



SPECIAL MEETING OF THE COUNCIL

SPEZIALE VERGADERING VAN DIE RAAD

INTLANGANISO EKHETHEKILEYO YEBHUNGA

A G E N D A

I-AJENDA

**DATE / DATUM / UMHLA : 14 DECEMBER / DESEMBER /
DISEMBA 2022**

**VENUE / PLEK / INDAWO : BANQUETING HALL,
CIVIC CENTRE, HERMANUS**

TIME / TYD / IXESHA : 10:00

MUNISIPALITEIT OVERSTRAND MUNICIPALITY

Office of the Municipal
Manager
Municipal Offices
HERMANUS

6 December / Desember / Disemba 2022

NOTICE TO ALL ALDERMEN & COUNCILLORS

SPECIAL MEETING OF THE OVERSTRAND MUNICIPAL COUNCIL

NOTICE IS HEREBY GIVEN that a **SPECIAL MEETING** of the **OVERSTRAND MUNICIPAL COUNCIL** will be held in the **Banqueting Hall, Civic Centre, Hermanus, on Wednesday, 14 December 2022 at 10:00** to consider the business set forth in the subjoined agenda.

The attention of Councillors is directed to the Code of Conduct for Councillors, Schedule 7 of the Local Government : Municipal Structures Act, 1998 (Act 117 of 1998).

D O'NEILL
MUNICIPAL MANAGER

KENNISGEWING AAN ALLE RAADSHERE & RAADSLEDE

SPESIALE VERGADERING VAN DIE OVERSTRAND MUNISIPALE RAAD

KENNIS WORD HIERMEE GEGEE dat 'n **SPESIALE VERGADERING** van die **OVERSTRAND MUNISIPALE RAAD** gehou sal word in die **Banketsaal, Burgersentrum, Hermanus, op Woensdag, 14 Desember 2022 om 10:00** om die sake op meegaande sakelys te bespreek.

Raadslede se aandag word gevestig op die Gedragskode vir Raadslede, Skedule 7 van die Wet op Plaaslike Regering : Munisipale Strukture, 1998 (Wet 117 van 1998).

D O'NEILL
MUNISIPALE BESTUURDER

ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA

INTLANGANISO EKHETHEKILEYO YEBHUNGA LIKAMASIPALA WE-OVERSTRAND

OKU KUKWAZISA ukuba **INTLANGANISO EKHETHEKILEYO YEBHUNGA**, eza kuba se **Banqueting Hall, kwiZiko LoLUNTU, eHermanus ngoLwesine, Umhla we 14 Disemba 2022 ngeye-10:00** ukuqwalasela imicimbi ekule ajenda iqhotyoshelwe apha.

OCeba bayacelwa ukuba baqwalasele isikhokelo sokuziphatha sooCeba, iShedyuli 7 kaRhulumente wooMasipala: uMthetho weeNkqubo zikaMasipala, uMthetho -1998 (uMthetho we-117 ka-1998).

D O'NEILL
LOMPHATHI KAMASIPALA

AGENDA/...

SPECIAL COUNCIL

14 December 2022

INDEX

<u>ITEM</u>		<u>PAGE NUMBER</u>
1.	OPENING	1
2.	APPLICATIONS FOR LEAVE OF ABSENCE	1
3.	STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE SPEAKER / EXECUTIVE MAYOR	1
4.	CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)	2
4.1	PROPOSED AMENDMENT OF CONTRACT NO. SC 2182/2021: OPERATION OF NEW MATERIALS RECOVERY FACILITY (MRF), HERMANUS	2
4.2	PROPOSED AMENDMENT OF LONG-TERM CONTRACT NO. SC 1890B/2018: WATER AND WASTEWATER BULK WORKS OPERATION AND MAINTENANCE	27
4.3	WARD COMMITTEE SYSTEM: REVISION OF WARD COMMITTEE RULES	105
4.4	MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM) POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR NOVEMBER 2022	155
4.5	AMENDMENT TO THE SUPPLY CHAIN MANAGEMENT POLICY	171

1. OPENING

2. APPLICATIONS FOR LEAVE OF ABSENCE

**3. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE
SPEAKER / EXECUTIVE MAYOR**

4. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)

4.1

PROPOSED AMENDMENT OF CONTRACT NO. SC 2182/2021: OPERATION OF NEW MATERIALS RECOVERY FACILITY (MRF), HERMANUS

8/3/1/SC2182/2021

C Mitchell

Manager : Solid Waste Planning

30 November 2022

(028) 313 5045

1. Executive Summary

The purpose of this report is to provide the necessary information and motivation with regards to the proposed amendment of Contract SC2182/2021: Operation of New Materials Recovery Facility (MRF) Hermanus, in terms of the enabling provisions of sections 116(3) and 33 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), to enable Council to make an informed decision whether to consent to the proposed amendment of the contract.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Infrastructure & Planning
Department: Engineering Planning

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services
The encouragement of structured community participation in the matters of the municipality

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)
Overstrand Municipality Supply Chain Management Policy

Overstrand Municipality Contract Management Policy
National Treasury MFMA Circular no. 73

6. Background/Motivation/Evaluation/Conclusion

Background

Tender SC2182/2021 for the Operation of the New Materials Recovery Facility, Hermanus was advertised on 5 February 2021. The tender was advertised for the operation of the recycling facility for a period of 36 months or part thereof with an expected start date of 1 July 2021.

The new facility was not ready for hand over on 1 of July 2021 as planned, due to circumstances beyond the control of the municipality and the operator. The contractor was only given access to the site on 2 November 2021, 4 months later than originally anticipated.

This amendment request is to extend the current active Contract with 4 months until 31 October 2024 to allow the contractor use of the facility for the full 36 months as intended.

Due to the proposed amendment the existing contract will now run over more than three financial years (2021/2022, 2022/23, 2023/2024 and 4 months of the 2024/2025 financial year) if approved and the Municipality therefore has to comply with sections 116(3) and 33 of the MFMA.

Motivation

The contract SC2182/2021 for the operation of the new Materials Recovery Facility (MRF) was put out on tender on 5 February 2021 with a closing date of 12 March 2021 and an anticipated start date of 1 July 2021, i.e. for an intended contract period of 3 years until 30 June 2024.

