

THE SHORT DEFINITION OF ADVANCED INFRASTRUCTURE ASSET MANAGEMENT

Making the

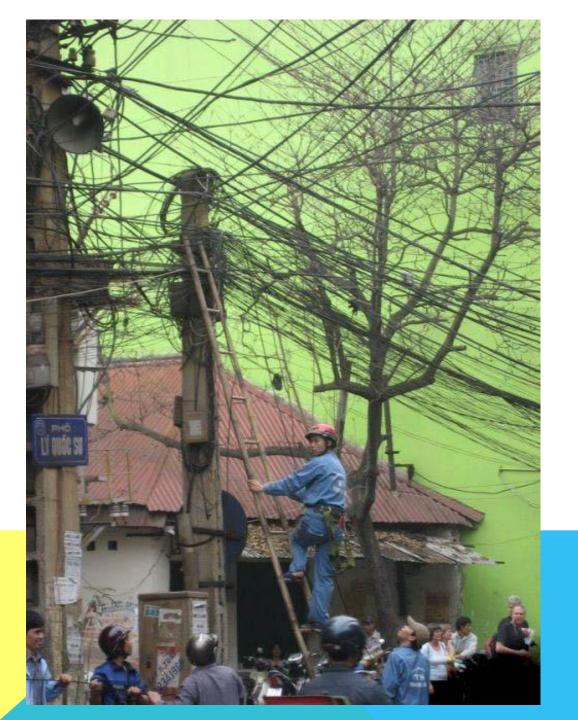
right decision / adopting the right solutions at the right time for the right cost for the right reasons across our whole portfolio of assets as part of the business strategies



'Making good investment decisions'

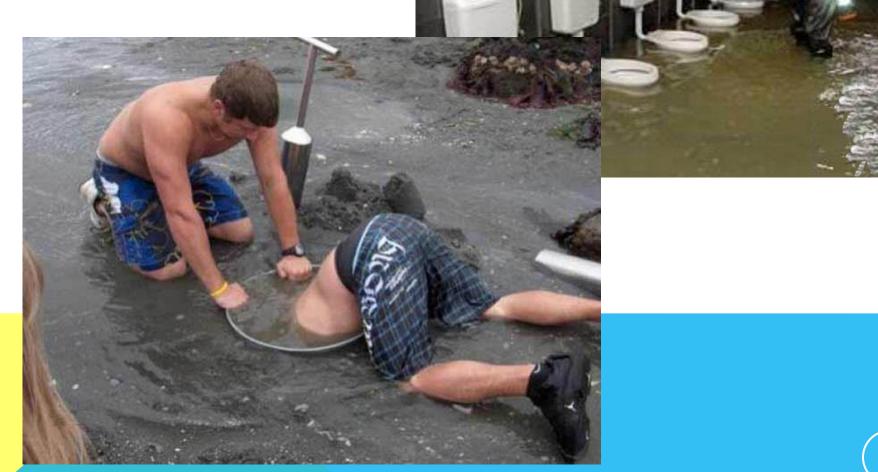
Across the nation, infrastructure is under strain





ELECTRICITY ASSETS

DRAINAGE – STORMWATER ASSETS



STRATEGIC MANAGEMENT OF ASSETS

"Be smart about your assets"



Concrete Work

Cracks have developed at construction joints

Spalling found, reinforcing corroded

Cracks need to be resealed









Steelwork

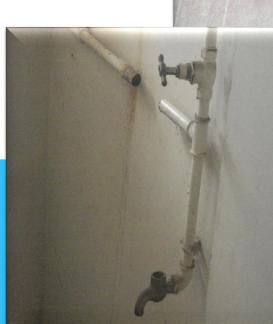
Wet services need to be repaired

Roof sheeting shows minor corrosion in places

Fit stainless steel bolts and nuts on benches

Repair fencing







Brickwork

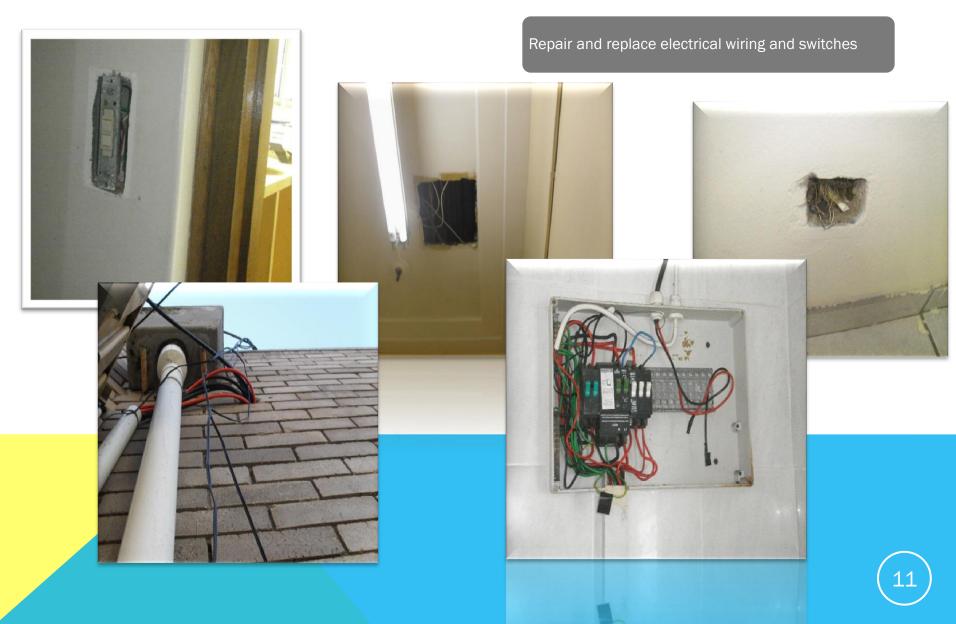
Brickwork walls have vertical cracks in areas, most notably at floor joints

