



arts & culture

Department:
Arts and Culture
REPUBLIC OF SOUTH AFRICA

INFRASTRUCTURE DEVELOPMENT POLICY

APRIL 2016


INFRASTRUCTURE DEVELOPMENT POLICY

AUTHORISATION AND EFFECTIVE DATE

SIGNATURE:

Thus done and signed in PRETORIA on the 20 day of
..... JUNE 2016.

THE EMPLOYER

NAME	DESIGNATION	SIGNATURE	DATE
V. NAMA	act mg		20/06/2016

Effective date: 20/06/2016

TABLE OF CONTENT

AUTHORISATION AND EFFECTIVE DATE	2
1. INTRODUCTION	5
2. PURPOSE OF THE INFRASTRUCTURE POLICY.....	6
3. DEFINITIONS	7
4. LIST OF ABBREVIATIONS.....	10
5. AUTHORISATION	10
6. SCOPE OF APPLICATION	10
7. REGULATORY FRAMEWORK.....	11
8. POLICY FRAMEWORK	12
8.1 OBJECTIVES	12
8.2 PRINCIPLES	12
8.3 STRATEGIC PLAN	13
8.4 CONDITION ASSESSMENT	14
8.5 USER ASSET MANAGEMENT PLAN.....	15
8.5.1 Framework and contents of a UAMP.....	15
8.5.2 UAMP: process	16
8.5.3 UAMP time-frame	17
8.6 FUNDING	18
8.6.1 Institutions to be funded.....	18
8.6.2 Projects to be funded.....	18
8.6.3 Funding criteria	19
8.6.4 Minimum funding requirements	20
8.6.5 Capital projects evaluation process.....	23
8.6.6 Interest and savings on infrastructure funding.....	23
8.6.7 Reporting	23
8.7 SERVICE DELIVERY	24
8.8 REGULATORY REQUIREMENTS	24
8.8.1 Immovable asset register.....	24
8.8.2 Recognition of heritage immovable assets	24

8.8.3	Recognition of donated immovable assets	24
8.8.4	Safekeeping of assets	25
8.8.5	Occupational health and safety	25
8.8.6	Accessibility of facilities to persons with disabilities	25
8.9	PRESERVATION PROGRAMME.....	25
8.10	ROLES AND RESPONSIBILITIES.....	26
9.	CAPACITY AND INSTITUTIONAL GOVERNANCE.....	28
10.	VALIDITY AND AMENDMENT OF POLICY.....	29
10.1	INCEPTION DATE.....	29
10.2	LAPSE/TERMINATION	29
10.3	REVIEW PERIOD.....	29
10.4	ENQUIRIES.....	29
11.	MONITORING, EVALUATION AND REPORTING.....	29

1. INTRODUCTION

The Department of Arts and Culture (the DAC) is responsible for transforming South Africa's art, culture and heritage landscape to serve South Africa's wide artistic and cultural needs and to contribute to the goals of growth, employment, poverty alleviation, national reconciliation, nation building and social cohesion. To carry out this mandate effectively the DAC needs to operate from facilities consisting of well-managed immovable assets and related services. Currently the DAC operates from facilities that are mostly managed by public entities, hence the need to ensure the application of a uniform standard of service delivery throughout the country in terms of the management of all immovable assets in the care of the DAC. The Infrastructure Development Policy will remove the current disparities between the various public entities in the management of their facilities by setting a uniform standard.

Immovable asset management is defined as the process of acquisition, utilisation and disposal of immovable assets to maximise their service delivery potential and life expectancy by managing the related risks and costs, through the planning, development, operation, maintenance and monitoring of its condition. In this context, the DAC manages a diverse estate comprising museums, libraries, playhouses, archives, burial grounds, monuments, historical sites and offices that require to be aligned with government's initiatives aimed at enhancing service delivery.

The legislative environment for management of the government estate has changed dramatically since the introduction of the Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007) (GIAMA). The objective of this Act is to introduce measures to ensure a uniform framework for the management of immovable assets by a national or provincial department in support of its service delivery objectives. The Act also prescribes the roles and responsibilities of custodians and users of immovable assets.

Given the extent and diversity of immovable assets owned and used by government in the delivery of services, and the significant impact such assets have on the macroeconomic, socio-political and physical landscape of South Africa, there is an urgent need for managing these assets efficiently and effectively in a transparent manner.

Proper immovable asset management can contribute to ensuring that services are carried out efficiently and effectively over the period that a facility is in use. Underspending on the maintenance of buildings results in premature deterioration of building elements and a shorter life expectancy.

This Infrastructure Development Policy seeks to establish unambiguously the framework for immovable asset management processes required to support the vision of the DAC to develop and preserve South African culture to ensure social cohesion and nation building.

2. PURPOSE OF THE INFRASTRUCTURE POLICY

As legislated, the DAC is the designated department responsible for obtaining funding from Parliament through the National Treasury for the management of all the immovable assets used by the Department and the public entities operating under its auspices. The purpose of this Policy is, therefore, to provide a regulatory framework for managing the processes of acquisition, utilisation and disposal of immovable assets across the DAC and its public entities in a manner that supports service delivery and to assign responsibilities to the various role players within the Department and public entities. The Policy defines the key principles and best practices that underpin asset management while being compliant with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), GIAMA, and all other applicable South African legislative prescripts governing the management of immovable assets.

This Policy will be supported by regulations that will record the legislative prescripts referred to above as well as procedures that can be implemented across the DAC.

