

PRESS RELEASE

TO : ALL MEDIA

DATE FRIDAY, 23RD JUNE, 2006

**RE: “PROPER ASSET MANAGEMENT, VITAL TO SERVICE DELIVERY”,
MEC MODISELLE**

As a culmination of National Treasury’s Case Study Workshop in March 2006, organized for National and Provincial Departments as a background of problems being encountered by departments in the implementation of the ‘Asset Management Reforms Framework’.

In line with their mandate to efficiently and effectively manage public funds and assets of the North West Provincial Government, the Department of Finance completed a three day Asset Management Workshop on Thursday, from 20 – 22nd June, 2006 for employees in the public sector. The workshop forms part of the overall transformation for Government to become a more efficient, effective and economical sector.

Reacting to the outcome of the Workshop, MEC Modiselle emphasized that: “ the fact that government considers asset management as an investment crucial to service delivery means that it is becoming obvious that in the future, those responsible for the management of all of state assets will be called to account when there is a failure in managing such assets. It is also clear that society is becoming increasingly intolerant of all departments and municipalities that fail manage their effectively and efficiently. It is no longer therefore considered acceptable to mismanage state assets”.

“Employees should constantly remind themselves that assets represent Government’s investment for present and future generations as far as required services are concerned. Capital expenditure, in facilities such as land and buildings, vehicles, furniture, equipment, machines and so forth, and process that enable it to deliver services needed by the citizenry of our province ought to be managed effectively. Without effective and efficient asset management systems that will enable us to

manage our assets properly, services delivery to communities will be greatly hampered”.

“Departments should also try to ensure that systems such as proper record-keeping of their assets are in place. For example, books of account, that is, **the Balance Sheet**. Not only this but plans should be made and resources allocated to all activities, as shown in their programmes, and capital expenditure required to meet business or strategic objectives. Movement towards greater transparency and accountability to the public at large in the utilization of state or public funds, has placed greater responsibility for managing the financial affairs of the state under the spotlight of the Public Finance Management and Municipal Finance Management Acts (PFMA and MFMA), said MEC Modiselle.

Referring to the total importance of the workshop, MEC Modiselle emphasized that: the shift from Cash Accounting, where some departments have the tendency to write off their assets soon after their acquisition, is not longer a good and viable practice. “Departments should institute systems and practise Accrual Accounting so that their Annual Financial Statements, I mean the Balance Sheet reflect how they manage their assets. The North West Provincial Government, like all other provinces, has limited resources, and it is therefore imperative that assets be maintained to ensure their long term life cycle and effective use, so that the required results are achieved. It is only by proper asset management that departments and municipalities can realize their corporate and strategic objectives”, concluded MEC Modiselle.

Contact Eben Cobblah on 018 387 3584 for more information.