There were three main activities that delayed the start date for this contract namely:

- 1 WCB, the contractor who constructed the new facility, did not complete the project in time and only gave Hermanus Recycling access to the site from 2 November 2021 and then were still busy on the site only getting their completion certificate in January 2022 with a list of final snag items.
- 2 The tender adjudication process took longer than originally planned due to SCM capacity constraints, and the preferred bidder, Hermanus Recycling cc, was only announced on 2 August 2021.
- 3 One of the unsuccessful bidders then appealed against the award on 17 August 2021 and an appeal process had to be followed. The appeal was only finalised during October 2021 and a letter of outcome was

sent to the appellant on 19 October 2021 notifying them of their unsuccessful appeal and upholding the award of the contract to Hermanus Recycling CC.

- 4 Director Muller signed the contract document on behalf of the Overstrand Municipality on 18 October 2021.

Due to the above-mentioned issues, the successful bidder, Hermanus Recycling CC, was only able to gain access to the site on 2 November 2021 and their contract then also started on the same day. Soon after starting, Hermanus Recycling CC queried how they would be reimbursed or paid for the loss of revenue for the four months that had already lapsed. They maintain that they had done their cost calculations and their tender pricing based on a 36-month contract period and as such the repayments for all the assets that they required to perform the function were to be paid off over the 36 months and not 32 months. They also made mention of the four months profit that they would lose should the contract now only be for 32 months and not 36 months as advertised. The 4 months lost equate to 11.1% of the planned contract period, which can be considered as relevant.

Since the municipality cannot pay Hermanus Recycling CC for work not performed, and considering the valid issues and concerns raised by Hermanus Recycling CC regarding loss in revenue and profitability due to the shortening of the contract period, the proposed 4-month extension of the contract period is recommended.

In our opinion, the most reasonable way to all parties to handle this challenge would be to extend the contract period by four months, i.e. back to the original advertised 36 months. This can be done by following a Section 116 (3) process as stated in the MFMA. The contractor would have the opportunity to recover their investment/s in capex and the municipality would also get what it originally requested, i.e. 36 months' worth of service. In the event the proposed amendment is adopted, the contract will be active over four financial years, which will require a section 33 process to be followed as required by the MFMA.

There should be very little difference between the cost charged by Hermanus Recycling CC and the cost that would be charged by a new successful bidder for the same 4-month service period. It must be noted that Hermanus Recycling CC tendered the lowest rates of the responsive bids received for the current contract.

The above proposed 4-month extension to the contract term is the only proposed amendment to the existing contract.

Evaluation

Section 116(3) of the MFMA provides as follows:

(3) A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—

- (a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
- (b) the local community—
 - (i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - (ii) has been invited to submit representations to the municipality or municipal entity.

Section 33 of the MFMA provides as follows:

33. (1) A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if—

- (a) the municipal manager, at least 60 days before the meeting of the municipal council at which the contract is to be approved—
 - (i) has, in accordance with section 21A of the Municipal Systems Act—
 - (aa) made public the draft contract and an information statement summarising the municipality's obligations in terms of the proposed contract; and
 - (bb) invited the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed contract; and
 - (ii) has solicited the views and recommendations of—
 - (aa) the National Treasury and the relevant provincial treasury;
 - (bb) the national department responsible for local government; and
 - (cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department;
- (b) the municipal council has taken into account—
 - (i) the municipality's projected financial obligations in terms of the proposed contract for each financial year covered by the contract;
 - (ii) the impact of those financial obligations on the municipality's future municipal tariffs and revenue;
 - (iii) any comments or representations on the proposed contract received from the local community and other interested persons; and

- (iv) any written views and recommendations on the proposed contract by the National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a)(ii)(cc); and
- (c) the municipal council has adopted a resolution in which—
 - (i) it determines that the municipality will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract;
 - (ii) it approves the entire contract exactly as it is to be executed; and
 - (iii) it authorises the municipal manager to sign the contract on behalf of the municipality.
- (2) The process set out in subsection (1) does not apply to—
 - (a) contracts for long-term debt regulated in terms of section 46(3);
 - (b) employment contracts; or
 - (c) contracts—
 - (i) for categories of goods as may be prescribed; or
 - (ii) in terms of which the financial obligation on the municipality is below—
 - (aa) a prescribed value; or
 - (bb) a prescribed percentage of the municipality’s approved budget for the year in which the contract is concluded.
- (3) (a) All contracts referred to in subsection (1) and all other contracts that impose a financial obligation on a municipality—
 - (i) must be made available in their entirety to the municipal council; and
 - (ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).
- (b) Paragraph (a)(i) does not apply to contracts in respect of which the financial obligation on the municipality is below a prescribed value.
- (4) This section may not be read as exempting the municipality from the provisions of Chapter 11 to the extent that those provisions are applicable in a particular case.

Section 116(3) of the MFMA should be read together with MFMA Circular no. 73, issued by National Treasury in May 2013. In terms of the said circular, the following power/duty was conferred to Council, which is cited as follows (emphasis added):

“Considering the reasons for the proposed amendment of a contract or agreement and any representations that may have been received regarding the proposed amendment of a contract or an agreement procured through the supply chain management policy of the municipality and deciding whether to consent to the amendment of the contract or agreement.” (emphasis added).

In terms of Sections 33 and 116(3) of the MFMA, due process has been followed, making provision for the contract having future budgetary implications.

The following activities were completed in accordance with Sections 33 and 116(3) of the MFMA:

- An advertisement inviting comments from the local community and other interested persons was placed in the local media on 23 September 2022 (i.e. more than 60 days before the Council meeting). Refer to Annexure B. No comment, input or inquiry was received from the public at the closing date of 21 October 2022.

- An Information Statement with regards to the proposed amendment to the contract was made available to the public from 23 September 2022 on the Overstrand Municipality's web site. Refer to Annexure A.
- The views and recommendations of the following stakeholders have been solicited: National Treasury, Western Cape Provincial Treasury, Department of Co-operative Governance & Traditional Affairs, and the Department of Environmental Affairs and Development Planning (Annexure C). Provincial Treasury responded with comments (refer to Annexure D). Provincial Treasury concluded that they have no objection to the proposed amendment so long as their points listed in their recommendation were considered, which has been done. A late response was also received from National Treasury dated 7 November 2022 (refer Annexure E). The guiding comments provided in the letter were considered
- The proposed amendment of the contract has served before the Overstrand the Bid Adjudication Committee on 25 November 2022 where it was recommended for approval. That Accounting Officer approved the recommendation on 30 November 2022. Refer to Annexure G.
- The final step in the MFMA process is this submission to special Council meeting on 14 December 2022.