3. DEFINITIONS

Accounting officer means, in relation to a national or provincial department, a person referred to in section 36 of the PFMA and includes any person acting as the accounting officer. The Accounting Officer for the DAC is the Director-General (DG). The accounting officer for a public entity is the Chief Executive Officer (CEO) or Director.

Asset register means a database or record, listing details of immovable assets.

Best practice means an internationally or nationally accepted desirable and appropriate standard, process, procedure, method or system in relation to immovable asset management.

Condition assessment means the continuous or periodic measurement and interpretation of data to establish the condition of an asset in order to determine the need for conservation.

Conservation means maintenance carried out after a failure has occurred and intended to restore an item to a state in which it can perform its required function.

Custodian means a national or provincial department designated in terms of section 4 of GIAMA that must act as the caretaker, acquire, manage and dispose of immovable assets.

Declared institution means an institution declared under section 3 or 6(3) to be subject to the Cultural Institutions Act, 1998 (Act No. 119 of 1998), or regarded in terms of section 17(1) to have been so declared.

Fair value means the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Heritage immovable asset refers to an asset of cultural, environmental or historical significance.

Immovable asset means any immovable asset acquired, owned or leased by government. Immovable assets are further described as land and any immovable improvement on that land, and which have enduring value and consists of assets of residential, non-residential or infrastructure nature and include machinery and equipment that have been installed and are an integral part of immovable assets.

Immovable asset management means those management processes, which ensure that the value of an immovable asset is optimised throughout its existence.

Life cycle means the period, prescribed by the National Treasury, during which a custodian could expect to derive economic benefits from the control of an immovable asset.

National public entity means a national government business enterprise, or a board, commission, company, corporation, fund or other entity (other than a national government business enterprise) established in terms of legislation.

Performance assessment means the continuous or periodic measurement and interpretation of data to determine the performance of an asset, including the condition, suitability for purpose and continued service.

Planned maintenance is defined as follows:

- (a) **Preventative maintenance** means actions performed to retain an asset in its normal condition and to prevent failure by providing systematic inspection and monitoring to detect and prevent incipient deterioration or failure and includes testing to confirm that it is operating effectively.
- (b) **Condition-based maintenance** means corrective maintenance work performed, as a result of significant deterioration or failure, to restore an asset to its required condition standard. The work may be programmed as a result of condition assessments or as random additions to the programme, based on priority.
- (c) **Statutory maintenance** means actions performed to provide the minimum level of maintenance to meet legal and other mandatory requirements contained in legislation, regulations, standards and codes of practice. Both preventative and condition-based maintenance may contain elements of statutory maintenance.
- (d) **Backlog maintenance** means any maintenance that should have been done during previous maintenance cycles but were deferred, cancelled or not done as a result of a lack of funds or for other reasons. The maintenance work can be quantified, planned and scheduled, and it is therefore classified as planned maintenance.
- (e) **Planned maintenance means** maintenance work that can be quantified, planned and scheduled, and then classified as planned maintenance.

Preservation means the three distinct intervention processes, namely maintenance, rehabilitation and replacement, used to counter the deterioration process of immovable assets.

Recognition of assets means the process of incorporating in the statement of financial position or statement of financial performance, an item that meets the definition and satisfies the criteria for recognition.

SAHRA means the South African Heritage Resource Agency, a statutory body established under the National Heritage Resource Act, 1999 (Act No. 25 of 1999), as the national

administrative body responsible for the protection of South Africa's cultural heritage, including immovable assets of heritage value.

Scorecard means a tool that provides an objective and broad-based set of measurement indicators for purposes of measuring broad-based black economic empowerment (BBBEE) progress in and across construction enterprises in different subsectors and in the construction sector as a whole.

Strategic plan means the strategic plan of the Department as prescribed in terms of Chapter 1, Part III B of the Public Service Regulations, 2001, and the PFMA.

Treasury means the National Treasury or Provincial Treasury, as defined in section 1 of the PFMA.

Unplanned maintenance is defined as follows:

a. Breakdown maintenance:

- i. Normal breakdowns means unforeseen and reactive maintenance actions required to restore an asset to an operational condition, as a result of an unforeseen failure.
- ii. Emergency breakdowns means unforeseen and reactive maintenance actions *urgently* required to restore an asset to an operational condition, as a result of an unforeseen failure that *seriously* affect the functioning of the asset, e.g. a blocked sewer.
- iii. Critical breakdowns means breakdowns that cause serious damage to surrounding assets, cause the loss of resources, such as water, or is life threatening. The critical status of a breakdown falls away once the cause for the critical status is removed.

b. Incident maintenance means emergency unplanned and reactive maintenance actions urgently required to restore an asset to an operational or safe condition following damage resulting from disasters or incidents relating to storms, fire, forced entry, vandalism, malicious actions, etc.

User asset management plan (UAMP) means the principal immovable asset strategic planning document, which guides and informs all immovable asset management decisions by the user.

User means a national or provincial department that uses or intends to use an immovable asset in support of its service delivery objectives.

