



Press release: For immediate publication

14 September 2010

Is outsourcing the answer to improving municipal service delivery?

Asset management giant Pragma sees independence as important for success

The majority of metros and municipalities in South Africa don't know how to translate the 'what' into the 'how' with regards to co-ordination and management of their asset care function and should consider outsourcing as either an interim or long term solution to the situation. This is according to Dean Griffin, head of consulting and partner at the leading asset management firm, Pragma. Recently, the Ekurhuleni Metropolitan Municipality re-appointed Pragma Africa to operate their Asset Care Centre within their Electricity directorate until June 2013. For the last five years 14 Pragma staff members have been placed at the metro looking after the high and medium voltage distribution assets, totaling approximately 62 000 maintenance significant items, with a total replacement value of R24 billion.

"By outsourcing the function metros and municipalities get two things", says Dean Griffin, "the first is accountability managed through a service level agreement. The second aspect is the staff continuity. By outsourcing the asset care planning and scheduling function the metro or municipality does not have to manage the resources and it is the responsibility of the service provider to ensure that their staff are engaged and remunerated accordingly. In this regard Pragma has a staff turnover of less than 1% per year which we attribute to the investment we make in making our staff feel engaged."

Free from politics

According to Dean Griffin, Pragma Africa has taken the politics out of the metros when it comes to looking after their assets: "The secret of our success in asset management for munics and metros lies in the approach we follow, namely we Understand, Improve and then Sustain. Our independence, being separate from the organisational politics and issues, is also very important. We are dedicated to the process of co-ordinating the asset care and do not get distracted with a hundred other requirements. The Asset Care Centre reports the true picture, whether it's pretty or not."

Municipal service delivery

With regards to the continuing public dissatisfaction with municipal service delivery, Pragma's Dean Griffin says not knowing what to do is probably the biggest issue and it applies to management and workforce alike. He continues: "The disconnection between the two groups is probably the prime issue. No public sector organisation has a complete workforce there will always be gaps in the organisational structure. If you don't have

enough resources then you can either complain about it or you can look at the solution to the problem from a different viewpoint. For example if you operate in an where there is an ample availability of contracting resources then take your existing workforce and make them execution coordinators or project managers. Each coordinator manages three, four or more contractors to meet the outstanding work requirements. You call it doing more with less”

He says Ekurhuleni Metro have invested heavily in laying good asset management foundations and are well on their way to becoming a world class municipality: “They have created a sound and accurate asset base, they understand their assets conditions and are moving towards a more proactive approach through backlog clearing and refurbishment. There is a good rule in asset management and it goes along the lines of ‘You can either let your assets drive the organizational behavior or the organizational behavior can drive the performance of the assets’. Ekurhuleni are definitely now more in the latter situation than the former.”

Reliability and Maintenance Week

Dean Griffin will address ***Managing and understanding risk within an asset management environment*** at **Reliability and Maintenance Week**, from 22-24 November 2010 in Johannesburg. This conference and exhibition will provide the platform for service providers and the operational contingent from power utilities, municipalities, mines and the petrochemical sector to tackle and present solutions to South Africa’s challenges in preserving, upgrading and ensuring continuous reliability of physical assets and human resources.

Other high-level confirmed speakers include:

- *The Honourable Minister Barbara Hogan, Minister of Public Enterprises*
- *Alan Tait, President, SAAMA – South African Asset Management Association*
- *Logan Reddy, Asset Management, Eskom Generation*

Reliability Week 2010: www.reliabilityweek.co.za

22-24 November 2010, Emperors Palace, Johannesburg, South Africa

For interviews please contact:

Communications Manager: Annemarie Roodbol

Email: annemarie.roodbol@clarionevents.com

Phone: +27 21 700 3500 EXT: 3558

Mobile: +27 82 562 7844 (International)

Fax: +27 21 700 3501 (International)