Conclusion

All the processes required in terms of the MFMA for the amendment of the contract have been followed. No input opposing the proposed amendment of the contract was received from any stakeholder. The 4-month extension as requested by Hermanus Recycling CC is deemed to be fair, as motivated above, and it is recommended that the proposed amendment of the contract be approved.

7. Financial Implications

Source of Funding: Operating Budget Provision

The estimated Medium Term Expenditure Framework financial implications are summarised in the following table:

	2022/23	2023/24	2024/25
mSCOA Description	Outsourced Services: Refuse Removal		
mSCOA Cost Account	13640200530000		
mSCOA Business Key	20210629091825		

Budget Provision	2 396 918.00	2 464 627.00	2 588 000.00
Balance Available	0	2 464 627.00	2 588 000.00
mSCOA Description	Contractors: Maintenance of Equipment		
mSCOA Cost Account	12240201460000		
mSCOA Business Key	20210629092089		
Budget Provision	400 000.00	605 000.00	441 000.00
Balance Available	200 000.00	605 000.00	441 000.00
Combined balance available	200 000.00	3 069 627.00	3 029 000.00
Total Estimated Expenditure on amendment only	0	0	1 010 000.00
Escalation	In accordance with Clause 17 in special conditions of Contract SC 2182/2021		
Escalation Date	monthly		

The following assumptions were made to inform the financial calculations. Deviations from these assumptions may influence the actual financial implications, and will have to be addressed during the normal budget processes:

- The estimated expenditure reflected above is as per the original approved BAC tender submission for the 2022/23 & 2023/24 financial years). The additional 4 months were based on the same principle.
- CPI at 4.0% was applied as the escalation factor for the above costing.

The estimated contract expenditure over the remainder of the extended contract period

Financial Year	Total Estimated Annual Expenditure	Comments
2021/22	R 1 636 351.37	
2022/23	R 2 703 917.00	
2023/24	R 2 971 788.26	
2024/25	R 1 010 000.00	4 months only Contract ends 31 October 2021

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: MFMA Section 33 Information Statement

Annexure B: MFMA Section 33 Public Notice

Annexure C: MFMA Section 33 Letter to Stakeholders

- Annexure D: Comments received from Provincial Treasury
Annexure E: Comments received from National Treasury
Annexure F: Overstrand Municipality response to National Treasury
Annexure G: Minutes of the Bid Adjudication Committee of 25/11/2022

RECOMMENDATION TO THE COUNCIL:

1. that Council take cognisance of the reasons for the proposed amendment of Contract SC 2182/2021 between Overstrand Municipality and Hermanus Recycling CC for the operation of the new Materials Recovery Facility (MRF) Hermanus in terms of the enabling provisions of Sections 33 and 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003);
2. that Council take cognisance of the comments received from National and Provincial Treasury in respect of the proposed amendment of Contract SC 2182/2021 between Overstrand Municipality and Hermanus Recycling CC for the operation of the new Materials Recovery Facility (MRF) Hermanus, in terms of the enabling provisions of Sections 33 and 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003); and
3. that Council consent to the proposed amendment of Contract SC 2182/2021 between Overstrand Municipality and Hermanus Recycling CC for the operation of the new Materials Recovery Facility (MRF) Hermanus.

RESPONSIBLE OFFICIAL:**C MITCHELL****TARGET DATE FOR IMPLEMENTATION:****1 JANUARY 2023**



Annexure A 114

TENDER NO. SC2182/2021
OPERATION OF THE NEW MATERIALS RECOVERY FACILITY,
HERMANUS

MFMA INFORMATION STATEMENT

1. OBJECTIVE

Overstrand Municipality intends to extend the current contract for the operation of the Materials Recovery Facility by 4 months.

Because the proposed extended Contract period will be more than three financial years, and because the right to use, control and manage the Municipality's Material Recovery Facility will vest in an Operator, the Municipality must comply with Section 33 of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), and with the Local Government: Municipal Finance Management Act: Municipal Asset Transfer Regulations No. R. 878, as published in Government Gazette No. 31346 on 22 August 2008.

The objective of this Information Statement is to inform the community and other interested parties of the proposed contract extension and the extension of rights granted in regard to the operation and maintenance of the Municipality's Material Recovery Facility.

2. INVITATION

The local community and other interested parties are invited to submit to the Municipality comments or representations in respect of the proposed contract extension of the right granted to Hermanus Recycling CC to operate and maintain the Material Recovery Facility for an additional 4 months.

3. PROCEDURE FOR GIVING COMMENTS

Members of the local community and other interested persons are invited to submit to the Municipality their comments or representations in respect of the proposed contract extension and the extension of the right granted to manage the assets **before 12:00 on Friday 21 October 2022**, in a sealed envelope clearly endorsed "**Proposed extension of Contract SC2182/2021: Operation of the Material Recovery Facility, Hermanus in Overstrand Municipality**" and addressed to: Municipal Manager, P.O. Box 20, Hermanus, 7200, and to be deposited in **Tender box no. 7**.

Written enquiries for clarification can be directed to Mr Craig Mitchell at e-mail: cmitchell@overstrand.gov.za.

Any person who wishes to submit comments or representations in respect of the proposed contract extension and/or the extension of the right granted to manage the assets, and who cannot write, will be assisted by the Director: Infrastructure and Planning or a person designated by him, at the Overstrand Municipality's head office in Magnolia Avenue, Hermanus. A2/4

4. PROJECT BACKGROUND

The tender SC2182/2021 for the Operation of the New Materials Recovery Facility, Hermanus was advertised on the 5th February 2021. The tender was advertised as the operation of the recycling facility for a period of 36 months or part thereof with an expected start date of 1st July 2021.

Unfortunately, the new facility was not ready for hand over on the 1st July 2021 as planned, due to circumstances beyond control of the municipality or the operator, in the end the contractor was only given access to the site on the 2nd November 2021, 4 months later than originally anticipated.

5. THE CONTRACT

5.1. Overview of the service

The service consists of the operation of the Materials Recovery facility and associated responsibilities as detailed in the below extent of service.