4. LIST OF ABBREVIATIONS

BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
DAC	Department of Arts and Culture
DG	Director-General
DPW	Department of Public Works
EMT	Executive Management Team
GIAMA	Government Immovable Asset Management Act, 2007
MTEF	Medium-term expenditure framework
NHRA	National Heritage Resources Act, 1999
OHSA	Occupational Health and Safety Act, 1993
PFMA	Public Finance Management Act, 1999
SAHRA	South African Heritage Resources Agency
SANS	South African National Standard
UAMP	User Asset Management Plan
ACPD	Arts Culture Promotion and Development
HPP	Heritage Promotion and Preservation
CFO	Chief Financial Officer
IDT	Independent Development Trust
CWC	Capital Works Committee

5. AUTHORISATION

This Policy is issued under the authority of section 38(b) and (d) of the PFMA and sections 3 and 5 of the GIAMA.

6. SCOPE OF APPLICATION

The above minimum provisions will be applicable to all officials within the DAC, public entities and other organisations that contribute to the strategic objectives of the DAC.

7. REGULATORY FRAMEWORK

This Policy is informed by the following legislative prescripts:

Asset Management Framework – guidelines for recognition of assets, issued by the Office of the Accountant-General, National Treasury in April 2004

Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

Constitution of the Republic of South Africa, 1996

Construction Charter – March 2006

Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)

Cultural Institutions Act, 1998 (Act No. 119 of 1998)

Culture Promotion Act, 1983 (Act No. 35 of 1983)

Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007)

Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005)

King III Code on Good Corporate Governance, 1 March 2001

National Arts Council Act, 1997 (Act No. 56 of 1997)

National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)

National Environmental Management Act, 1998 (Act No. 107 of 1998)

National Heritage Council Act, 1999 (Act No. 11 of 1999)

National Heritage Resources Act, 1999 (Act No. 25 of 1999)

Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)

Public Finance Management Act, 1999 (Act No. 1 of 1999)

Public Service Act, 1994 (Proclamation No. 103 of 1994)

8. POLICY FRAMEWORK

8.1 OBJECTIVES

The key objectives of this Policy are:

- (a) to ensure the application of a uniform standard in the immovable asset management portfolio in the DAC and the public entities that fall under its auspices;
- (b) to ensure the application of best practices in immovable asset management, safeguarding of immovable assets and the effective use of existing resources;
- (c) to ensure that all responsible parties are aware of their roles and responsibilities regarding the management of immovable assets occupied by public entities of the DAC;
- (d) to ensure accurate recording of information on the immovable assets of the Department to inform the development of a sound UAMP;
- (e) to ensure that immovable assets are acquired, utilised and disposed of in accordance with applicable legislation;
- (f) to provide an environment where informed decisions regarding the minimum requirements and standards for the management of immovable assets are made to ensure the optimisation of the value of immovable assets throughout their life cycle;
- (g) to ensure improved infrastructure performance and service sustainability through the information obtained from condition assessments and monitoring;
- (h) to ensure that the risks of non-compliance associated with corrective maintenance programmes are effectively managed;
- (i) to ensure that there is adequate information from the operational level to inform the strategic processes of the Department.

8.2 PRINCIPLES

The following principles will apply in the management and operation of the DAC estate:

- Formulation of a departmental strategic plan on a 5-year basis as mandated by the Public Service Regulations, 2001, which underpin the essence of this Policy;
 - Development of budgets and allocation of funds to asset management programmes as prioritised in the strategic plan of the Department;
 - Development of long-term financial planning strategies to address inadequacies in the performance of the immovable assets of the Department;
 - Uniform application of the procedures and guidelines for the implementation of this Policy throughout the Department and public entities and compliance within the
-

prevailing legislative framework. Deviations will be authorised only by the DG of Department;

- Full adherence to the BBBEE prescripts as specified in the Construction Charter and implementation of the BBBEE Scorecard; and
- Adherence to environmental responsibility through the efficient use and management of scarce or non-renewable resources, particularly water and energy, in the operation and management of its estate. Care will be taken to reduce and manage the waste streams generated at DAC facilities.

8.3 STRATEGIC PLAN

The formulation of strategic plans and infrastructure planning are interlinked processes. With regard to immovable asset management, the strategic plans of the various public entities that report to the DAC will be informed by the overall strategic plan of the DAC. All public entities are required to formulate strategic plans for a 5-year period, for submission to the DAC on approval by their respective executive councils.

As a government department, it is mandatory for the DAC to formulate a strategic plan that defines the Department's long-term strategy to realise its vision. Decisions to allocate the DAC's capital and human resources, in order to pursue its strategy, are informed by the strategic plan and the physical environment it operates from.

As the immovable assets of the Department define the operating environment of the organisation, immovable asset management plays a vital role towards service delivery and the attainment of the Department's mission. Broadly, the strategic plan will set out the long-term strategic plan for managing, preserving and securing the future of the immovable assets of the DAC. It is imperative to undertake infrastructure planning in line with the development of the strategic plan to ensure full alignment between the two. This process is illustrated in the diagram below (Figure 1).