Brickwork needs to be repaired

Mortar cracks need to be repaired



Electrical



Public Toilets

Public toilets shows major signs of vandalism

Wet services need to be repaired





Seal leaks

Seal and repair cracks and major holes in ceilings

Roof and Ceilings



Waterproofing

Areas of water damage are visible within buildings



Miscellaneous

Damage to woodwork needs to be repaired

Cracks along fence columns need to be repaired









Concrete

Concrete work has deteriorated on building roof tops



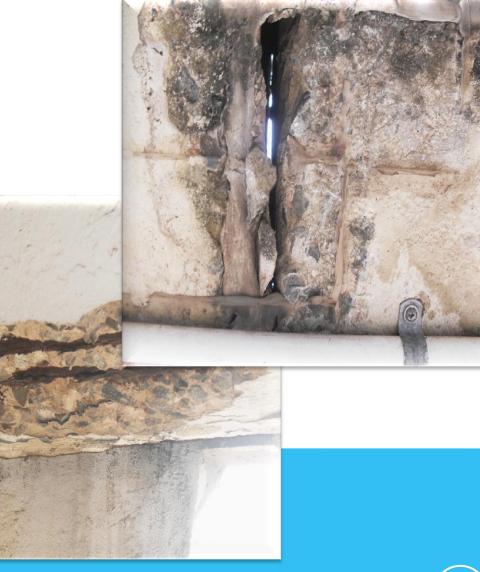


Concrete

Repair spalled concrete

Repair and seal cracks on concrete floors





Brickwork









Replace brickwork

Seal and repair cracks



Electrical

Repair and replace electrical wiring and switches

Electrical outlets were found to be dangerous











Roof and Ceilings

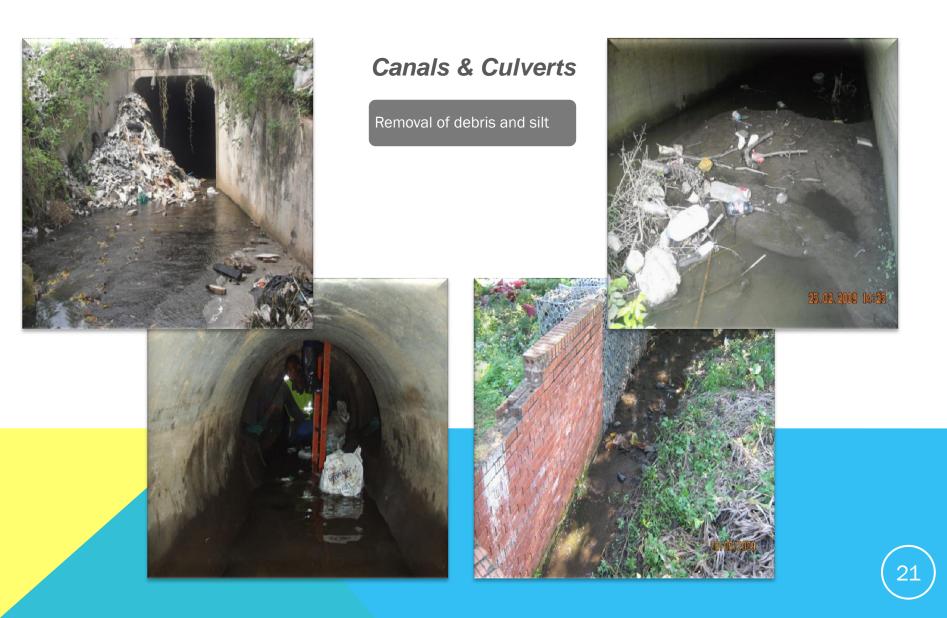
Rooftops require major repairs

Replace missing tiles

Repair leaks on rooftops and ceiling boards



COASTAL & STORMWATER



COASTAL & STORMWATER

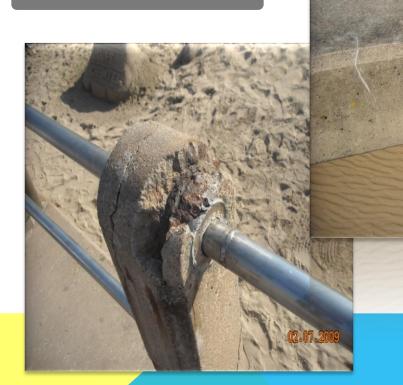


Piers Handrails COASTAL & STORMWATER



Hand rails missing

Spalling and corroded rail pillars







RUSSAN

October 2014

This Russian federal freeway goes from Moscow to Yakutsk in Siberia.

This road has no asphalt, even if it is an essential road.

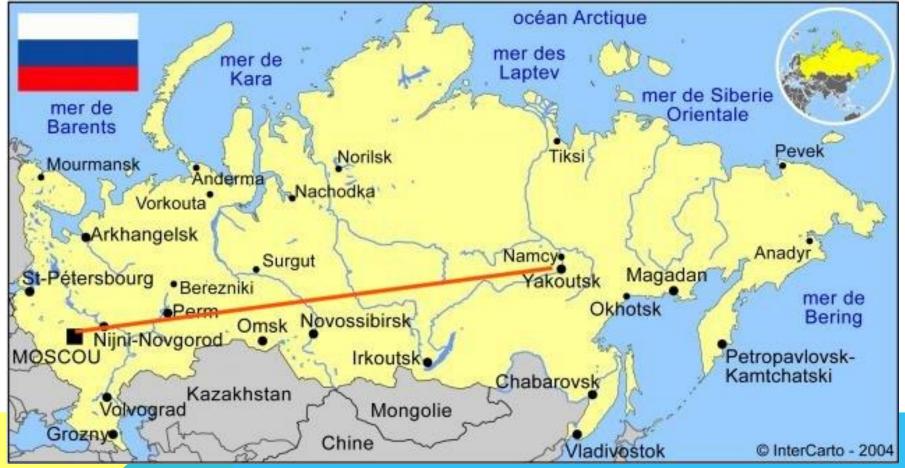
Every time it is raining, the road is paralyzed. These photos were taken some days before approximately 600 cars remained bogged down here. The hunger and the lack of gasoline followed. According to witnesses, a woman gave birth in a public bus.

The teams of construction are afraid of going on this site because, during a previous visit, some were beaten by people who had remained stuck during several days. People broke cars in search of food and of warm clothes.

The gasoline, the food, the firearms and the cables of steel are the most vital foodstuffs on this federal road. Oh, and the patience!!!



RUSSIE



































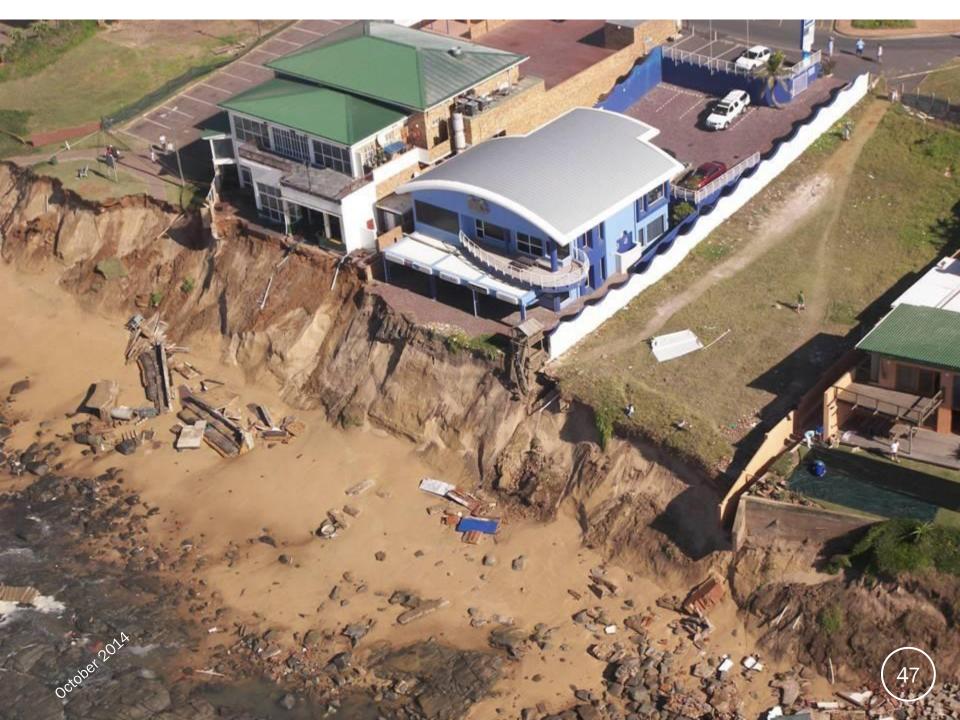






THEN, THE NEXT TIME WHEN YOU WILL COMPLAIN ABOUT ROAD CONDITIONS IN YOUR COUNTRY, THINK OF THE RUSSIANS !







MUNICIPAL READINESS

Almost all municipalities have no coastal management plans or erosion setback lines in place
No municipalities have shoreline management plans to address coastal erosion
All municipal responses are reactive

"I think there is still a lack of willingness by Local Government to commit to anything that is going to cost money, this includes long-term/ shortterm plans for managing weather patterns and coastal conditions"

www.surfconditions.co.za

SOME FACTS – DID YOU KNOW?

1 Million Person City Is Being Built Every 5 Days Globally

october 2014



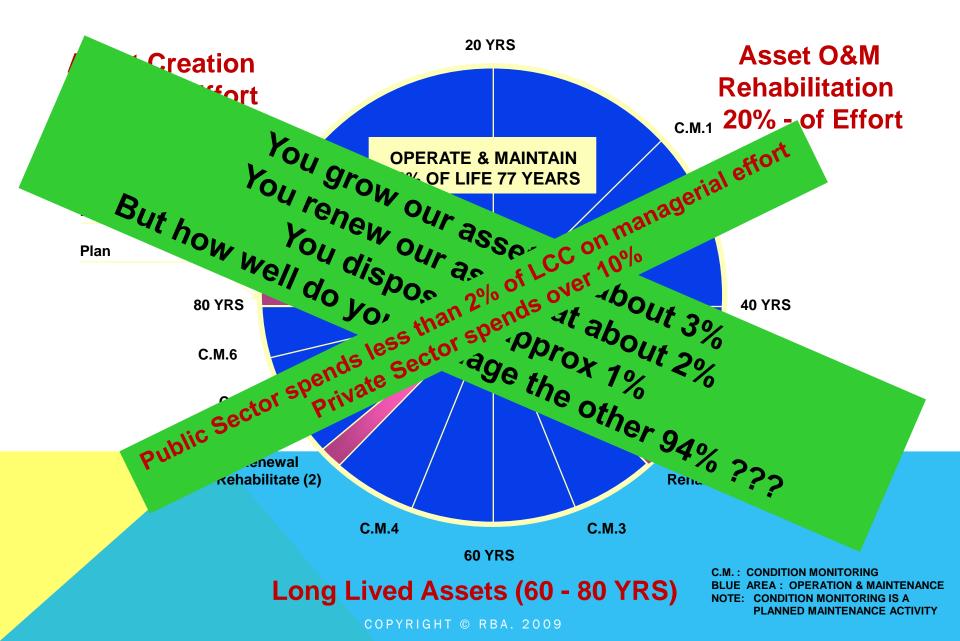
SOME FACTS – DID YOU KNOW?