5.2. Extent of the service

- receiving of the collected source separated municipal solid waste (clear bags) and other clean recyclables delivered to the facility
- Primary sorting the apron floor of oversized waste articles
- Loading the waste onto the incline conveyor and removing different recoverable materials from the conveyor belt
- Timeously arranging for the collection and disposal of the tailings waste bin as and when required
- Bailing the recovered waste materials, if applicable
- Transport and disposal / sale of materials bailed / collected when enough volume is available on site to make it financially viable.
- Daily/weekly/monthly checking and maintenance of the mechanical equipment as required
- Daily facility cleaning and litter picking.

5.3. Key outcome

The key outcome sought for this proposed extension is for the four months extension of the effective diversion of suitable recyclable materials received at the facility from the overall clear bag and other waste streams delivered to the facility in order to:

- Protect the environment
- Promote reuse of used materials and save virgin materials

- Extend our landfill sites remaining lifespan
- Comply with best practices locally and internationally.

A3/4

5.4. Term

It was originally planned for the contract start 1 July 2021, for a period of 3 years, however due to the delayed start the intention is now to extend the end date from 30 June 2024 to 31 October 2024 to take the operational contract back to the intended 36-month duration.

5.5. Remuneration Model

The tender was structured to reimburse the Operator monthly as follows:

- A monthly fixed lump sum fee to cover all the bidder's assets required and operational costs eg Bailer, forklift, onsite management & supervision, company overheads and security.
- The unskilled labour costs incurred for 20 unskilled labourers at National minimum wage working a 45 week
- A recovery incentive will be paid for 7 recyclable waste streams per ton recycled (to incentivise the maximizing of the recycling)
- A prime cost provision for the maintenance as specified in the tender document.

The fact that the contract was reduced down from 36 months to 32 months (due to late start date) has affected the financial viability of the project for the contractor as all their capital items that they required for the project now need to be recovered over 32 months fixed costs and not 36 months as they had budgeted for in their costing model at the time of tendering.

To address this challenge, it is proposed to extend the contract with 4 months under the same terms and conditions as the original contract as the delayed start was through no fault of the municipality or successful bidder but rather due to delays by the civils contractor. (Which was addressed by the municipality as best as possible during the construction phase)

The cost of the proposed contract extension should not impact the Municipality's current budget provisions for the operations and maintenance of the Materials Recovery Facility.

6. NEXT STEPS

Members of the local community and other interested persons are invited to submit to the Municipality their comments or representations in respect of the proposed contract extension and the extended granting of the right to manage the asset as set out in 2 and 3 above.

The Municipality will solicit and receive the views and recommendations of stakeholders, including the National and Provincial Treasuries and the Department of Environmental Affairs and Development Planning and the national department responsible for local government.

The contract and all comments and views received relevant to the contract will be presented to Council in November 2022 to consider the reasons for the proposed amendment of the contract and resolving to consent to the amendment of the contract.

A4/4



Annexure B12

NOTICE

PROPOSED AMENDMENT OF LONG-TERM CONTRACT NO. SC2182/2021 OPERATION OF NEW MATERIALS RECOVERY FACILITY (MRF), HERMANUS, GIVING EFFECT TO THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, ACT NO. 56 OF 2003: SECTION 116 (3) (A) AND (B) AND SECTION 33.

The Overstrand Local Municipality, in terms of the provisions of Section 116(3)(a) and (b) and Section 33 of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003, hereby makes it public that it intends to amend the existing long-term contract for the operation of new materials recovery facility. The proposed amendment of the contract is to provide for the extension of the agreement for a period ending **31 October 2024**.

The proposed contract amendment and an information statement summarising the Municipality's obligations in terms of the proposed amendment of the contract can be inspected during official office hours at the Municipality's head and satellite offices and libraries or on the Municipality's official web-site www.overstrand.gov.za, from **Friday, 23 September 2022**.

The proposed amendment of the contract will be considered by the Municipal Council of the Overstrand Local Municipality at its Council meeting to be held on **Wednesday, 30 November 2022** at the Municipal Offices in Hermanus.

Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment of the long-term contract. Such comments or representations must be submitted by not later than **Friday, 21 October 2022** at 12:00.

Comments or representations must be submitted in a sealed envelope clearly endorsed "**Proposed amendment of Contract SC2182/2021: Operation of New Materials Recovery Facility (MRF), Hermanus**" and be deposited in tender box no.7.

All submissions must be addressed to:

The Municipal Manager
Tender box no. 7
Overstrand Municipality
Magnolia Avenue
Hermanus
7200

Enquiries can be directed to Mr. C. Mitchell via e-mail: cmitchell@overstrand.gov.za

Persons who are physically disabled or who cannot read or write but wish to participate in the process, may visit the Municipal Offices, Magnolia Avenue, Hermanus, during office hours, where that person will be assisted by the Director: Finance or a person designated by her to transcribe that person's comments or representations.

D O'NEILL
MUNICIPAL MANAGER
Overstrand Municipality
PO Box 20
HERMANUS
7200

Notice number: 111/2022

09 SEP 2022

Final
Amendments
C. Mitchell

#overstrand4all

6344



We belong



We care



We serve



Bab

KENNISGEWING

VOORGENOME WYSIGING VAN LANGTERMYN KONTRAK SC2182/2021 VIR DIE BEDRYF VAN DIE NUWE VASTE-AFVAL HERWINNINGSFASILITEIT, INGEVOLGE DIE WET OP PLAASLIKE REGERING: MUNISIPALE FINANSIËLE BESTUUR, WET NR. 56 VAN 2003: ARTIKEL 116 (3) (A) EN (B) EN ARTIKEL 33.

Overstrand Munisipaliteit, ingevolge die bepallings van artikel 116(3)(a) en (b) en Artikel 33 van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, Wet Nr. 56 van 2003, gee hiermee kennis van sy voorneme om die bestaande langtermyn kontrak vir die Bedryf van die Nuwe Vaste Afval Herwinnings Fasiliteit. Die voorgestelde wysiging van die ooreenkoms is om voorsiening te maak vir die uitbreiding van die ooreenkoms vir 'n periode wat eindig op **31 Oktober 2024**.