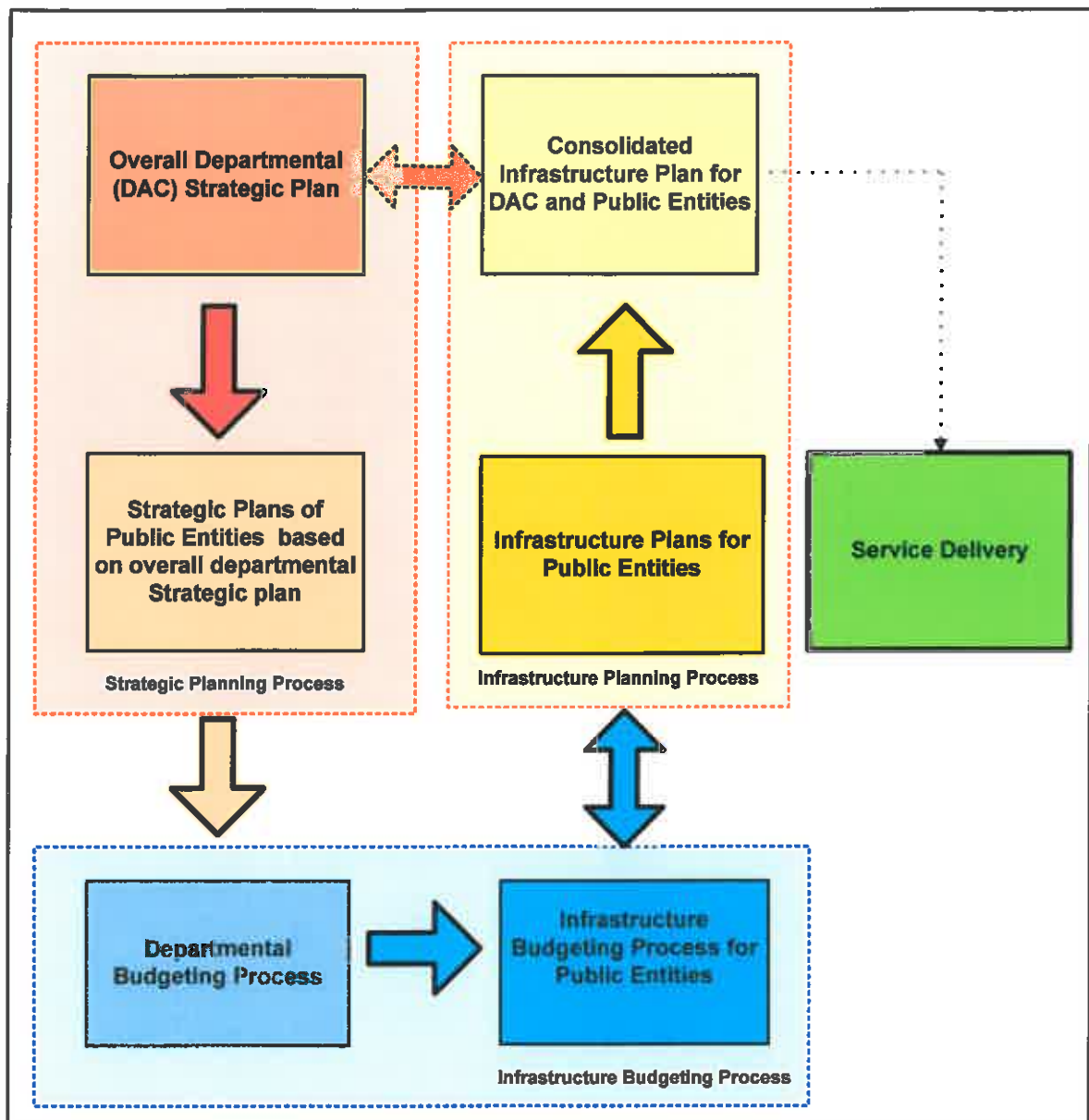


Figure 1: Strategic Planning Process: DAC and Public Entities

8.4 CONDITION ASSESSMENT

- (a) Condition assessment is the continuous or periodic measurement and interpretation of data to decide the condition of an item to determine the need for preservation in relation to the appropriate condition standards.
- (b) All DAC facilities, including the facilities of public entity, will be inspected through the condition assessment process at least once every five years.

- (c) Terms of reference for condition assessments must be developed and implemented. Furthermore, the data collected from condition assessment will be used to develop the UAMP.

8.5 USER ASSET MANAGEMENT PLAN

The GIAMA seeks to introduce measures to ensure a uniform framework for the management of immovable assets that are used by (reserved for) a national or provincial department in support of its service.

In terms of the GIAMA it is mandatory for the accounting officer of every user to submit an immovable asset management plan, in line with the requirements for strategic planning as provided for by the PFMA and the Public Service Act, 1994.

The GIAMA further outlines the important correlation between the process of compiling a UAMP and the strategic planning process of the Department, as the availability of immovable assets facilitates the achievement of service delivery objectives. It is therefore imperative that the DAC satisfies the requirements for compiling a UAMP for the Department.

As the designated department responsible for specific public entities, including declared institutions, the DAC is required to ensure that all the public entities prepare UAMPs that must be updated on a yearly basis. All public entities are required to submit their UAMPs and strategic plans to the DAC on or before the last day of June for consolidation – late UAMPs will not be considered for funding.

The annual consolidation of the UAMPs for the DAC, including public entities, and submission to the custodian will be the full responsibility of the Accounting Officer of the DAC.

The purpose of the DAC's UAMP is to identify and assess areas of improvement to ensure optimal functional performance and alignment of immovable assets with service delivery requirements. The UAMP will provide a gap analysis, as per the prescribed template, to prioritise expenditure based on requirements and will generate an appropriate budget in the form of multi-year funding to contribute to the provision of an appropriate service.