We need infrastructure to produce 19 Billion meals a day (not all like this)

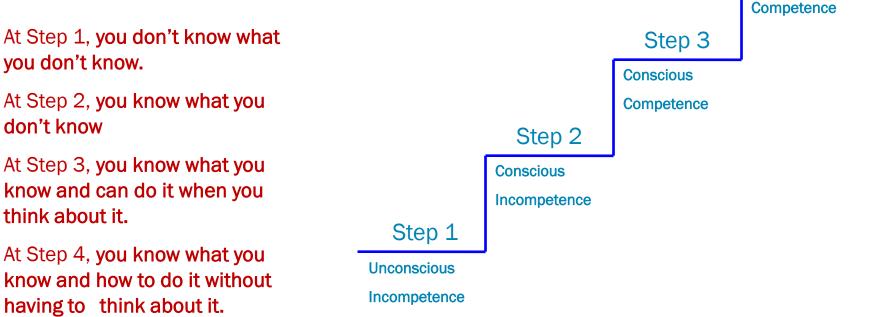
To do this we will need :

- Viable land
- Water infrastructure
- Processing assets
- Transport infrastructure
- · Waste disposal, and
- All the associated supporting infrastructure services

PUBLIC INFRASTRUCTURE & MANAGERIAL EFFORT



ACCORDING TO MASLOW, FOUR STEPS ARE INVOLVED IN THE LEARNING PROCESS:



Step 4

Unconscious

Decaying infrastructure leaves a liability for future generations

There are solutions in local government to share today

AS-4

Municipalities are not prioritising maintenance in their budgets, resulting in the generally poor state of municipal infrastructure Finance Minister Pravin Gordhan has said.

"The potential cost savings that can be realised by preventive maintenance were not fully appreciated. Ideally, every municipality in the country should have an asset register and an asset management plan."

IMESA (Pty) Ltd

PAGE 6 DAILY NEWS MONDAY JANUARY 24 2011

Neglect of local assets noted

Maintenance 'low on the list'

POLITICAL BUREAU

UNICIPALITIES are not prioritising maintenance in their budgets, resulting in the generally poor state of municipal infrastructure, Finance Minister Pravin Gordhan has said.

Widespread problems with the supply of clean water, treatment of sewage

over poor y that has put overnment on notice local government elections, to be held in the first half of this year.

But municipalities seem illequipped to deal with the challenges, with only a vague picture of the assets in their care and a limited understanding of the importance of maintaining them. While they did make provision for maintenance expenditure, most did not set aside enough money for the upkeep of their assets, Gordhan said.

Municipalities had budgeted R151.4 million for repairs and upkeep for the past financial year, but they had failed to report on what had been done.

Gordhan, in a parliamentary written reply, said there were a number of reasons why municipal councils appeared not to prioritise maintenance. They were more focused on speeding up access to services and gave priority to investing BackChat BackChat Sms your views to 32024 Each SMS costs R1

in new infrastructure, rather than spending money on repairs and upkeep.

"The potential cost savings at can be realised by preventive maintenance were not fully appreciated. Ideally, every municipality in the country should have an asset register and an asset management plan." Progress was being made, but there was still much work to be done, he said.

Lillian Develing, of the Combined Ratepayers' Association, said maintenance problems in eThekwini had been compounded when the Durban Unicity was formed as a result of the amalgamation of smaller municipalities.

Many skilled employees left and the state of infrastructure suffered, she said. "Although the government has money for maintenance, there's little way of implementing it properly, because it is beyond the municipality's capacity, in terms of manpower and skills."

Develing said roads in Hillcrest and Kloof, for example, were crumbling because of increased traffic flow, but little was being done.

"There has been a lot of work done in the city, but we are still playing catch-up and there is a huge backlog."

Rishi Singh, chairman of the Clairwood Ratepayers' Association, said current infrastructure was largely being neglected.

"From the most affluent to the poorest areas, there are potholes. That is an example of how atrocious service delivery is." Singh added that he hoped the city's 2010 improvements – including the stadium and beachfront upgrade – would be looked after in years to come.

In another reply, Gordhan said municipalities across the country owed the auditor-general more than R231m in audit fees as at October 31 last year. Responding to a question posed by DA MP Dion George, Gordhan said: "Municipalities and municipal entities owed the auditor-general R231 634 070 for audit fees." The Eastern Cape was the worst offender, with R52.9m outstanding.

Coming in at second and third were the Free State, with outstanding fees of R33m, and the Northern Cape, owing R30m. The North West Province had racked up R26m, the Western Cape R21m and KwaZulu-Natal R22 9m.

"The National Treasury and provincial treasuries had engaged extensively with the municipalities concerned to settle their outstanding audit fees," said Gordhan. – additional reporting by Dasen Thathiah

IMESA IIMS - VISION & STRATEGY



sets

Set the b

r Forecast

Freatment ptions and selection Assess Cash flow repare Asset /lanagement Plan

Vision

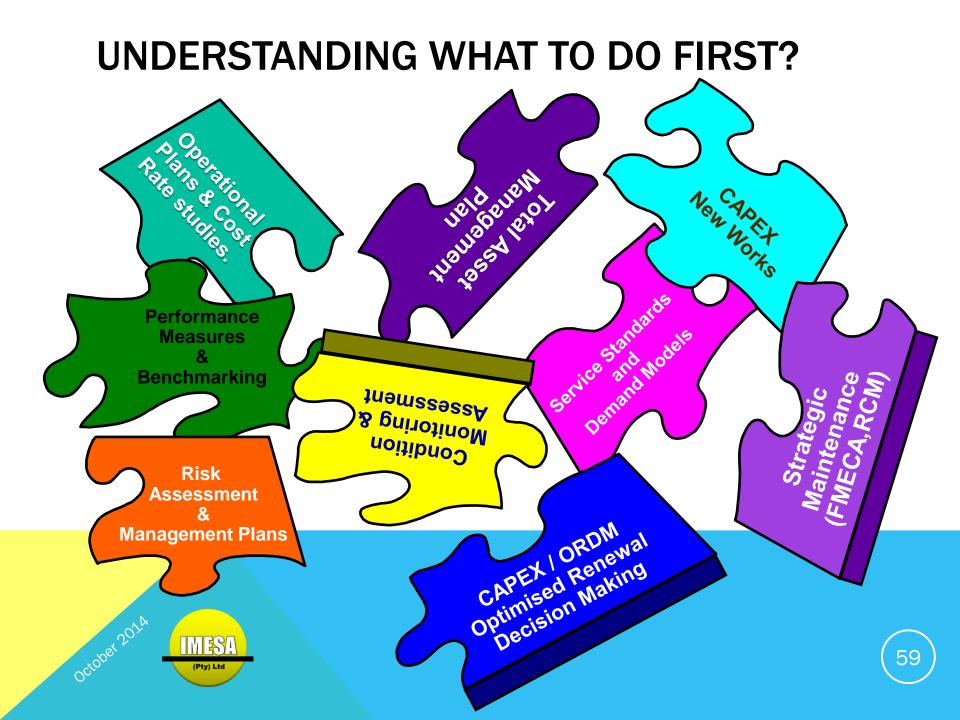
- Help municipalities with GRAP17 compliance
- Standardise and create meaningful reporting tool
- Help municipalities with asset maintenance and improve service delivery
- Facilitate and enhance technical management

