PARTNERSHIP BETWEEN THE INDUSTRY AND MUNICIPALITIES

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POINTS FOR DISCUSSION

• Types of partnerships
• Partnerships and the law
• Sustainability of a partnership
• Maximizing the impact of a partnership
• Advantages
• Selecting a partner
• Challenges
• Conclusion
TYPES OF PARTNERSHIP

• Formal Public Private Partnerships – PPP’s
• Cross Sector Partnerships – CSP’s
• PPP’s and CSP’s are collaborations between the public and private sectors which are seen by the respective parties as facilitating greater gains.
The National Treasury legally defines a PPP as a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project”.

The legal requirements for formal PPPs are quite complex and this can seem daunting to municipal, provincial and national functionaries.

A CSP is a less formal collaboration between parties with a mix of common and complementary interests and objectives, in which partners bring complementary resources and skills to reach a set goal.

CSP’s typically uses joint decision-making, the addressing of common interests, innovation, use of complementary resources and competencies that could be a more fruitful route than formal PPP’s.
SUSTAINABILITY OF A CSP PARTNERSHIP

• To be sustainable there has to be benefits for both parties.
• Each party has to weigh up the benefits and make an informed decision.
• We partner together because we could achieve our goals more efficiently and effectively, through joint action rather than working alone.
• It will generate innovative ideas and plans and allow both partners to gain a better understanding of each other.
• It will also lead to skill transfer and possible job creation.
• We have the power to provide the opportunity to develop and build better infrastructure, meet development goals, provide basic services and encourage local economic development.
MAXIMIZING THE IMPACT

• CSP’s have the potential to positively benefit society well beyond short term objectives.
• Lead to improved relationships between the Munic, the community and the private sector.
• Partnerships should address the advancement of BEE.
• Empowerment and skills transfer.
• Should create long term stable jobs.
• Sectors could both learn lessons and increase efficiency.
ADVANTAGES

• A partnership could lead to a beneficial institutional change.
• Institutional change is evident when the public and the private sectors learn lessons from working together and adjust the way they function in response.
• This will increase efficiency.
• Example is HID to LED.
• Smart controls
• Free Wi-Fi
SELECTING A PARTNER – POSSIBLE CRITERIA

• OEM or Distributor?
• Company with local support and expertise?
• Sound management structure?
• Financially stable?
• High standards - ISO and SANS?
• Warranty and commitment?
• Reliable with proven track record?
• Shared vision and goal?
• Partner should assist with information, skills and resources that the municipality may require?
• Flexible when required?
CHALLENGES

- Understanding, interpretation and implementation of the law.
- Red tape at a private sector partner level.
- Political support for partnerships.
- Select the correct partners carefully, manage the partnership and challenges to successfully overcome.
CONCLUSION

• Both formal Public Private Partnerships as well as Cross Sector Partnerships carry substantial benefits as well as risks.

• The choice of whether to partner is a vital decision to enable you to improve on service delivery for the future.

• Latest technology enables the municipality to manage and control assets.
Thank you!