8.5.1 Framework and contents of a UAMP

As prescribed by the GIAMA, the DAC is required to prepare a UAMP as per the prescribed guidelines; this UAMP should be updated on a yearly basis. In view of the roles and

responsibilities of public entities in the management of their immovable assets, all public entities are required to prepare a UAMP. The UAMP must consist of the following:

(a) Strategic needs assessment

- A summary of the overall strategic intent of the user regarding its existing and long-term immovable asset requirements must be prepared.
- The user's objectives to improve the efficient and effective utilisation of the existing immovable assets.
- Service delivery objectives and immovable asset requirements as expressed in the user's annual strategic plan and underpinned by budget programme objectives.

b) Acquisition plan

- A summary of current and proposed acquisitions, as informed by the impact of service delivery objectives.
- A refurbishment plan that contains a summary of current and proposed refurbishments and reconfiguration of existing immovable assets, as informed by the impact of service delivery objectives.
- A plan for repairs and maintenance required to reinstate immovable assets to their original state.
- A budget must be prepared to fund the requirements of the acquisition plan.

c) Operations plan

- A plan that sets out the management of facilities.

d) Immovable asset surrender/disposal plan

- Surplus immovable assets that no longer support the service delivery objectives of the user must be surrendered to the custodian. In line with the GIAMA, users and end-users may not to dispose of immovable assets but are responsible for the identification, assessment and surrender of surplus immovable assets to the custodian.

8.5.2 UAMP: process

- Defining current service goals, needs and service delivery strategies and projecting how this is likely to change over time, including a review of the service environment covering policy development and economic, developmental and environmental changes;
-

- Reviewing the extent and state of current facilities and the existing match to service delivery needs, including a gap analysis covering resources deployed, operating cost, staffing, environmental footprint, accessibility and functional design suitability);
- Developing a strategic accommodation plan, including the identification of actions to be taken regarding existing accommodation, e.g normal preventative maintenance only, repairs, rehabilitation, refurbishment or replacement;
- Planning for the need for additional accommodation either by adding to existing facilities or by replacing existing facilities, and disposals, taking into account the cost implications, i.e. available capital and operational funds required. The plan also needs to address risk minimisation and prioritisation of need; and
- Preparation of a cost plan linked to the medium-term expenditure framework (MTEF) cycle and projected over a strategic planning time horizon.

8.5.3 UAMP time-frame

ACTIVITY	DUE DATE	RESPONSIBLE
Submission of accommodation needs (infrastructure and leases) in UAMP format	30 June	Institutions and DAC Programmes
Indicative baseline	1st week of July	National Treasury
Evaluation committee	2nd week of July	DAC
1st draft of DAC UAMP completed, based on indicative baseline	30 July	DAC
Preliminary allocations	2nd week of October	NT
Evaluation committee	3rd week of October	DAC
Indication to institutions, based on preliminary allocations	4th week of October	DAC
2nd draft of DAC UAMP completed, based on preliminary allocations	31 October	DAC
Final allocations	30 November	NT
Evaluation committee (only if there is a	1st week of December	DAC

difference between preliminary and final allocations)

Letters to institutions and implementing agents, based on final allocations

2nd week of December

DAC

Final UAMP approved

31 January

DAC

8.6 FUNDING

8.6.1 Institutions to be funded

26 DAC public entities and other organisations that contribute to the strategic objectives of the DAC.

8.6.2 Projects to be funded

Current practices regarding infrastructure

Both capital and current infrastructure are included in the definition of infrastructure. Capital infrastructure refers to new infrastructure, replacement of infrastructure, upgrades, rehabilitation, renovations and refurbishment of infrastructure, etc. Current infrastructure refers to maintenance and repairs of existing infrastructure assets with the intention of maintaining the capacity and effectiveness of such assets at its designed level. Therefore, we define infrastructure as the construction of new structures, such as buildings, replacing of old structures with new structures, restoring the original condition of an asset through maintenance as well as improving the capacity and effectiveness of an asset through upgrades, rehabilitation and renovation, thereby enhancing the capacity and value of that asset.

The table below shows a breakdown of what is included as infrastructure in the Arts, Culture and Heritage Sector:

Infrastructure project	Example
Capital	<ul style="list-style-type: none"> • Land; • Construction of a new building/plant; • Acquisition of a building; • Extension to an existing building; • Upgrading; • Rehabilitation; • Renovations; • Fixed fixtures/structures – theatre lighting, IT, air-conditioning, fire control systems, film screens, shelves, infrastructure for exhibitions, security fixtures; • Generators, machinery, equipment; • Boat.
Current	<ul style="list-style-type: none"> • Repairs; and • Maintenance (of existing infrastructure and capital examples mentioned above).

The above-mentioned projects may be considered and funded from the DAC's capital works budget. The cost of diesel and feasibility study will be funded by the institutions.

8.6.3 Funding criteria

Priority	Category	Description
1	Existing projects	Projects that are currently ongoing need secured funding due to the contractual relationships that are already in place and necessary to see the project to completion.
2	Presidential or ministerial priority projects	Projects emanating from presidential or ministerial pronouncements as priority projects need secure funding due to the direct link to the governmental strategic priorities.
3	Legacy Project	Projects that are approved by the Minister and/or Cabinet.
4	DAC institutions	<ul style="list-style-type: none"> • Projects that address or are linked to the DAC's priorities. • Maintenance related projects. • Regulatory requirements – functional performance of the complex/building: <ul style="list-style-type: none"> ❖ security; ❖ temperature control system; ❖ fire system;

		<ul style="list-style-type: none"> ❖ health and safety; ❖ disability access; ❖ roof; ❖ structural issues. • Utilisation of the complex/building: <ul style="list-style-type: none"> ❖ accommodation requirements – additional space. • Previous capital works funding – institutions that have received limited funding take priority over the ones that have received high levels of funding over the previous years. • Reporting and spending trends.
4	Non-DAC institutions	<ul style="list-style-type: none"> • Projects that address or are linked to the DAC's priorities. • Projects that address or are linked to the DAC's mandate.