Strategy

- Compliance with GRAP17
- Improved infrastructure management and service delivery
- Understand infrastructure funding & budget requirements
- Train staff
- Enhance systems and integration minimal interference



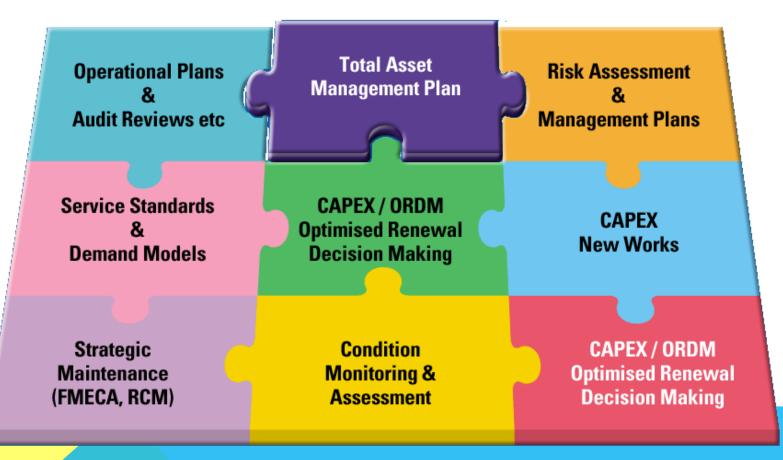




FITTING THE JIGSAW TOGETHER

october 201A

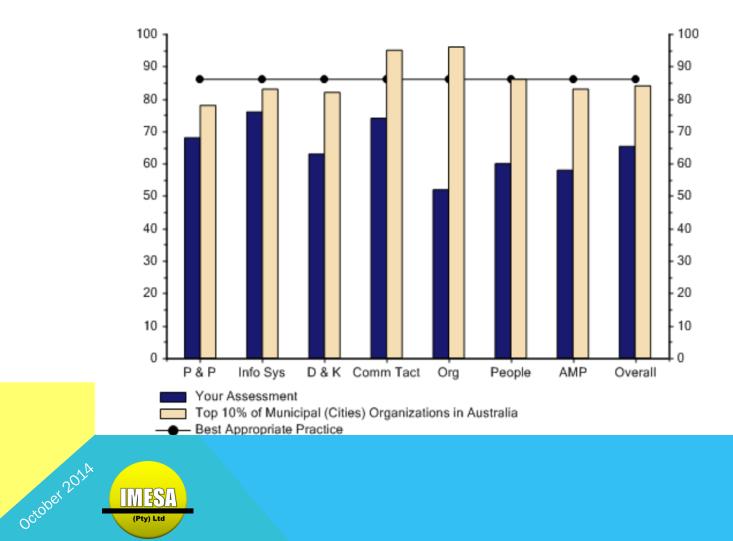
IMESA (Pty) Ltd





GAP-EX LEVEL 1

(Pty) Ltd

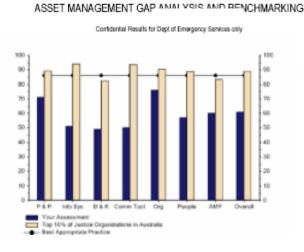


61

GAP ANALYSIS

Audit Plus Benchmark

http://www.ism.com.au/public/AudiPlus



Audit Plus

Gap Analysis

Quality Elements	Weighted Gap	Rank
Process and Practices (P&P)	15.0	6
Information Systems (Info Sys)	35.0	3
Data and Knowledge (D&K)	37.0	1
Commercial Tactics (Comm Tact)	36.0	2
Organizational (Org)	10.0	7
People Issues (People)	29.0	4
AM Plans (AMP)	26.0	5

Improvement Priorities

Based on this gap analysis, Dept of Emergency Services is requal to the top ten percentile of Justice Oliganizations in Australia category and 25.1% behind the best appropriate practice target level as deemed appropriate for an organization of this size and nature. Dept of Emergency Service: has over \$371M worth of infrastructure assets, the management of which is crucial to the organization's performance in terms of both cost and levels of service.

Page 1 of 6

Audit Plus Benchmark

http://www.ism.com.au/public/AudiFlus.

This form of the benchmarking does not allow a detailed analysis, however, based on ISM's weighted gap shown above, the following items are likely areas where improvement should be considered in more detail. The improvement recommendations have been automatically generated based on the information supplied by Dept of Emergency Services in response to the questionnaire and is not intended to replace a detailed audit and improvement plan.

For the purposes of this study we have restricted this to the top 50 poorly performing quality elements in order of importance. Note that the selected quality elements are based on the weighted gap and not the element rating shown in the graph.

Processes and Practices

Processes and practices form the basis for all asset management activities within an organization. Therefore, without clearly defined and documented procedures the ability for your organization to conduct consistent practices are greatly reduced. These processes should cover the entire life cycle of the asset and individual practices will be required for different asset types, eg. condition assessment is a common process for all assets, however, the actual practice applied will differ for each asset type.

Improvements within this area are listed below.

Knowledge of Assets

The key improvements in this area include:

 Review, document and implement processes for determining what assets to collect utilization data on and for undertaking the collection. This should include the creation of a data standard.

Accounting and Costing

The key improvements in this area include:

- Review, document and implement processes for tracking and reporting operational costs against the asset register items at a suitable level.
- · Review, document and implement processes for tracking and reporting maintenance costs.

Capital Expenditure Evaluation

The key improvements in this area include:

 Review, document and implement processes for economic evaluation of capital projects, and develop the organizations policy on the methods to be adopted, including the use Net Present Valuels, Internal Rate of Return etc. type measures.

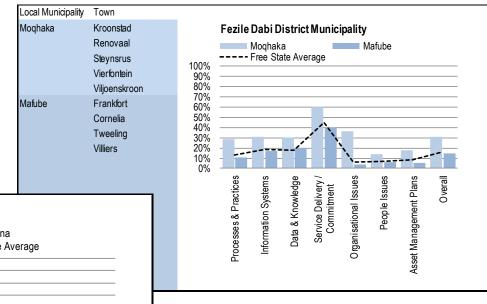
Operations

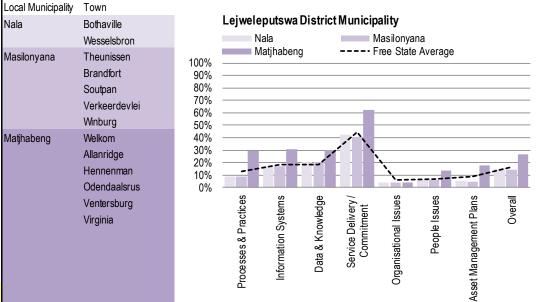
The key improvements in this area include:

- Review, document and implement processes for developing and maintaining operations manuals.
- Review, document and implement processes for handling customer and stakeholder complaints, including the way they are tracked through the business from receipt to resolution.
- Review, document and implement processes for maintaining and developing Emergency Response Plans, including for what events, against what level and criticality of asset should these be completed. These should also include how new assets are automatically included, how often are they reviewed and what triggers the need for upgrades.