Die voorgename kontrakwysiging en die inligtingstuk wat die Munisipaliteit se verpligtinge ten opsigte van die voorgename wysiging van kontrak saamvat, kan vanaf **Vrydag, 23 September 2022**, gedurende amptelike kantoorure by die munisipaliteit se hoof-en satellietkantore en biblioteke geïnspekteer word, of op die amptelike webblad van die Munisipaliteit by www.overstrand.gov.za

Die voorgename wysiging van die kontrak sal vir ooreweging voor die Munisipale Raad van die Overstrand Plaaslike Munisipaliteit dien tydens die Raadsvergadering wat geskeduleer is vir **Woensdag, 30 November 2022** by die Munisipale Kantore in Hermanus.

Kennis geskied hiermee verder ingevolge artikel 21 en 21A van die Wet op Plaaslike Regering: Munisipale Stelsels, 2000 (Wet 32 van 2000), dat die plaaslike gemeenskap en geaffekteerde partye genooi word om kommentaar of vertoë oor die voorgename wysiging van die langtermynkontrak voor te lê. Hierdie kommentaar of vertoë moet teen nie later nie as **Vrydag, 21 Oktober 2022 om 12:00** ingedien word.

Kommentaar of vertoë moet ingedien word in 'n verseëelde kovert, duidelik gemerk "**Voorgestelde wysiging van Kontrak SC2182/2021 vir die Bedryf van die Nuwe Vaste-Afval Herwinningsfasiliteit**" en geplaas word in **tenderbus nummer 7**.

Alle voorleggings moet geadresseer word aan:

Die Munisipale Bestuurder
Tenderbus nummer 7
Overstrand Munisipaliteit
Magnolialaan
Hermanus
7200

Navrae kan gerig word aan Mnr. C. Mitchell per e-pos: cmitchell@overstrand.gov.za

Persone wat liggaamlik gestremd is of nie kan lees of skryf nie, maar aan die proses wil deelneem, kan gedurende kantoorure die Munisipale Kantore, Magnolialaan, Hermanus, besoek, waar die Direkteur: Finansies of 'n persoon soos deur haar aangewys daardie persoon sal help om die kommentaar of vertoë neer te skryf.

D O'NEILL
MUNISIPALE BESTUURDER
Overstrand Munisipaliteit
Posbus 20
HERMANUS
7200

Kennisgewingnummer: 111/2022

09 SEP 2022

Mitchell *Willems*
FINAL

#overstrand4all



We belong



We care



We serve

**KANTOOR VAN DIE MUNISIPALE BESTUURDER
OFFICE OF THE MUNICIPAL MANAGER**

NAVRAE | ENQUIRIES:
LEËRVERVYSSING | FILE REFERENCE:
DATUM | DATE:

Mr D O'Neill
SC2182/2021
23/09/2022



To: National Treasury – Mr S Mkhwanazi (GTAC) & Mr W McComans (MFMA Implementation)
Provincial Treasury Western Cape – Mr S Kenyon (MFMA Coordinator)
Department of Co-operative Governance and Traditional Affairs (COGTA) – Mr C Maeta
Department of Environmental Affairs and Development Planning – Mr V Skosana

By e-mail:

PROPOSED 4 MONTH EXTENTION TO THE CONTRACT SC2182/2021 FOR THE OPERATION OF THE NEW MATERIALS RECOVERY FACILITY OF THE OVERSTRAND MUNICIPALITY: NOTICE IN TERMS OF SECTION 33 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003), AND THE MUNICIPAL ASSET TRANSFER REGULATIONS, 2008

In terms of Section 33(1)(a)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA), you are hereby notified of the Overstrand Municipality's intention to extend an existing contract which will impose a financial obligation beyond the three years covered in the budgets for the 2021/2022 to 2023/2024 financial years.

In terms of the Municipal Asset Transfer Regulations, 2008 National Treasury and Provincial Treasury are further notified that the proposed contract will grant the right to the operator to use, control and manage the Hermanus Materials Recovery Facility for an extended contract period.

As is required, we hereby solicit your views and recommendations on the proposed contract extension between Overstrand Local Municipality and Hermanus Recycling CC, with regards to the operation and maintenance of the Hermanus Materials Recovery Facility of the municipality. The current contract was awarded with an end date of 30 June 2024. The proposed new end date of the contract is 31 October 2024.

Please find attached the following:

1. Annexure A: Information Statement
2. Annexure B: Copy current signed Contract
3. Annexure C: Advertisement inviting the local community and interested stakeholders to submit representations on the proposed contract amendment.

Please express your views and recommendation(s), if any, to the undersigned on or before 21 October 2022, in order for my Council to take all representations into account for decision making, thereby giving effect to the provision of Section 33(1)(b)(i-iv) of the MFMA.

Yours sincerely,

**MR DGI O'NEILL
MUNICIPAL MANAGER**

Tel: 028 313 8003 | Fax: 086 568 9726 | E-mail: mm@overstrand.gov.za
PO Box 20 | HERMANUS, 7200
www.overstrand.gov.za



Annexure D.1
Provincial Treasury
Sancho Nomdo

Local Government Supply Chain Management
Sancho.Nomdo@westerncape.gov.za | Tel: 021 483 0938

Reference number: 24/2/10/5
Enquiries: Sancho Nomdo

The Overstrand Municipality
PO BOX 20
HERMANUS
7200

4th Dorp Street
Tower Block
Cape Town
8000

Date: 28 October 2022

Dear Municipal Manager

Attention: Mr. Christo Roets – Manager: Contracts and Logistics Management

RE: SOLICITATION OF COMMENTS AS PER MFMA SECTION 33 REGARDING PROPOSED CONTRACTS THAT WILL EXCEED THREE FINANCIAL YEARS. – THE PROVISION OF OPERATION OF THE MATERIAL RECOVERY FACILITY, HERMANUS IN OVERSTRAND MUNICIPALITY - TENDER NO. SC2182/2021.

1. PURPOSE

1.1 To provide comments to the Overstrand Municipality in respect of Section 33 of the Municipal Finance Management Act (MFMA) regarding the appointment of a supplier, for the provision of – Operation of the Material Recovery Facility, Hermanus in Overstrand Municipality for a period exceeding three (3) years.

2. BACKGROUND

2.1 On the 11th of October 2022, the Overstrand Municipality sent a request to the Provincial Treasury, seeking comments on its intention to extend on an existing contract Provision of Operation of the Material Recovery Facility, Hermanus in Overstrand Municipality.

