KEYNOTE ADDRESS
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Distinguished guests, Ladies and gentlemen,

1. Firstly, I would like to take this opportunity to thank the organising committee of the 2nd World Congress on Infrastructure Asset Management (INFRAASSET2015) for inviting me to deliver the keynote address of this congress which I am indeed honored to give an overview on the infrastructure assets management in Malaysia.

2. As we aspire to be world class, this aspiration would not be possible if our infrastructures remained at the third world level. More importantly, being world class does not only mean providing world class infrastructures but also enhancing the economic status of the populace to that of world class where these infrastructures built are privately funded instead of the traditional responsibility of the government **.**

3. The economic benefits of providing infrastructures are indeed wide and transcends the business community pervasively. As an economic activity, it has been reported that approximately 150 activities along the value and supply chain benefit from the development of a built-environment project**.**

4. In recent years, there has been significant increase in development expenditures to cope with the demands of a rapidly expanding economy**.** For instance, urban transportation which is being modernized and upgraded through the construction of new highways and expressways to overcome bottlenecks especially in the Klang Valley and its surrounding area**.** Malaysians were also provided with efficient rail services by the Express Rail Link (ERL) and Light Rail Transit (LRT), Monorail, Electric Trains and the latest being the comprehensive Mass Rapid Transit (MRT) **.** In the building industry, not only did the Petronas Twin Tower we built become global icons, the MasterPlan Townships in Putrajaya was yet another showcase of our skills in building townships that are of world class status which symbolises sustainable development that harmonises the built and natural environments **.**

5. Needless to say, physical development pace is proportionate with funds availability which are required to manage and maintain the existing infrastructure assets**.** Notably, some of the old infrastructures are now due to be rehabilitated or reconstructed back to its useful life and this where the public-private partnership becomes crucial in ensuring the sustainability and continuity in the management of our infrastructure assets.

Ladies and gentlemen

6. Building infrastructure is relatively easy, however we fail miserably in maintaining them to serve its purpose during their life-cycle and to further enhance it. The management of government infrastructures and facilities has long been inadequately or poorly managed due to limited budget **.** It was commonly driven either by short-term requirements of the operations or property rather than the long-term requirements**.** The limited operating and maintenance budget is always a challenge to asset owners whose objectives for maintenance tends to be related to minimising costs in the short term rather than assessing and enhancing the value add of the asset to the organisation **.**

7. So, it is not surprising that we tend to focus on ad hoc and breakdown maintenance. These *run to failure and ad-hoc fire-fighting actions* are reactive in nature and not cost effective especially when it involves assets of high value which affects the service delivery process**.**

8. The real challenge to implement good asset management lies on several factors:

i) lack of standards and guidelines on asset management that can be used to measure the quality and performance level **;**

ii) lack of explicit asset objectives which leads to little monitoring on the performance of asset or its management;p

iii) lack of or no awareness of the opportunity cost of the assets;

iv) lack of local expertise to provide immediate response to failure and

v) lack of established facility management practitioners in the local market that can provide advice or assistance **.**

These challenges have increased with the existence of more complex buildings, especially those with unique architecture and buildings equipped with highly sophisticated state-of-the-art technologies**.**

9. Likewise, the frequent mishaps like severe leaking and collapse of ceilings and roofs of buildings to badly maintained roads, drains and other public amenities, calls for accountability and transparency by the government in these areas which have compromised service deliveries to the public**.**

Ladies and gentlemen,

10. The Government is vigilant on the predicament of her citizens and has proactively come out with initiatives to ensure better management of its infrastructure assets and that of the private sector as well**.** In general, the road map in managing the Government assets can be marked with several milestones as evident in the formation of National Committees, establishment of policies and strategies, development of guidelines and system applications, development of human capital and competencies which are continuously carried out to ensure sustainability and effectiveness in this national imperative.

11. As such, the first National Asset and Facility Management (NAFAM) Convention which was held in 2007 was a starting point of the Government's total commitment towards systematic, comprehensive and integrated asset management. Among the resolutions adopted at NAFAM 2007 Convention among others were to create an Asset Management Framework; the need to establish an application system to record all assets and monitor the success of the program; improving the process and procurement of asset of service providers; developing a suitable Government Financial Model for asset management and capacity building in asset management**.**

12. Subsequent to this was the establishment of the **Government Asset Management Committee with t**he objective of ensuring that government assets are managed efficiently, economically and safe in the practice of Total Asset Management (TAM) for the country**.** The responsibilities of the committee are to determine the direction for the implementation and development of policies, strategies, action plan and guidelines for a comprehensive and integrated asset management system to produce Key Performance Indicators in measuring the performance of government assets**.**

13. The Public Works Department (PWD) as the construction and building technical arm of the Government is entrusted to play a key role in establishing best practices of Total Asset Management and act as the Secretariat to the committee in formulating policies by providing systems, standards and technical consultancy.