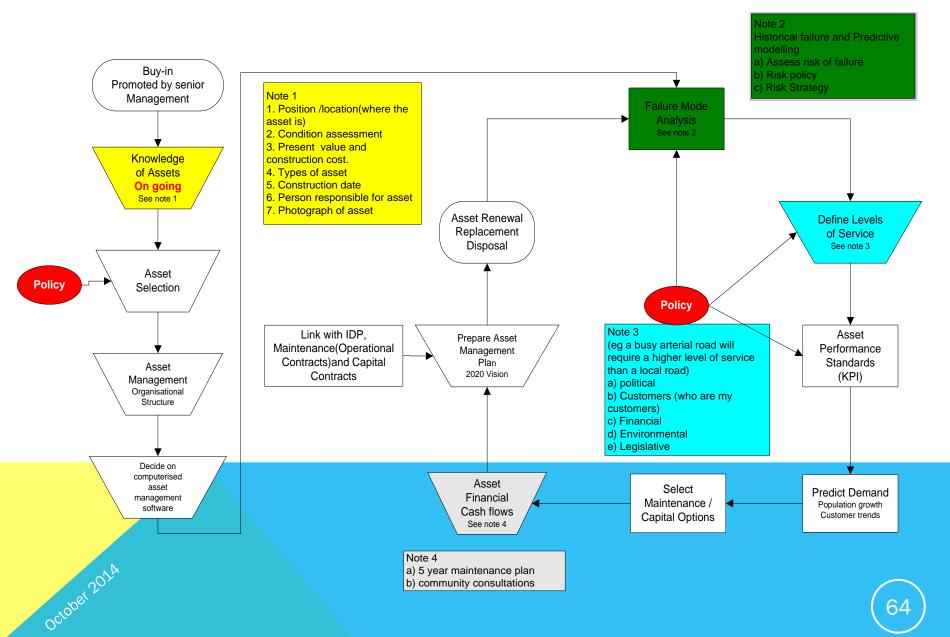
GAPEX ANALYSIS EXAMPLES

October 2014

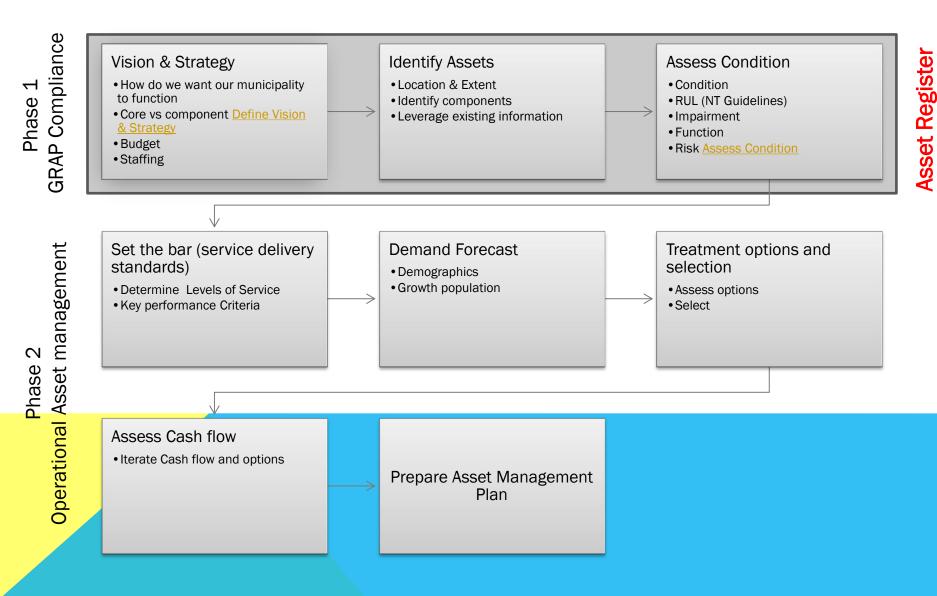




FLOW CHART (INFRASTRUCTURE ASSET MANAGEMENT)



ASSET MANAGEMENT ROADMAP



ASSET MANAGEMENT PLAN

A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost effective manner to provide a specified level of service.

A significant component of the plan is a long-term cash flow projection for the activities.



ASSET REGISTER

A *record of asset information* including some or all of inventory, historical, service, financial, condition, construction, technical and financial information about each asset.



THE ASSET REGISTER

Does not tell us:

- The replacement strategy of an asset
- The planned maintenance program
- The economic life of the asset
- The reliability and capacity of the asset

In other words It does not tell us its state of decay (when it will fail)



THE PROBLEMS WE SEE

- Everyone is doing their own thing.
- We have over 30 different approaches to asset management being used.
- Training programs are being created at a great rate, promoting even more approaches.
- We are re-inventing the wheel. There are best appropriate practices available around the world and,
- A large movement exists for a global approach to SIAM with BAP industry models for the maturity needed by the organisation and their assets.
- We should pool all materials, develop a national approach and concentrate all our efforts on implementing it cost effectively, not re inventing it.



FOCUS AREAS IRO GRAP17 REQUIREMENTS

• Knowledge / identification of Assets

- On IIMS database in GIS format
- In the Fixed Asset Register (JDE)
- Corporate GIS database

Condition Assessment of Assets

- It's required to assist in the review of the useful lives of assets and impairment costs.
- Useful Life of Assets (based on National Treasury Guidelines)
 - To be reviewed at least each reporting date
 - Estimation of UL is a matter of judgement based on experience.

Impairment

- Loss in future economic benefits
- The carrying amount (cost accumulated depreciation) of an asset exceeds its recoverable amount (amount asset can be sold for)

Unbundling / Componentisation

- Identify each component with a different useful life
- Depreciate each component over its expected useful life

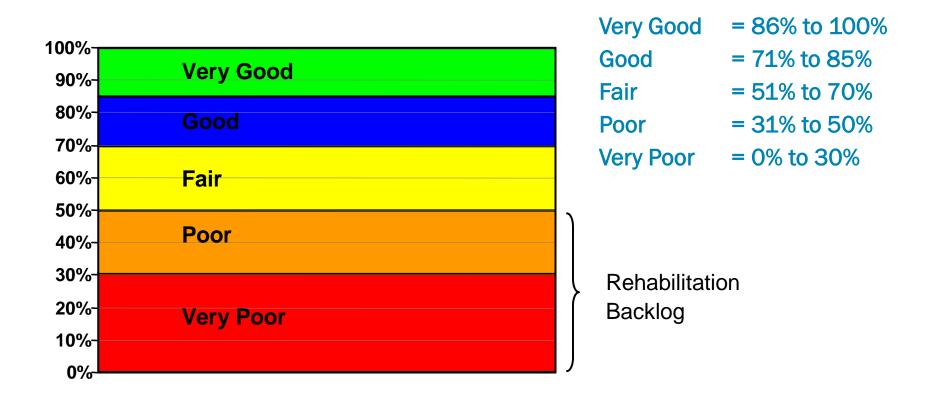


CONDITION ASSESSMENT CONDITION ASSESSMENT CONDITION ASSESSMENT

EXPOSURE

October 2014

VISUAL CONDITION INDEX



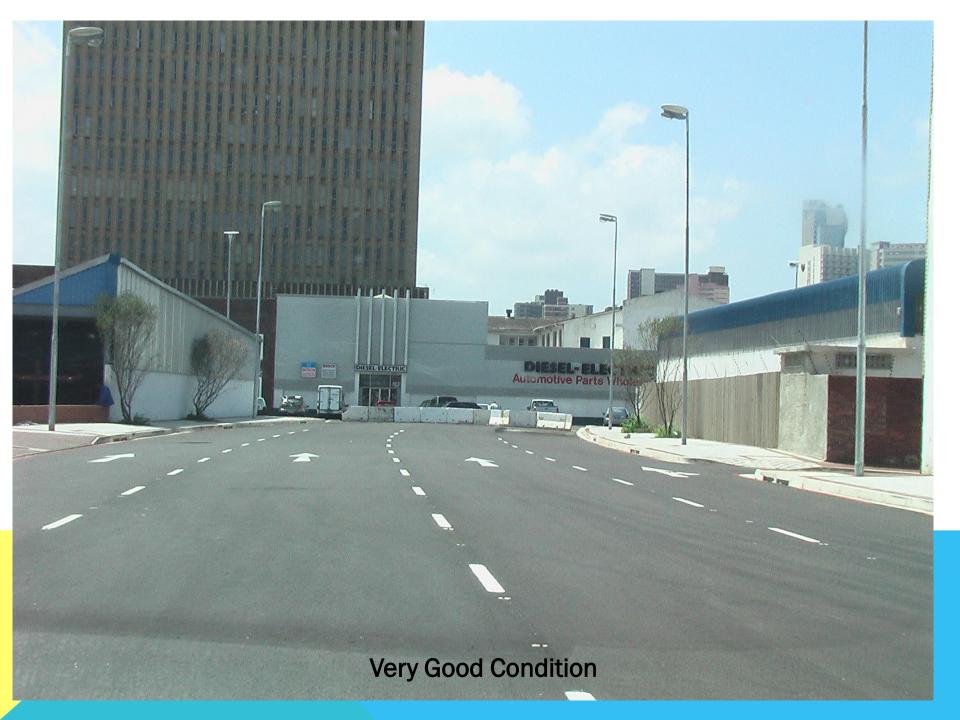




Very Poor Condition









METHODS TO ASSESS COLLECTION SYSTEM CONDITIONS

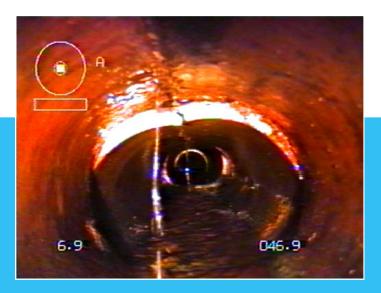
- Smoke testing
- Dye testing
- Lamping
- Video inspection (CCTV)
- Sonar
- Ground-penetrating radar

