purposes of social development and investment.
- To ensure co-ordination, integration and enhancement of investment and social development initiatives.
- To create an enabling environment for effective disposals.
- To ensure that the desired development outcomes and benefits from the disposal of a state immovable asset are maximised within financial and other resource constraints.
- To support government's objectives, in particular with regard to land reform, black economic empowerment, alleviation of poverty, creation of jobs and the redistribution of wealth.

#### **2.4.5 Performance Management**

The implementation of immovable asset management plans must be monitored and reviewed by the accounting officer to ensure compliance and accountability. The immovable asset management plan must define key performance measures, standards and indicators for monitoring and reviewing the implementation of the plan. The accounting officer must, in each immovable asset management plan, report on the attainment of performance measures, standards and indicators contained in the previous plan.

### **3. Implementation of the Government-Wide Immovable Asset Management Framework**

#### **3.1 Immovable Asset Management Guidelines**

The Minister of Public Works will determine Immovable Asset Management Guidelines that will contain minimum requirements to -

- complement general asset management guidelines issued by National Treasury in terms of the PFMA;
- address the minimum content, format and processes required to compile an immovable asset management plan;
- manage immovable assets throughout their life-cycle including acquisition, operation and maintenance and disposal;
- implement a portfolio management function for custodians;
- prescribe standards, including but not limited to, cost and space standards;
- facilitate benchmarking, conditional assessment and performance measurement;
- reflect total and true cost of immovable assets including all expenditure in respect of property rates and municipal service charges in a transparent fashion;
- implement programmes deemed necessary to give effect to immovable asset management; and
- prescribe the minimum information required to manage immovable assets, which may include -
  - general asset information;
  - type of asset;
  - description of asset;
  - ownership;
  - encumbrances;
  - management responsibility;
  - valuation information;
  - asset condition assessment; and
  - rights of the state over privately-owned immovable assets.

#### **3.2 User Immovable Asset Management Plans**

Each organ of state must produce an immovable asset management plan that will form part of the strategic planning and budgeting process of government. Immovable asset management plans will be compiled in accordance with the Immovable Asset Management Guidelines (as contemplated in par. 3.1). The user immovable asset management plan must cover all the immovable assets which the organ of state uses or intends to use (leased and owned) and must consist of -

- an accommodation strategy;
- an acquisition plan; and
- a maintenance and management plan.

A user will be required to budget for infrastructure and accommodation cost which includes all cost relating to immovable assets and the maintenance thereof and reflect such budget in its immovable asset management plan.

Where a custodian makes immovable assets available to a user, the custodian and user should jointly conduct the immovable asset strategic planning process. The respective responsibilities are listed below.

- The user is responsible for immovable asset strategic planning to ensure that immovable assets are aligned with the specific service delivery objectives.
- The custodian must assist the user by making available information pertaining to the immovable assets allocated to that user, as well as suitable alternatives.
- The custodian must analyse such information in a manner that would enable the user to make informed and effective decisions on the use and management of such immovable assets. The information must include but are not limited to information pertaining to -
  - the performance and condition of the immovable asset;
  - the effect of the condition of an immovable asset on service delivery ability;
  - the maintenance required to return the immovable asset to the state in which in would provide the most effective service; and
  - the cost of the maintenance activities identified.

### **3.3 Custodian Immovable Asset Management Plans**

Each custodian must produce a custodian immovable asset management plan. Such plans must be compiled in accordance with the Immovable Asset Management Guidelines (as contemplated in par. 3.1). The custodian immovable asset management plan must cover all the immovable assets for which a custodian is responsible and must take into account the immovable asset plans submitted by users.

A custodian immovable asset management plan must consist of a portfolio strategy (including disposals) and a management plan, which reflects all costs related to the holding of surplus assets until such assets are allocated to users or disposed of.

In some cases, custodians will be in a position to view the management of immovable assets from a wider perspective than that of individual organs of state, and the production of custodian immovable asset management plans will enable these “government-wide” considerations to be taken into account during the strategic planning and budgetary process. For example, the impact on local economic development of office accommodation for national government or a provincial government is much more significant when viewed from a government-wide point of view than when viewed from a single department point of view.

It is important that these wider perspectives, in addition to the perspectives of individual users should inform the government’s strategic planning and budgetary processes.



## **3.4 Roles and Responsibilities**

### **3.4.1 Roles and Responsibilities of Users**

The accounting officer of a user is responsible for activities that are associated with the use of the immovable assets. This includes ensuring effective and efficient use of such immovable assets. The responsibility includes immovable assets of which the ownership is not vested in government, that are acquired by the custodian for a user. The accounting officer is responsible for the compilation of the immovable asset management plan for that organisation. A copy of the immovable asset management plan must be submitted to the relevant custodian.

### **3.4.2 Roles and Responsibilities of Custodians**

The accounting officer of a custodian is responsible for the compilation of a custodian asset management plan and all activities that are associated with ownership of immovable assets. This includes the management of an immovable asset throughout its life-cycle.

Custodians must establish proper communication and service level agreements with users, performance standards and cost for the management of immovable assets. Custodian must furthermore establish process that assesses the condition of an immovable asset and updates the relevant information in an immovable asset register. The custodian must also measure the effectiveness and efficiency of immovable assets through benchmarking, use ratios, operating costs ratios, and return on investment. The custodian must make the information obtained through these processes available to the user, as required, for the production of a user asset management plan (as contemplated in par. 3.2).

## **3.5 Immovable Asset Management Plans and Budget Allocations**

Each organ of state must submit its immovable asset management plan to the relevant Treasury annually, by a date to be determined by that Treasury in consideration of the budget cycle. Asset management plans must inform budget allocations by that Treasury, and must be revised and included in the strategic plans of organs of state once budget allocations are finalised. Each custodian must submit its custodian immovable asset management plan to the relevant Treasury and render advice to that Treasury on the immovable asset management plans of users.

## **4. Conclusions**

Immovable assets have to be managed throughout their life-cycle within a framework of cost effectiveness, efficiency and reduced risk. Individual organs of state will derive benefits from immovable assets when matching such assets with service delivery within the framework of government's development priorities.

This policy therefore -

- establishes uniformity and ensures the application of minimum norms and standards in managing immovable assets and the related delivery of services;
- provides guidance for the implementation of the framework that will enable the whole of government to ensure demonstrable linkages between service delivery and resource planning and co-ordination;

- defines the institutional framework and establishes accountability for the effective, efficient and transparent management of immovable assets; and
- ensures that decision-making by individual organs of state takes place within a government-wide common framework.

The application of immovable asset management in the context of the government-wide framework, will contribute to, amongst others -

- better alignment of immovable assets with service delivery;
- better allocation of valuable resources; and
- reduced demand for new immovable assets and more efficient and effective use of existing immovable assets.

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