Funding for non-DAC institutions

- Funding will be provided as grant funding on submission of the business plan/proposal with the minimum information as outlined on pages 19-21.
- Memorandum of agreement will be signed with fund recipients.
- An immovable asset will be recognised by the funded institution.
- Maintenance of the immovable asset, after completion, will be the responsibility of the funded institution.
- The DAC will provide oversight over the implementation.
- Funding will be at the discretion of the DAC, i.e. funding is not guaranteed.
- Confirmation of the operational budget for the new facility is the condition for funding.

8.6.4 Minimum funding requirements

Extension of existing infrastructure projects

All submissions for existing capital projects should be based on the need to complete or extend the project. If the completion/extension was contemplated in the original planning documentation a reference to these documents will be sufficient.

However, if the additional funding is due to cost overruns or an increase in the scope of the project, which was not part of the original planning documentation, a clear explanation and motivation is necessary as part of the submission.

New capital projects

A business plan/proposal with the following information must be submitted for each capital project. While every project must address all the elements, the detail will be dependent on the size and complexity of the project. The confirmation of the operational budget for the new facility and the business plan, which should include maintenance cost, is a condition for the approval and transfer of funding.

(a) Needs and demand analysis

The needs analysis should demonstrate alignment with the institution's mandate and strategic objectives. The purpose of this analysis is to enable the institution to identify an infrastructure need, specify outputs of the project and ascertain the extent of current and future demand for the service.

(b) Options analysis

The purpose of an options analysis is to undertake an analysis of all feasible options that can achieve the identified output specifications. This will assist in identifying the preferred solution.

(c) Technical engineering analysis

This is an important step that determines the scale, design, location and technology that will be adopted by the proposed project. The input parameters necessary for the construction, operation and maintenance of the project are identified, quantified and the cost approximated over the life of the project.

For larger and technically more challenging projects, however, the technical assessment is crucial and it needs to be done accurately and thoroughly.

(d) Environmental analysis

Every project involving new construction or substantial rehabilitation of an existing structure will involve undertaking an environmental impact assessment. The cost of doing so is one of the costs that must be identified early on and quantified when determining the feasibility of a particular project.

(e) Socio-economic analysis

Infrastructure projects provide potential economic benefits to black economic empowerment; small, medium and micro enterprises; and the community in general. The use of local labour and materials in a major infrastructure project also provides significant benefits to communities.

(f) **Financial analysis**

The objective of this analysis is to establish the financial viability of the option. A financial model projecting the cash flows for the costs over the project's lifetime is developed. This analysis needs to be undertaken for each of the preferred options identified. If the institution lacks the capacity for developing such financial models, outsourcing this expertise should be considered. In order to preserve the outsourcing option for future capital expenditure undertakings, the institution should budget for such expenditures.

The financial model must be informed by all the life-cycle costs to deliver the identified outputs.

The financial analysis must also determine the minimum cash flow requirement over the life of project, including life-cycle capital or construction costs as well as annual maintenance costs. This will be a condition for funding.

(g) **Risk assessment**

Large projects with significant technical and financial risks are required to undergo a qualitative as well as quantitative risk assessment. Smaller projects with limited technical or contextual risks must attempt to draw up a risk matrix where all the potential risks are listed and the impact of the identified risks on the project is qualitatively described and controls or mitigating actions identified.

(h) **Implementation readiness**

Institutional capacity

Sufficient capacity to deliver the project on time, on budget and to specifications should be demonstrated clearly. An institutional arrangement that is conducive to effective delivery is critical.

Procurement plan

A procurement plan indicating the procurement methodology that will be employed and how it will be managed must be submitted. The plan needs to demonstrate that the proposed procurement method is the most appropriate for the project and will result in achievement of the targeted outcomes.

The plan will include a description of the bidding and bid evaluation process, key milestones and timelines.

8.6.5 Capital projects evaluation process

Institutions submit infrastructure plans in the form of UAMPs with supporting documents for projects that are ready for implementation.

Capital projects are evaluated by a committee consisting of the Executive Management Team (EMT). Programmes and institutions will be invited to present large projects, R20 million and over, to the committee. The committee will invite the presentation of small projects, less than R20 million, when the need arises.

Only projects that are ready for implementation and have supporting documents, e.g. business plans with costs and feasibility study reports, will be assessed by the committee. Allocations will be based on the DAC's UAMP. New projects that are not included in the UAMP and require urgent funding will only be considered during adjustments or outer years, i.e. during UAMP revision.

The committee will approve allocations for the MTEF period and beyond for projects with contract periods over three years, based on the funding criteria and available budget. The allocations will be revised annually based on progress

The evaluation process should be completed by 30 November. Once the allocation process has been completed, the institutions will be apprised of the outcome in the form of a letter.

8.6.6 Interest and savings on infrastructure funding

Public entities must open separate bank accounts to manage funding for the infrastructure project(s). The institution will be expected to provide bank statement and proof of payment to service provider(s) during the DAC site visits. The interest accrued from the account and the savings from completed projects must be spent on infrastructure projects and maintenance of buildings and structures. The institution should seek approval from the DAC before the interest and savings are utilised for infrastructure projects and maintenance of buildings.