2.2 Tender No. SC182/2021 was provisionally supposed to start on the 1st of July 2022 and end 30 June 2022 (3 years) but due to the reasons listed below the contract only started on the 2nd of November 2021 which delayed the project with 4 months, hence the request from the Municipality to extend the contract.

2.3 The following reasons were provided regarding the request for the contract extension:

2.3.1 WCB, the contractor who was constructing the new facility, did not complete the project in time and actually only achieved practical completion on the 19th of October 2021 at which stage they were then given two weeks to complete the snag list. (At the time of this communication WCB still did not have final completion and are still busy working on the site).

2.3.2 The tender adjudication process took longer than originally planned due to SCM capacity constraints within the Municipality, and the preferred bidder, Hermanus Recycling CC, was only awarded the bid on the 2nd of August 2021.



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- 2.3.3 One of the unsuccessful bidders then appealed against the award on the 17th of August 2021 and an appeal process had to be followed, which needed to follow due process in terms of SCM Regulation 49 and 50.
- 2.3.4 The appeal was only finalised during October 2021 and the outcome letter was sent to the appellant on the 19th of October 2021 notifying them of their unsuccessful appeal and upholding the award of the contract to Hermanus Recycling CC.
- 2.3.5 The Director Muller signed the contract document on behalf of the Overstrand Municipality on the 18th of October 2021.
- 2.4 The Overstrand Municipality intends to extend on a contract on all of the above-mentioned contracts for a period which is envisaged to exceed a **period of three (3) years**.
- 2.5 The extension of the contract will have **no financial implications**, as the Municipality have not paid the supplier, Hermanus Recycling CC for the 4 months that the contract has been delayed.
- 3. ISSUE**
- 3.1 Whether or not the Provincial Treasury has any views and recommendations regarding the abovementioned Section 33 processes and if the Municipality met the requirements of Section 33 (a) (ii) of the MFMA.
- 4. LEGISLATIVE PRESCRIPTS**
- 4.1 **Section 217 of the Constitution and Section 112 of the MFMA** prescribe and addresses that the procurement of goods and services in the public service should be conducted through a system that is fair, equitable, transparent, competitive and cost-effective.
- 4.2 **Section 21 A of the Municipal System's Act** addresses all documents that must be made public by the Municipality.
- 4.3 **Section 33 of the MFMA** addresses the future budgetary implications for contracts that go beyond a period of 3 years.
- 4.4 **Section 116 (1) and (2) of the Municipal Finance Management Act No. 56 of 2003** stipulates the requirements of a contract or agreement procured through the Supply Chain Management system.
- 4.5 In terms of the Municipality's SCM Policy it states the following:
Contracts Having Budgetary Implications beyond Three Financial Years
"53. Overstrand Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with."
- 4.6 *The General Condition of Contract (GCC) makes provision for Delays in the supplier's performance and the subsequent penalties to be applied against a supplier's non-performance.*
- 4.7 In terms of the requirements the legislation needs to be applied in this regard especially taking into account the fairness, equitability, transparency, competitiveness, and cost effectiveness aspects.

5. COMMENTS

From a supply chain management perspective, the Overstrand needs to have satisfied the following, when entering into the proposed contract:



D3/4

- 5.1 Section 217 of the Constitution requires the Municipality to procure the required services in a manner, which is fair, transparent, cost effectiveness, equitable and competitive.
- 5.2 Section 33 of the MFMA required that when the Overstrand Municipality wants to enter into an agreement that will extend beyond the three years covered in the annual budget, it must embark on a process to invite comments from the local community, which needs to be considered. **The Municipality would have to obtain the views and recommendations from the relevant Treasury.**
- 5.3 For all intents and purposes, the Overstrand Municipality is compelled by Municipal Finance Management Act to comply with Section 33 of the Act, when entering into a contract, which is envisaged to exceed three (3) financial years. **This process needs to take place 60 days before Council approves or consents to the contract.**
- 5.4 Furthermore, extensions may not exceed 15% of the original contract amount or exceed the original contractual period as stipulated in Section 33 of the MFMA, unless the prescribed procedures were followed. **All extensions must be attached to the original contract and form part thereof.**
- 5.5 Comply with Section 30 of the SCM Regulations and with Municipality's Supply Chain Management Policy, in respect of ensuring that the bid committees have applied its mind on all material aspects of the proposal and have provided recommendations on the proposed contract.
- 5.6 Section 116 of the MFMA, a contract or agreement procured through the supply chain management system of the Overstrand Municipality must be in writing:
- stipulate the terms and conditions of the contract or agreement, which must include provisions providing for the termination of the contract or agreement in the case of non- or underperformance;
 - dispute resolution mechanisms to settle disputes between the parties; a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years;
 - and any other matters that may be prescribed.
 - **An ongoing periodic review of the contract or agreement must be performed for contracts of this nature.**
- 5.7 The Accounting Officer must take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy is properly enforced; monitor on a monthly basis the performance of the contractor under the contract or agreement; establish by Overstrand Municipality in the administration of the municipality's to assist the Accounting Officer in carrying out the duties set out in paragraphs; and to oversee the day-to-day management of the contract or agreement; and regularly report to the council of the Municipality or the board of directors, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.
- 5.8 Furthermore, proper delegation system as contemplated in Section 79 of the MFMA, and proper-delegated structures need to be in place, for vetting of the proposed bid.
- 5.9 As a critical phase of the proposed contract, Overstrand Municipality needs to ensure that sufficient demand management and planning has been conducted, which includes:
- a) Identification of risks, categories and prioritisation of risks, and risk mitigation procedures;
 - b) Designing of specification, which is, clear, precise, measurable and speak to the goods and services needed by the Overstrand Municipality to address the service delivery requirements and targets.

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- 5.10 Compliance with the supply chain management policy and other applicable legislation, in respect of ensuring that the bid committees have applied its mind and exercised due diligence in all material aspects of the proposals and have provided recommendations on the proposed contracts.