14. The adoption of the Government Asset Management Procedure delineates the Government Asset Management Method from the creation to disposal phase with the objectives of providing complete asset information for planning control; effective operation maintenance; and budgeting performance rating measurement being enforced at all levels of the Federal and State Governments.

15. In 2008, the Public Works Department in collaboration with **MAMPU** developed the **mySPATA** , an online system to manage public assets which is an electronic based asset management solution applied for all categories of assets belonging to all ministries and departments in Malaysia.

Ladies and gentlemen,

16. Another notable initiative is the implementation of Accrual accounting which recognises and records all assets, liabilities, revenues, expenses, gains and losses in their financial statements or balance sheets. The introduction of the Integrated Facility Management (IFM) has yielded physical proof that it can be one of the methodologies to be adopted **and t**hrough IFM, asset owners can focus on their respective core business to increase productivity **.**

17. The other aspect of importance is training and building competencies in asset management which the PWD has strategically identified more than 50 of its officers to undergo post graduate studies in Asset management at Universiti Teknologi Malaysia (UTM) **in** strengthening its talent pool.

18. In general, Infrastructure Asset Management and Facilities Management (FM) are relevant with the onset of the life cycle analysis (LCA) and the determinants of life cycle costing (LCC)**.** Through LCC it was obvious that different part of the assets will have different life cycles and thus differing in maintenance

requirements**.** Therefore to optimise the life cycle of these assets, operational components will require constant supervision and maintenance**.**

19. The life-cycle of an asset's components may not have sufficient economy of scale to justify the setting up of an in-house maintenance team as their maintenance may be needed intermittently. To generate sufficient economies of scales so that they become financially attractive, many owners resort to outsourcing to facilities management entities**.** Among the new developments that are driving Infrastructure Asset Management and Facilities Management is the need to maintain sustainability including energy savings procedures that comes with new technology and materials**.**

20. To be effective, it is essential that facilities management needs are incorporated at the design stage to allow for flexibility in developing an inclusive project financing model that covers the full life cycle of the project that continues to maintain its functionality and serviceability without affecting the well-being of users **in** catering for refurbishment, retrofitting and other activities needed to facilitate asset and facilities management**.**

Ladies and gentlemen,

21. Most notable is the emerging technology for infrastructure asset management in the implementation of Building Information Modeling (BIM) which is an enabler in collating data during the design and construction process which can be used to commission facilities and validate performance so that the facility continues to perform as intended**.** Furthermore, implementing BIM will allow information to be captured and be used by most Computerized Maintenance Management System (CMMS) to manage complex facilities **.**

22. Here, I would like to emphasise that up-to-date information to support management decisions on items such as network inventory details, traffic, axle loads, costs and road conditions is vital**.** However the cost of data acquisition can be very expensive and as such, an appropriate data design is critical to assess physical conditions, safety, level of service, and efficiency of the operation of our road infrastructures.

23. In addition, it is becoming increasingly important for us to be able to predict the effects on the infrastructure that proposed policies are likely to have in the future. Such predictive capabilities, available in Road Management Systems, enables decision makers to test alternative courses of action to determine which policies and strategies will be most effective in accomplishing the desired level-of-service for long-term network performance and expenditure needs. Irrespective of any other requirements, within the context of delivering appropriate level of service to the customer, all assets have to be managed efficiently and effectively by applying combination of engineering, advance technology , economic and good practices to maximize values of assets over the whole life cycle .

Ladies and gentlemen,

24. I am glad the fields of asset and facilities management are making many organisations review how structure and infrastructure projects be developed given the new dynamism in the built environment discipline as opposed to the static approach of the past. More importantly asset and facilities management addresses current global issues that have been partly blamed for

excessive development of structures and infrastructures in the past**.**

25. It will take some time before we can reap the reward of maintenance culture towards achieving the developed nation status but what is most importance is the willingness of all concerned parties to play the pivotal role in fostering such culture that will benefit our future generations**.**

26. The maintenance culture should not be only confined within Government organisations but also at the private sector. It is my fervent hope that this culture, to fulfill the adage “First Class Infrastructure and World Class Maintenance Culture” be adopted and embraced by all of us in ensuring our socio-economic wellbeing**.** The Trans Pacific Partnership Agreement (TPPA) reinforces the fact that assets owners uplift and maintain their assets at par with international standard and practices to compete globally. The failure to comply can jeopardise and pose difficulties for foreign investors when operating in our country**.**

27. Finally, I would like to once again thank the organizer for inviting me to deliver the keynote address and officiating the

INFRAASSETS2015. With these words, it gives me great pleasure in declaring this congress officially open.

Thank you.