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KETUA SETIAUSAHA NEGARA  
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Bismillahir rahmanir rahim

Assalamualaikum warahmatullahi wabarakatuh and a very Good Morning.

Y. Bhg. Dato' Ir Dr Judin bin Abdul Karim  
Director-General, Public Works Department Malaysia

Y. Bhg. Tan Sri-Tan Sri, Datuk-Dato', Datin-Datin

Distinguished guests

Ladies and Gentlemen

I am pleased to be here today to speak at the National Asset and Facility Management Convention 2007. I would like to take this opportunity to thank my colleagues at JKR, and also Advanced Maintenance Precision Management, or AMPM for organising this Convention.

Ladies and Gentlemen,

2. YAB Perdana Menteri has stressed that 2007 is the year of implementation, and more importantly, the monitoring of implementation of the various projects and Government initiatives. The deliberations in this two-day convention must thus be undertaken in the context of these twin imperatives.

3. For this convention to be useful and meaningful it must contribute ideas towards furthering the process of monitoring and maintenance. Your challenge is two-fold – providing feedback and pragmatic ideas for the:

- management of assets,
- and
- monitoring of implementation of projects.

Ladies and Gentlemen,

4. We bemoan the lack of a maintenance culture in Malaysia. Yet, there is no dearth of Government circulars and directives outlining processes and procedures to ensure systematic asset management.

5. For example,

- in 1967, the Factories and Machinery Act outlined safety and health standards requirement;
- in 1974, rules were circulated for the maintenance of buildings, public roads, sewage systems, as well as the role and responsibilities of the Jabatan Kerja Raya (JKR);
- in 1992, the Government issued the "Guidelines for Total Quality Management in the Public Service";
- in 2002, the "Pekeliling Am Bilangan 1 Tahun 2002" defined the role of maintenance committees;
- and
- in 2007, the "Pekeliling Perbendaharaan Bilangan 5 Tahun 2007", provided guidelines for the management of moveable assets.

6. Besides these directives, the Government has given the ministries jurisdiction and responsibility over the management of their assets and facilities.

7. Under the 9th Malaysia Plan the maintenance of facilities is included in the concession agreements of privatised infrastructure projects.

8. The Private Finance Initiative (PFI) specifies the private sector's responsibility in the construction, management, maintenance, refurbishment and replacement of public sector assets.

9. Further, under the 9th Malaysia Plan, the Government has allocated a total of RM1,079 million, or more than one trillion Ringgit, for "upgrading and renovation" as part of its developmental budget. Although this makes up 0.5% of the total budget, it is nonetheless significant. It clearly reflects the Government's commitment in ensuring that facilities are upgraded, maintained and managed.

10. Despite the Government's commitment and the mechanisms that are in place, there is evidence of shoddy work, and buildings falling into disrepair a couple of years upon completion.

11. In addition, there are buildings and structures that fail upon completion. Recall the:

- collapse of schools and school laboratories;
- burst pipe incident at the seven-storey Putrajaya Immigration Department;
- falling ceiling panels in the newly opened RM270 million Kuala Lumpur Court Complex in Jalan Duta.

12. Such incidents call into question the monitoring of projects during implementation. We should not only count the economic costs of such incidents but also the larger social costs, including the impact on the image of the industry, Government and the country as a whole.

13. Often these incidents are followed by a blame-game and a clamour for a change in processes and procedures. But what is needed is a constructive approach to monitoring and preventive maintenance. We must delve deeper and look also at other issues which are related. Let me highlight FOUR areas of focus:

- integrity and transparency, especially in the government procurement process;
  - a review of the present monitoring system;
  - inculcating a maintenance culture;
- and
- the use of Key Performance Indicators to improve the process of maintenance and monitoring of the projects.

Ladies and Gentlemen,

14. Allow me to elaborate on each of these four areas.

15. First, integrity must be a given in the way we work. Tied to this is the understanding of the larger, long term consequences of a decision. A step in this direction will be in the form of increasing the level of transparency in the award and management of government procurement. This also calls for better coordination between the Government agencies and the private sector entities and services suppliers that have been awarded Government contracts.

16. Integrity not only covers the award of contracts but also includes the approach to supervision of contractors. It is imperative that all Secretaries-General and Heads of Agencies closely supervise contractors and service providers. If contractors and service providers renege on their responsibilities, appropriate punitive measures must be taken against them. We must rethink the present approach to penalties which are mainly in the form of Liquidated Ascertained Damages, LAD. Contractors who fail in their service delivery must be taken out of the system. Heads of government agencies who fail in their responsibilities will be accorded the necessary punitive actions. There must be no compromise. This will ensure that there are no questions raised about the effectiveness of the Government service delivery.

17. Second, a review of the present monitoring system is clearly necessary, given that we continue to experience some problems with our projects. Asset management must be considered in the context of improving the public delivery system. Well-functioning national assets and facilities will contribute to a more efficient and effective public service.

18. When assets like machinery, utilities, roads, sewage systems, buildings and vehicles are in good working order, there will be substantially less wastage of time and resources on repair and rework, as well as fewer delays due to breakdowns of assets. This in turn will lead to the improvements in service delivery.

19. The review process must also take into account capacity building necessary to facilitate effective asset management.

20. Third, I must emphasise here the importance of inculcating the maintenance culture. And this can be attained if maintenance is not treated as a peripheral function but an integral part of projects. We must factor in the cost of maintenance of assets and budget for it. Therefore, all projects and purchases of assets must include the cost of maintenance.

21. For asset management to become part of our culture we must look at it in a different light. It should not just be confined to our own agency or department. We must be bothered about the lack of maintenance of other organisations and point out weaknesses whenever we encounter them. Maintenance and asset management is everybody's business and everybody's responsibility.

22. It is for this reason that I have decided to be here these two days. I am positive that all Secretaries-General and Heads of Departments are just as serious as the Prime Minister about asset management.

23. Fourth, there should be performance measurements put into effect to further enhance and fast track implementation of asset management systems. I propose that JKR take on the responsibility of establishing Key Performance Indicators to guide the improvement process. These should be completed before the end of the year so that it can be implemented at the start of the year 2008.

Ladies and Gentlemen,

24. Going forward, JKR should work with industry to develop a comprehensive Asset Management System, taking on board all the directives already in place. This could take the form of a Master Plan, and include competency certification systems if necessary. What is imperative is that this System ensures effective monitoring as well as preventive maintenance, and includes a "report card" mechanism for the whole country.

25. While the JKR is tasked to lead these initiatives, other Government agencies must be accountable for the successful implementation of asset management in their respective buildings and facilities.

26. In addition, the Government agencies have the added role as operators of the assets. They must ensure that the assets continue performing at the required level and must be able to identify signals of deterioration from the asset. This calls for a preventive maintenance competency which must be an integral part of the Asset Management System.

Ladies and Gentlemen,

27. I hope that this 2-day convention will provide participants with the opportunity to deliberate on the areas of focus that I have highlighted and use them as a basis for working towards an improved asset management system.

28. I want to stress that this Convention is just the starting point for the work ahead. I would like to see pragmatic discussions and not purely on academic discourse. There must be concrete deliverables at the end of these two days.

29. On that note, I would like to once again thank the organizers - JKR, AMPM and ASLI - for putting together this Convention.

Thank You.