6. RECOMMENDATIONS

- 6.1 Upon perusal of the documentation, **the Municipality has complied with MFMA Section 33 for the procurement of the appointment for the provision of – Operation of the Material Recovery Facility, Hermanus in Overstrand Municipality.**
- 6.2 It must be noted that the procurement of these professional services for all intents and purpose must give effect to the five pillars of procurement as entrenched in Section 217 of the Constitution. Furthermore, adherence to all of the requirements stipulated in the SCM Regulations and Overstrand Municipality SCM policy, as well as taking into account Section 116 of the MFMA as far as contract management is concerned and that the Accounting Officer is satisfied that due processes was followed.
- 6.3 **Provincial Treasury has, in principle, no objection against the Municipality's intention to conclude a contract for more than 3 years, subject to the required Supply Chain Management processes being followed, the requirements of the MFMA (especially Section 33) being adhered to.**
- 6.4 The Municipality must take cognisance of the requirements as outlined in the General Condition of Contract (GCC) and ensure the necessary penalties are applied to any service provider that does not fulfill their contract agreements to avoid any delays in completion of a contract.
- 6.5 The municipality should consider to put in place internal control measures to avoid any delays in the procurement process when awarding a bid, as it would have an overall impact on the completion of a contract.
- 6.6 The Municipality must ensure that the financial implications are carried through over the MTEF be taken into account within the budgets of each of the affected years with the required budgetary provision to ensure affordability and sustainability over the new MTEF years.
- 6.7 The Accounting Officer needs to be satisfied that all due processes and procedures stipulated in the legislative prescripts and in the Municipality's SCM policy have been followed.

I trust that you find the above in order.



Digitally signed
by Letitia Sallies
Date: 2022.10.28
17:57:05 +02'00'

MS LETITIA SALLIES
ACTING DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT
PROVINCIAL TREASURY





national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

3 of 2

Annexure E 1/2

Private Bag X115, Pretoria, 0001 - 40 Church Square, PRETORIA, 0002 - Tel: +27 12 315 5111, Fax: +27 12 466 9055 - www.treasury.gov.za

Email: mfma@treasury.gov.za

The Municipal Manager
Overstrand Municipality
PO Box 20
HERMANUS
7200

For Attention: Mr DGI O'Neill

Fax: (086) 568-9726

Dear Sir

RE: PROPOSED 4 MONTH EXTENTION TO THE CONTRACT SC2182/2021 FOR THE OPERATION OF THE NEW MATERIALS RECOVERY FACILITY OF THE OVERSTRAND MUNICIPALITY: NOTICE IN TERMS OF SECTION 33 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003), AND THE MUNICIPAL ASSET TRANSFER REGULATIONS, 2008

The letter dated 23 September 2022, requesting the National Treasury's comments, on the municipality's intention to extent contract SC2182/2021 for the operation of the new materials recovery facility of the Overstrand municipality, has reference.

We have noted the contents of the letter, including the supporting documents. In terms of section 33(1)(a)(i)(aa) of the MFMA, the municipality must make public the draft contract and an information statement summarising the municipality's obligations in terms of the proposed contract. We have noted the addendum to the current contract indicating the intent to amend the end date of the current contract.

It is our understanding that the municipality intends to extend the contract by 4 months. However, the municipality has not provided a copy of the actual draft contract incorporating the actual amendments to the current contract. In its letter, the municipality indicated that a copy of the current signed contract is attached as Annexure B, however, this was not submitted with the letter. We also could not locate it on the municipality's website.

Please note that section 116(3) provides that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality and the local community has been given reasonable notice of the intention to amend the contract or agreement

Nkwanzi ka Tshi - Govanila ka Mkhosiso - Nasionale Treasures - Lesapha ka Bortolotto ka Matlofo - UMyango wezemali - Litlo la National Treasury - Trelo ya Matlofo ka Bortolotto ka Tshabalala
Tshabalala ka Matlofo ka Nkwa - UMyango wezama - Litlo le Nkwanzi ka Tshi ka Lesapha

 National Treasury |  @TreasuryRSA

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and has been invited to submit representations to the municipality or municipal entity. We trust that the municipality has ensured compliance in this regard.

You will note that the contract must address all the requirements for contracts as set out in section 116(1) and (2) of the MFMA. It is our understanding that the municipality has sufficient in-house contract management capacity to ensure that any conditions or service level agreements are managed appropriately consistent with section 116 of the MFMA.

We note that the municipality has referred to the Municipal Asset Transfer Regulations which apply when the municipality intends to dispose or otherwise let municipal capital assets. A review of the information statement, the remuneration structure and the extent of the services, indicates that the service provider is responsible for operating the facility on behalf of the municipality and will be remunerated accordingly. Therefore, based on the information as outlined in the information statement, it is our view that the Municipal Asset Transfer Regulations will not apply in this instance.

We trust that you will be guided accordingly.

Yours sincerely



Karen Maree
Acting Accountant-General
Date: 7 November 2022

Cc: Chief Financial Officer
Cc: MFMA Coordinator: Western Cape Provincial Treasury

Navrae:
Enquiries: Mr Dean O'Neill

Verwysing:
Reference: SC2182/2021

Datum:
Date: 11 November 2022



KANTOOR VAN DIE MUNISIPALE BESTUURDER
OFFICE OF THE MUNICIPAL MANAGER

The Acting Accountant-General
National Treasury
Private Bag X115
PRETORIA
0001
By E-mail: MFMA@treasury.gov.za

Sir / Madam,

PROPOSED 4 MONTH EXTENTION TO THE CONTRACT SC2182/2021 FOR THE OPERATION OF THE NEW MATERIALS RECOVERY FACILITY OF THE OVERSTRAND MUNICIPALITY: NOTICE IN TERMS OF SECTION 33 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003), AND THE MUNICIPAL ASSET TRANSFER REGULATIONS, 2008

I refer to your letter dated 07 November 2022 in the above regard.

Overstrand Municipality fully comply with the provisions of MFMA, and your attention is invited to the following attached documents in response:

- Annexure A Final contract SC2182.2021
- Annexure B Proof that final contract was sent to National Treasury on 26 September 2022

Yours sincerely,

DGI O'NEILL
MUNICIPAL MANAGER

Tel: (028) 313 8909
Fax: (086) 568 9726
E-mail: mm@overstrand.gov.za

Posbus 20
PO Box 20
Hermanus, 7200

Annexure G 1/3

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

5. CONFIRMATION OF MINUTES OF BID ADJUDICATION COMMITTEE MEETINGS

5.1 Confirmation of Minutes of a Bid Adjudication Committee meeting held on 11 November 2022 a

Upon a proposal by the Director: Investment & Infrastructure, Mr. S Müller, duly seconded by the Director: Protection Services, Mr. N Michaels, it was

RESOLVED:

That the minutes of the Bid Adjudication Committee meeting held on 11 November 2022 be confirmed.