MES

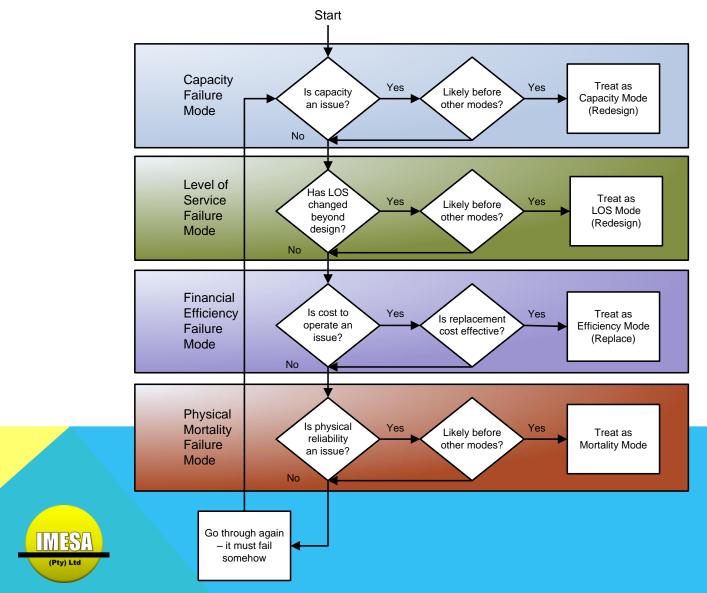
(Pty) Ltd

• CCTV (closed-circuit television)





FOUR FAILURE MODES

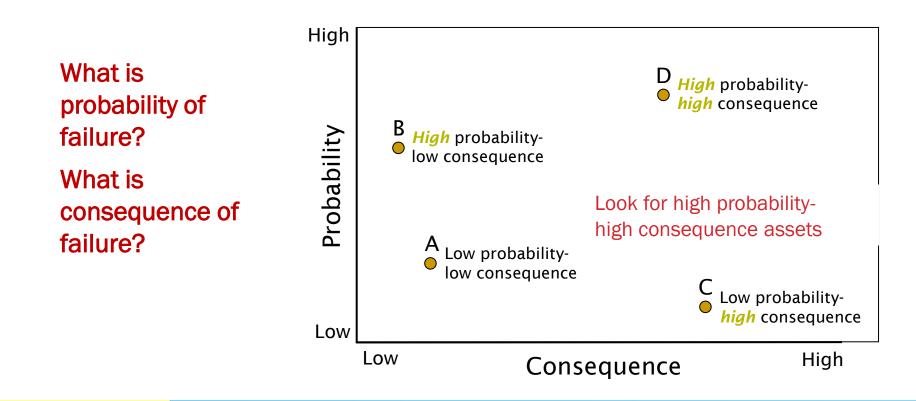


SMART IDEAS FOR CONDITION DATA COLLECTION

- **1. Business risk-driven,** with focus first on high risk, high consequence assets
- **2.** *Problem assets-profiled*, noting that 20% of assets cause 80% of problems
- 3. Sampling approach
- **4. Stepped approach,** applying more sophisticated assessment techniques to higher-cost, higher business risk-assets
- 5. Failure mode-guided, do I need condition data?
- 6. Root cause-driven
- 7. Valued judgment/Delphi approach, as supplement to minimal data



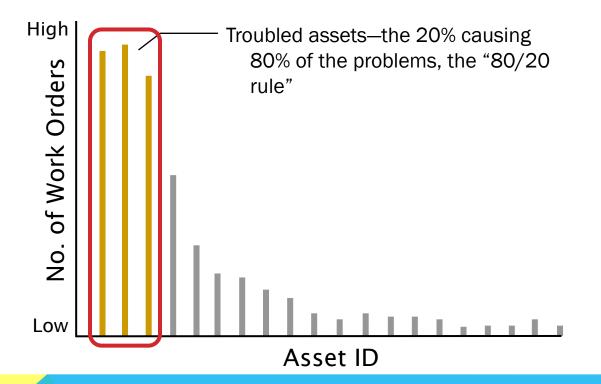
BUSINESS RISK-DRIVEN





PROBLEM ASSETS-PROFILED

Do we know which are our problem assets?





VALUED JUDGMENT/DELPHI APPROACH SUPPLEMENTS MINIMAL DATA

"Valued judgment" is used to assign condition scores

- Assemble team of most-knowledgeable personnel
- Poll each member for opinion on condition score and why
- Augment with work order data and failure patterns
- Use photos and process schematics
- Facilitate group consensus through discussion



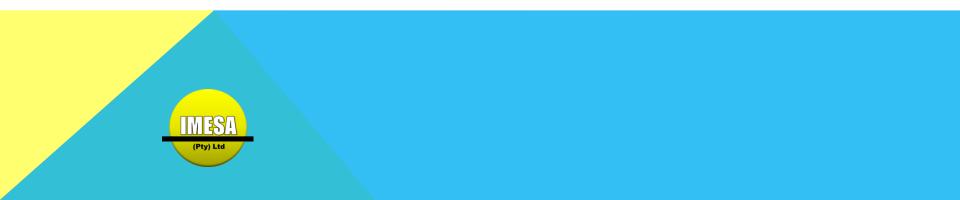
IMPORTANT NOTE ON CONDITION ASSESSMENT

- Condition assessment is not an end in itself, but is a means to an end
- The end is to determine remaining useful life
- Good-Fair-Poor-type ratings have little utility unless they lead to an effective estimate of remaining useful life
- The remaining useful life of an asset is *what we have left to try to manage*



RISK IS THE HEART OF AM





ALL ASSETS HAVE A PROBABILITY OF FAILURE

Two key questions...

1. Is the failure reasonably predictable?

2. Is it cost-effectively preventable?



UNDERSTAND ASSET RISK

- Failure of 1 asset can cause catastrophic failure of other/supporting assets
- Combination of small failures (pump station and blocked drainage channel) coupled with a large storm event caused major damage worth significantly more than the value of the failed assets

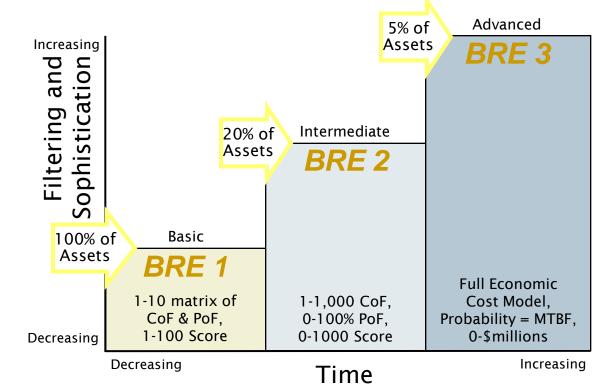
Total DamageR20mTotal Asset CostR4mMaintenance Cost ±R20,000





STEP-BY-STEP BRE METHODOLOGY

Levels of filtering and sophistication



BRE is business risk exposure, CoF is consequence of failure, PoF is probability of failure, MTBF is mean time between failures



