
Controlling Fixed Asset Repair Costs in Public Sector: a Comparison of Japan, the Usa and Germany

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Abstract: This paper compares the approaches to controlling fixed asset repair costs in the public sectors of Japan, Germany, and the USA. Japan emphasizes proactive maintenance with strict regulations and long-term planning. The USA employs a mix of proactive and reactive strategies, while Germany prioritizes preventive maintenance. Differences in infrastructure management and budget allocation are highlighted, along with proposed best practices such as collaboration, technology adoption, standardization, and adequate funding. Overall, cross-country learning can enhance cost control measures and asset management efficiency in public sectors globally.

Key words: fixed assets, repair cost, public sector, Japan, Germany, the USA, proactive approach, regulations, preventive maintenance, budget constraints.

INTRODUCTION

Fixed asset repair and maintenance costs are a substantial part of the public sector’s budget, and effective control over these expenses is crucial for maintaining fiscal responsibility. In this article, we will compare the approaches to controlling fixed asset repair costs in the public sectors of Japan, Germany and the USA, highlighting their similarities, differences, and best practices.

In Japan, public sector organizations typically follow a proactive approach to controlling fixed asset repair costs. The government has implemented strict regulations and guidelines for the maintenance and repair of fixed assets. For instance, under the Local Autonomy Law in Japan, local governments are required to conduct regular inspections of their fixed assets to identify any potential issues that may require repairs. By identifying problems early on, the government can prevent small issues from escalating into more significant and costly repairs.

Furthermore, Japanese public sector entities often engage in long-term planning for their fixed asset maintenance needs. This includes creating comprehensive maintenance schedules and allocating budgets for regular upkeep. By taking a proactive stance on maintenance, Japanese public organizations aim to minimize unexpected repair costs and prolong the lifespan of their assets.

In contrast, the approach to controlling fixed asset repair costs in the US public sector is characterized by a mix of proactive and reactive strategies. Public agencies in the US often invest heavily in preventive maintenance programs to minimize unexpected breakdowns and repairs. However, due to budget constraints or other factors, some entities may also face challenges in conducting regular maintenance activities.

Moreover, unlike Japan's strict regulations on asset inspections, the US public sector entities have more flexibility in managing their assets autonomously. This can lead to variations in maintenance practices across different regions or agencies.

In Germany, the public sector follows strict regulations and guidelines when it comes to managing fixed asset repair costs. The German government has established a comprehensive set of rules for public procurement, which includes the repair and maintenance of fixed assets. These rules aim to ensure transparency, fairness, and cost-effectiveness in the procurement process. For example, public contracts for repair services are often subject to competitive bidding processes to select the most qualified and cost-effective contractors.

Furthermore, Germany has a decentralized approach to public finance management, with individual states (Länder) having significant autonomy in managing their budgets and assets. This means that each state may have its own specific rules and procedures for controlling fixed asset repair costs within the public sector.

Japan and the USA difference

Let's see an example that highlights these differences can be seen in how local municipalities manage their infrastructure assets such as bridges or roads. In Japan, there are stringent guidelines for inspecting bridges regularly to ensure structural integrity and identify potential problems early on. In contrast, while US agencies also conduct regular inspections for infrastructure assets, there may be variations in frequency and thoroughness depending on individual state or local regulations.

Germany and the USA difference

One notable difference between Germany and the USA is that in Germany, there is a strong emphasis on preventive maintenance as a way to control repair costs. The concept of "Instandhaltung" (maintenance) is deeply ingrained in German engineering culture and is seen as a proactive way to minimize future repair expenses. This preventive approach often involves regular inspections, scheduled maintenance activities, and early detection of potential issues before they escalate into costly repairs.

Another example illustrating these differences can be seen in a hypothetical scenario involving a public transportation agency in Germany and one in the USA. If both agencies have aging fleets of buses requiring extensive repairs, the German agency may have a more structured preventive maintenance program aimed at minimizing breakdowns and costly overhauls. In contrast, the US agency's approach might be more reactive due to varying budget constraints across different states or cities.

Recommendations: Best practices for each sector

To achieve greater cost control over fixed asset repairs across both countries' public sectors, it is essential for organizations to adopt best practices from each other's approach. For instance:

- 1. Collaboration:** Sharing knowledge and best practices between Japanese and US agencies can help improve overall asset management strategies.
- 2. Technology adoption:** Both countries can benefit from leveraging advanced technologies such as predictive maintenance tools to identify potential issues before they escalate into costly repairs.
- 3. Standardization:** Establishing uniform standards for asset inspections and maintenance activities can help streamline processes and reduce discrepancies.
- 4. Budget allocation:** Ensuring adequate funding for preventive maintenance activities is crucial for minimizing unexpected repair costs.

Conclusion

In conclusion, while both Japan, Germany and the USA have distinct approaches to controlling fixed asset repair costs in their public sectors, there is much that both countries can learn from each

other's strategies. By fostering collaboration and adopting best practices from one another, public sector organizations can enhance cost control measures while ensuring efficient management of their valuable assets.

References:

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