8.6.7 Reporting

All funded institutions must submit quarterly reports within 30 days after the end of the preceding quarter to report on the progress and expenditure for the facilities' needs, as captured in the business plans. The reports must be signed by the CEO and the Chairperson of the Council/Board.

Non-compliance will lead to further trenches being put on hold until the report has been submitted and/or the institution might not be considered for funding in future.

8.7 SERVICE DELIVERY

The role of assets is to support the Department's service delivery to the public. The availability of immovable assets therefore facilitates the achievement of service delivery. In this regard, if an immovable asset's existence on the asset register does not contribute effectively to the service delivery of the DAC, it may not be used and should be surrendered to the custodian.

8.8 REGULATORY REQUIREMENTS

8.8.1 Immovable asset register

All public entities are required to have and maintain an immovable asset register. An immovable asset register will be compiled for DAC facilities and this register will be updated by the end of March every year. The facilities management units of the DAC and public entities will update the immovable asset register of their various institutions on an annual basis and any deviations will be reported to the DG of the DAC. All information on new immovable assets (upgrading/new construction) should be recorded as soon as these assets are acquired. If an asset is constructed over a period of time it will be recorded as work-in-progress until it is available for use, whereafter it will be appropriately capitalised as an immovable asset. The annually updated immovable asset register must be submitted to the DG of the DAC for signing-off.

8.8.2 Recognition of heritage immovable assets

Assets that are classified as heritage assets will be recognised as such in the immovable asset register. In terms of the definitions and descriptions in sections 2 and 3 of the NHRA, heritage immovable assets may include places, buildings, structures or any other facility of cultural significance made by people that is fixed to the ground together with any fixtures, fittings and equipment associated therewith, such as historical settlements, sites of significance relating to the history of slavery in South Africa, graves and burial grounds, as well as landscapes, natural features and geological sites of cultural importance.

8.8.3 Recognition of donated immovable assets

Where an immovable asset is donated to the Department, the asset in question will be recorded in the immovable asset register at its fair value as determined by the Accounting Officer. All documentation relating to the donation and the applicable special conditions will be noted appropriately and in compliance with legislation.

8.8.4 Safekeeping of assets

The DG of the DAC and the accounting officers of public entities will be directly responsible for the safekeeping of all immovable assets controlled or used by the DAC or public entities. In exercising this responsibility, the DG of the DAC and the accounting officers of public entities must act in compliance with all legislative prescripts.

8.8.5 Occupational health and safety

The DG of the DAC and the accounting officers of all the public entities under the designation of the DAC must provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of their employees as prescribed by the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) (OHSA). In this regard, all public entities under the designation of the DAC are required to have an in-house occupational health and safety policy based on the requirements of the OHSA, which must be approved by the accounting officer of the public entity.

All accounting officers are required to ensure that appropriate steps are taken to implement the provisions of the OHSA in all existing facilities.

8.8.6 Accessibility of facilities to persons with disabilities

All facilities that fall under the auspices of the DAC and its public entities must be provided in accordance with the requirements of South African National Standard (SANS) 10400, Part S: Facilities for persons with disabilities.

8.9 PRESERVATION PROGRAMME

DAC facilities must be preserved to predetermined standards in regard to physical condition, functional quality and operational performance to comply with the prevailing South African legislative framework, e.g. PFMA, GIAMA, OHSA and Construction Industry Development Board Act, 2000, and applicable standards, e.g. SANS and departmental standards.

Public entities are responsible for developing preservation programmes as informed by the condition assessments described in paragraph 8.4 and these programmes must be included in the UAMPs as described in paragraph 8.5. Should funding for the preservation programmes be secured, public entities will be responsible for implementation and the DAC will be responsible for monitoring and evaluation.

8.10 ROLES AND RESPONSIBILITIES

The main role-players involved in the implementation of this Policy are the DAC as the user, public entities as the end-users, the Department of Public Works (DPW) as the custodian and the National Treasury as the funding source. Their roles and responsibilities are as follows:

- **The DAC as the user and public entities as the end-users:**

In terms of the GIAMA, the accounting officer of a user must–

- assess the utilisation of its immovable assets in terms of service delivery objectives;
- assess the functional performance of its immovable assets;
- prioritise the need for the repair, upgrade or refurbishment of state-owned immovable assets;
- plan for future immovable asset needs;
- communicate these needs to the custodian in a structured fashion, i.e UAMP; and
- secure funds for the utilisation of immovable assets.

DAC, as the user, is responsible for the funding and implementation of capital works projects in the Department and its public entities that are owned by government.

Public entities, as the end-users, are responsible for the funding and implementation of unplanned maintenance of facilities they occupy.

- **The DPW as the custodian:**

In terms of the GIAMA the accounting officer of a custodian must–

- assist users in the compilation of UAMPs in accordance with section 13(12) of the GIAMA;
 - consolidate and assess users' needs in terms of total asset portfolio by means of option analyses;
 - determine full cost of immovable asset use, including cost to plan, acquire, operate, maintain, replace, reinstate or dispose of assets;
 - plan for the acquisition, repair, maintenance, refurbishment and disposal of assets;
 - monitor performance of assets in terms of value, utilisation, full life-cycle costs, condition, occupational health and safety reliability; and
-

- plan to provide appropriate assets to users to fulfil service delivery needs at true cost.