SERVICE RISK FACTOR (WEIGHTING) ADOPTED FOR THE MUNICIPALITY

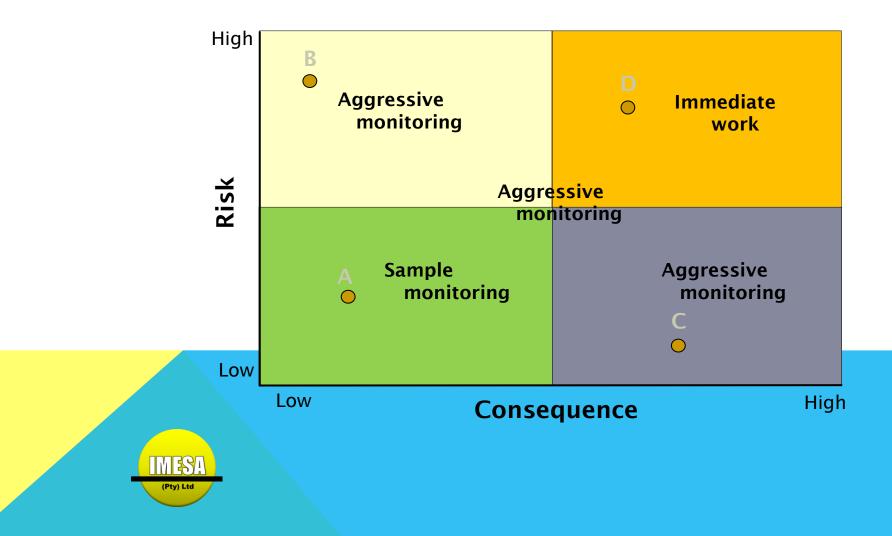
Water	19
Sanitation	14
Roads	12
Bridges & retaining walls	12
Stormwater	7
Buildings	7
Parks	4



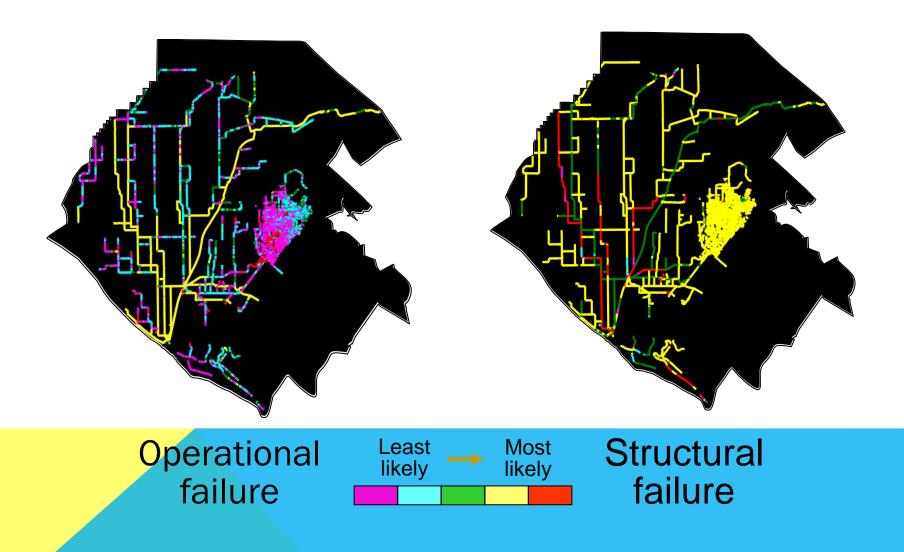
Risk Exposure = Probability of Failure x Consequence of Failure x Weighting

BUSINESS RISK EXPOSURE DRIVES WORK PROGRAM

Work program response

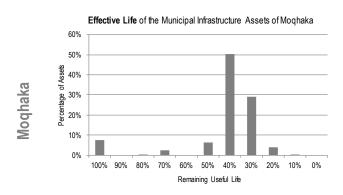


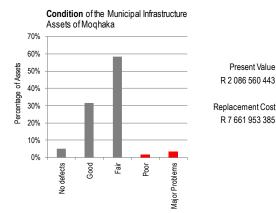
RISK MAPPING



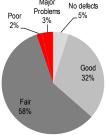
CONDITION ASSESSMENT EXAMPLE

Moqhaka LM - All Infrastructure Assets

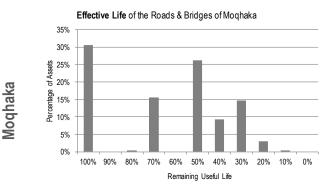


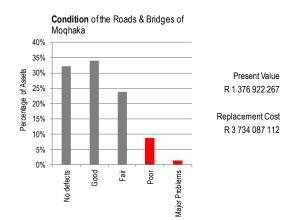


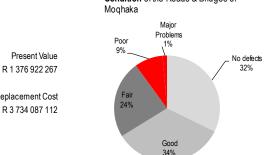
Condition of the Municipal Infrastructure Assets of Moqhaka



Moqhaka LM - Roads & Bridges

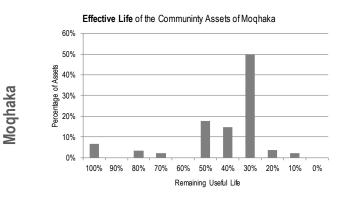


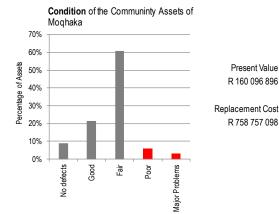




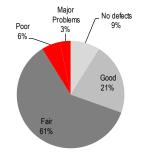
CONDITION ASSESSMENT (MOQHAKA EXAMPLE)

Moqhaka LM – Community Assets

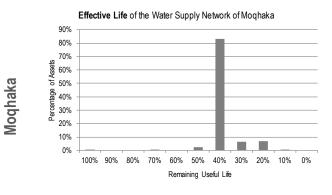


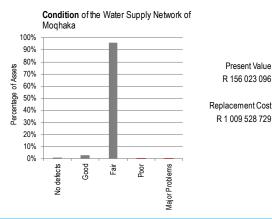


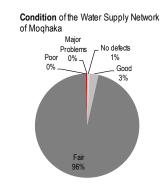
Condition of the Communinty Assets of Moghaka



Moghaka LM – Water Supply Network

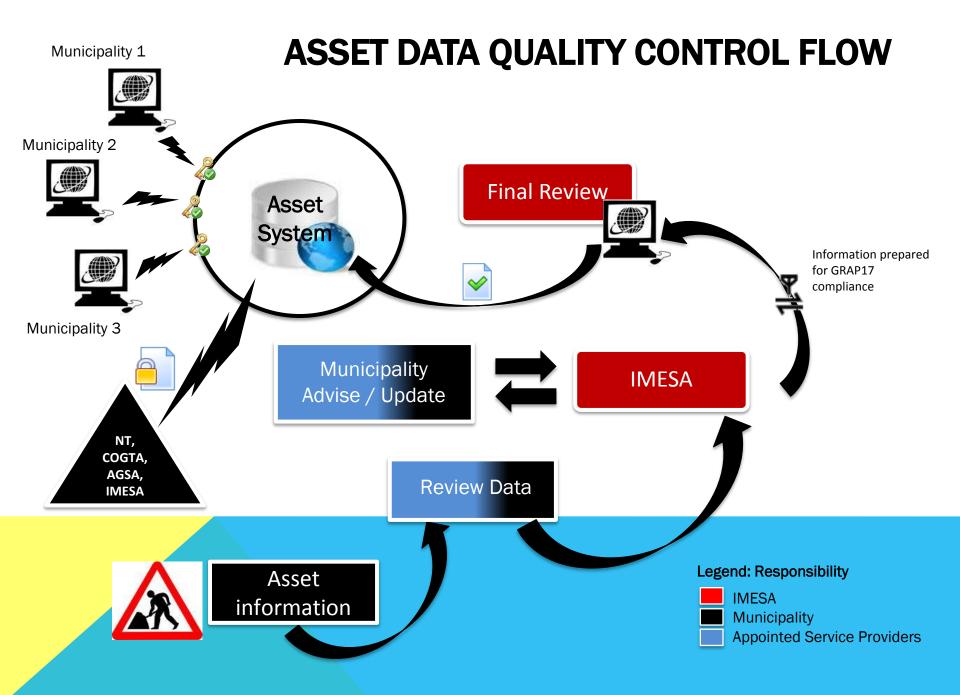






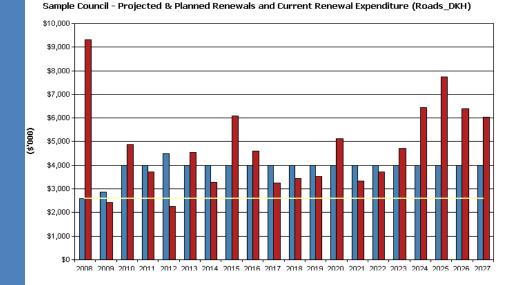
Present Value

R 156 023 096



Key Element 3 – LTFP

SUSTAINABLE FINANCIAL MANAGEMENT NEEDS TO BE AN ESSENTIAL PART OF BUSINESS



Move from annual budgeting to long term financial planning

CENTRE OF EXCELLENCE IN LOCAL GOVERNMENT (6 PROGRAM AREAS)



THE GOAL IS TO DELIVER SUSTAINABLE LEVELS OF SERVICE THAT THE COMMUNITY COMES TO EXPECT





IMESA TRAINING COURSES

October 2014

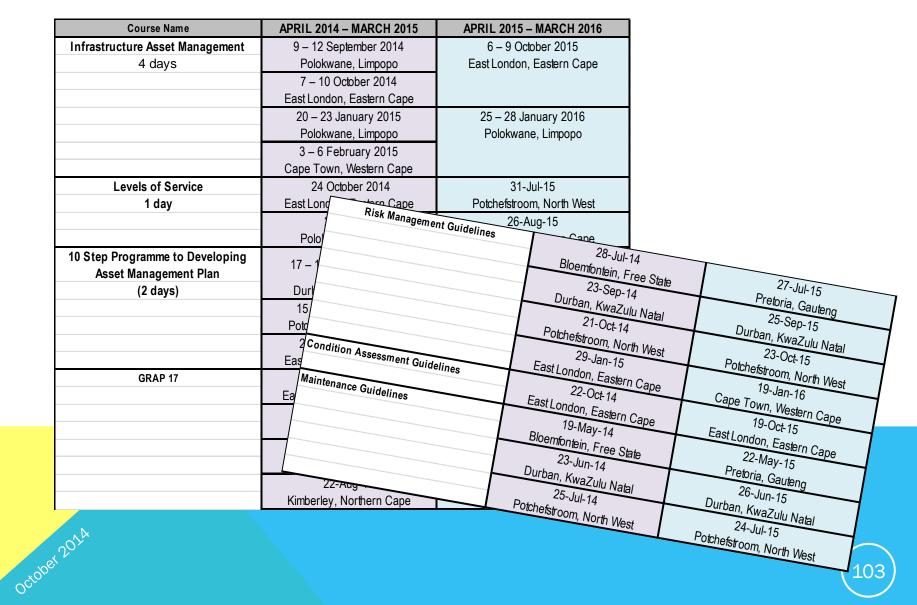
IMESA (Pty) Ltd

Course Name	No. of days
Infrastructure Asset Management 4 day	4
Infrastructure Asset Management 2 day	2
Levels of Service	1
10 Step Program to Developing an Asset Management Plan	1
GRAP 17	1
Risk Management Guidelines	1
Condition Assessment Guidelines	1
Maintenance Guidelines	1
Project Management	3





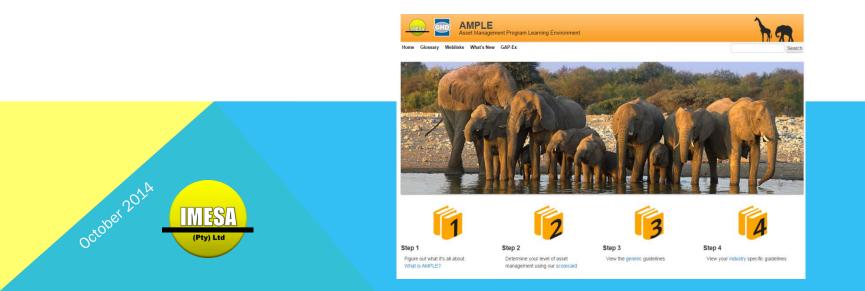
TRAINING SCHEDULE – MISA COURSES



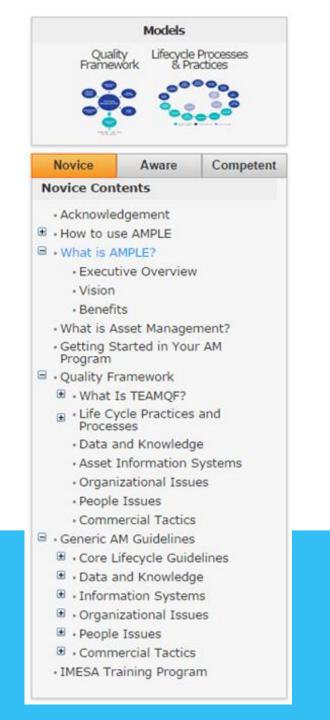
ASSET MANAGEMENT PROGRAM LEARNING ENVIRONMENT (AMPLE)

AMPLE is a web-based tool (knowledge management system) that has set of on-line guidelines, templates and decision support tools to:

- Simplify the development of consistent Asset Management Strategic Plans
- Provide effective Implementation Guidelines for agencies to assess and drive meaningful improvements in asset management.
- List Asset Management systems from around the world.



AMPLE - NOVICE

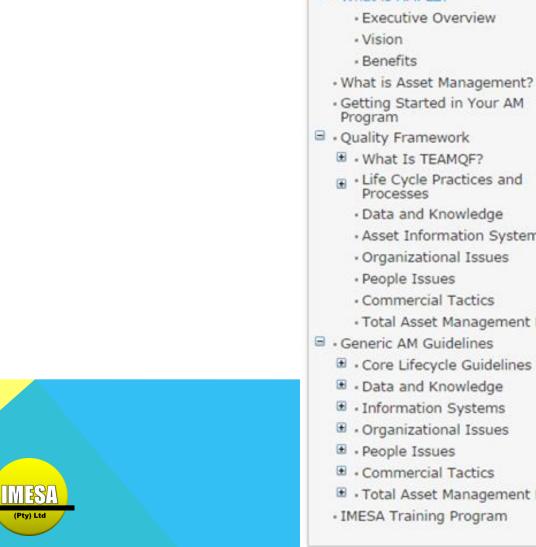


105



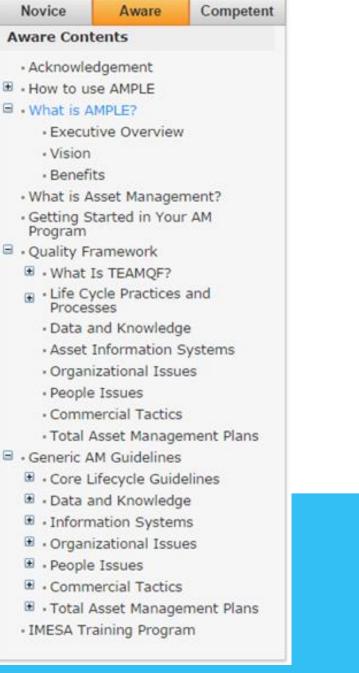
AMPLE – AWARE

October 2014



Novice

Aware Contents



AMPLE - COMPETENT



Novice	Aware	Competent
Competent Contents		
 Acknowle 	dgement	
How to use AMPLE		
• What is AMPLE?		
• What is A	sset Managem	ent?
 Getting S Program 	tarted in Your	АМ
Quality Fi	ramework	
	Is TEAMQF?	
Life Cγ ⊪ Proces	ycle Practices a sses	and
Data and Knowledge		
 Asset Information Systems 		
 Organizational Issues 		
People Issues		
Commercial Tactics		
 Total Asset Management Plans 		
Generic AM Guidelines		
Core Lifecycle Guidelines		
Data and Knowledge		
Information Systems		
Organizational Issues		
People Issues		
Commercial Tactics		
	Asset Managen	
	Implementatio	
 Developir Program 	ng an Improve	nent
 Specific I 	ndustry Practio	es
• IMESA Tr	aining Program	1



Questions...???