DPW, as the custodian, is responsible for the funding and implementation of planned maintenance of the facilities of DAC's public entities that are owned by government.

Due to the failure of the custodian to maintain the state's buildings, the DAC is taking the maintenance of its buildings seriously and will be prioritising funding of maintenance over upgrading and new facilities.

- **National Treasury as the source of funding**

- By legislation, Parliament appropriates funding through the National Treasury to the DAC in terms of the MTEF, based on the strategic objectives and programmes as outlined in the Department's strategic plan.

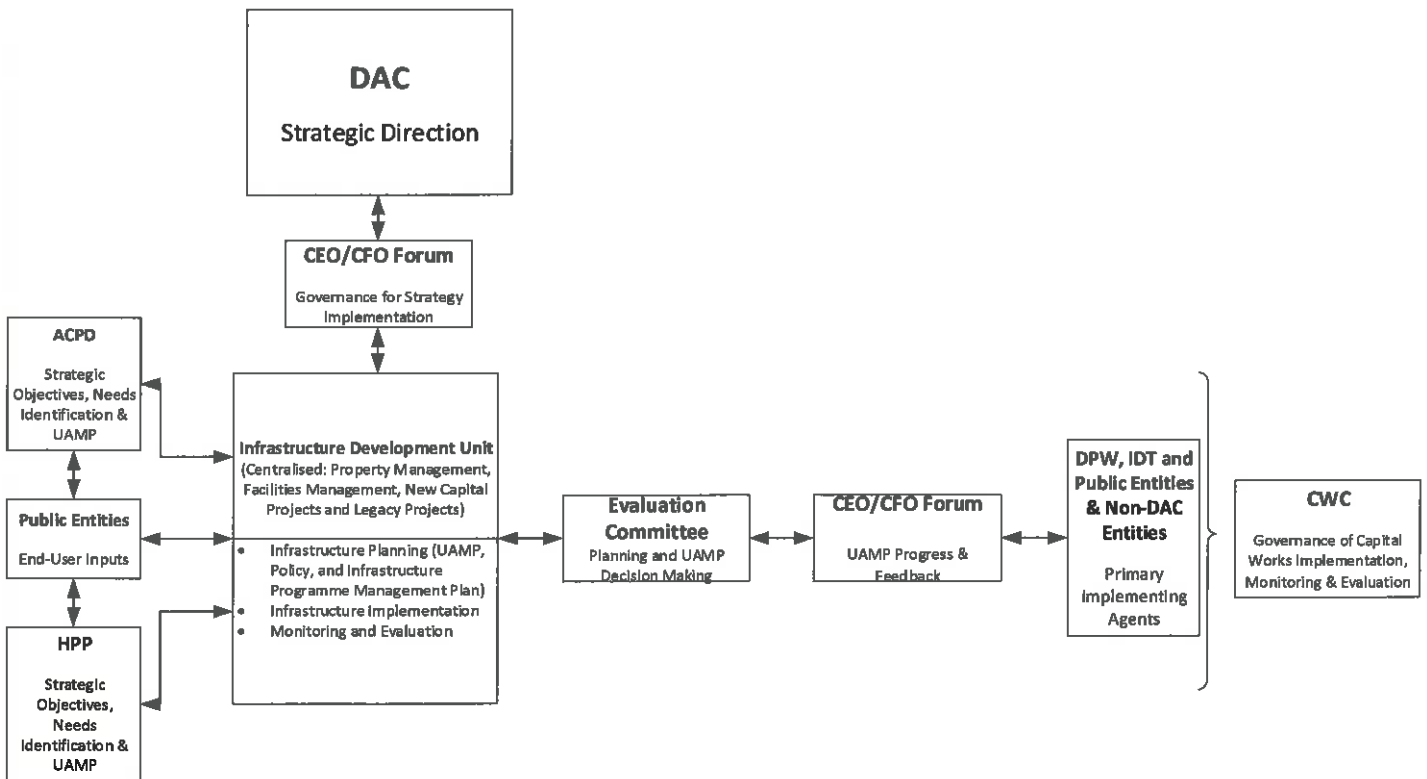
Other role players are the South African Heritage Agency (SAHRA) and the Department of Labour. The role of SAHRA is to coordinate the identification and management of the national heritage estate and the Department of Labour ensures that facilities conform to the minimum occupational health and safety standards.

9. CAPACITY AND INSTITUTIONAL GOVERNANCE

The DAC established a Capital Works Committee to oversee the implementation of the infrastructure projects and make recommendations thereof to the EMT.

A Project Management Office with technical capacity, which will be extended to institutions to assist with the implementation of infrastructure projects, will also be established.

The institutional governance starting from the UAMPs, implementation and monitoring of infrastructure projects is outlined below:



10. VALIDITY AND AMENDMENT OF POLICY

10.1 INCEPTION DATE

The inception date of this Policy will be on approval by the DG of the DAC.

10.2 LAPSE/TERMINATION

This Policy will remain in force unless withdrawn or amended by the DG of the DAC.

10.3 REVIEW PERIOD

This Policy will be reviewed, and may subsequently be amended, after two years from the date of approval by the DG of the DAC.

10.4 ENQUIRIES

Enquiries regarding this Policy should be directed to the Director: Infrastructure Development at 012 441 3041. All changes made to this Policy will be communicated properly and timeously to all public entities.

11. MONITORING, EVALUATION AND REPORTING

The Department, through its delegated structures, will monitor and evaluate the effectiveness of the implementation of this Policy.