6. ADJUDICATION/CANCELLATION OF TENDERS/CONTRACTS:

6.1 CONTRACT NO. SC 2182/2021: PROPOSED AMENDMENT: OPERATION OF NEW MATERIALS RECOVERY FACILITY (MRF), HERMANUS

Upon a proposal by the Director: Management Services, Ms. D Arrison, duly seconded by the Director: Protection Services, Mr. N Michaels, it was

RESOLVED TO RECOMMEND TO THE ACCOUNTING OFFICER:

- 6.1.1 That it be noted that the only comments received from any stakeholder with regard to the intent to amend Contract SC 2182/2021, OPERATION OF NEW MATERIALS RECOVERY FACILITY (MRF), HERMANUS, were those received from the Western Cape Provincial Treasury, and that they had no objection to the proposed amendment of the contract and National Treasury who provided guiding comments which were considered.
- 6.1.2 That the reasons provided for the proposed amendment of the contract be regarded as acceptable and valid, and it be recommended to Council to consent to the proposed amendment of the contract.
- 6.1.3 That Contract SC 2182/2021, OPERATION OF NEW MATERIALS RECOVERY FACILITY (MRF), HERMANUS, be amended in terms of Section 116(3) and Section 33 of the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003), read together with paragraph 53 of the Supply Chain Management Policy, as Contract SC 2182A/2021, as summarised in the schedule below:

Service provider / supplier:	Hermanus Recycling CC		SCM supplier #	SC 852
Service / goods provided:	Operation of the new Materials Recovery Facility (MRF), Hermanus			
Notes:	Item descriptions	Outsourced Services: Refuse Removal Contractors, Maintenance of Equipment.		
	Cost accounts	13840200530000 12240201480000	Business keys	20200630034786 20200630034841
Amount (Excl. VAT):	As per the schedule of rates listed below.	Contingency:	N/A	
Amount in words:	As per the schedule of rates listed below.			

G 2/3

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

Escalation percentage:	Escalation as per Clause 17 formula in special conditions of contract		Escalation date:	Monthly
Contract director:	S Muller		Contract owner:	C Mitchell
CONTRACT PERIOD:				
Implementation date:	2021/11/02	End date:	2024/10/31	Period: 36 Months

SCHEDULE OF RATES

ITEM	DESCRIPTION	UNIT	RATE (EXCL VAT)
1.	SECTION A: GENERAL		
1.1.	Lump Sum per month based on provision of the operation and maintenance service as specified inclusive of all resources required as per clause 14.2.1.	Month	R102 016.00
	Unskilled Labour Cost		
1.2.	Provision for twenty unskilled labourers at national minimum wage and 45 hours per week	Month	R80 964.00
2.	SECTION B: RECOVERY INCENTIVE		
	A variable payment based on the volume of waste recovered calculated as a percentage of landfill airspace saving (Provisional Volumes)		
2.1.	Glass	Tonne	R31.00
2.2.	Cardboard	Tonne	R56.00
2.3.	Paper	Tonne	R54.00
2.4.	Other Plastic	Tonne	R63.00
2.5.	PET	Tonne	R693.00
2.6.	HDPE	Tonne	R658.00
2.7.	Beverage Cans	Tonne	R55.00
3.	SECTION C: PRIME COST ITEMS		
3.1.	Prime Cost amount for replacement of Mechanical Equipment	Sum	R400 000.00
3.2.	Maintenance of Roller Shutter Doors at a six-monthly interval	No.	R12 000.00
3.3.	Monthly Maintenance	Month	R6 000.00
3.4.	Quarterly Maintenance	No.	R20 000.00

G3/3

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

Certified as correct by:



Mr. C Le Roux
Deputy Director: Finance & SCM

29 November 2022

Date

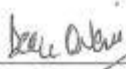


Mimi Vorster
Acting Director: Finance (Chairperson)

29/11/2022

Date

RECOMMENDATION APPROVED/ ~~NOT APPROVED~~



Mr. D O'Neill
Accounting Officer

30/11/2022

Date

4.2**PROPOSED AMENDMENT OF LONG-TERM CONTRACT NO. SC 1890B/2018:
WATER AND WASTEWATER BULK WORKS OPERATION AND MAINTENANCE****8/3/1/SC1890/2018****H Blignaut****Deputy Director : Engineering Services****30 November 2022****(028) 313 5047**

1. Executive Summary

The purpose of this report is to provide the necessary information and motivation with regards to the proposed third amendment of Contract SC1890B/2018: Water and Wastewater Bulk Works Operation and Maintenance, in terms of the enabling provisions of sections 33 and 116(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), to enable Council to make an informed decision whether to consent to the proposed amendment of the contract.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Investment & Infrastructure

Department: Engineering Planning (Bulk Water Services)

3. Compliance with Strategic Priorities

Provision and maintenance of municipal services

The creation and maintenance of a safe and healthy environment

The promotion of tourism, economic and social development

Provision of democratic, accountable, and ethical governance

The encouragement of structured community participation in the matters of the municipality

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)

Water Services Act, Act 108 of 1997

Overstrand Municipality Supply Chain Management Policy

Overstrand Municipality Contract Management Policy

National Treasury MFMA Circular no. 73

6. Background/Evaluation/Conclusion

Background

A 15-year contract for the operation and maintenance of Overstrand Municipality's bulk water and wastewater infrastructure was awarded to Veolia Services Southern Africa (Pty) Ltd (Veolia) on 4 September 2018. The long-term contract was approved by the Overstrand Council on 28 November 2018 (refer to Annexure H), and the contract commenced on 8 December 2018.

The contract makes provision in clause 6 (refer to Annexure F) for adjustment or variation of the scope of the contract during the contract period resulting from issues arising after the effective date of the contract, which may include (but not be limited to) the following:

- a. Changes in regulatory provisions,
- b. Changes in the Bulk Works (either expansion or reduction), or
- c. Changes in raw water quality.

The impact of such a variation must be agreed to between the parties, provided it is related to the Bulk Works as defined in the contract. The municipality has the right to test or benchmark value for money of the contractor's proposed pricing for the proposed variation against their competitively tendered rates, as escalated, or the market. The pricing schedule shall then be adjusted with the contractor's quoted rates as agreed for the proposed variation. All other terms and conditions of the contract will remain the same except where specifically recommended and approved otherwise.

Overstrand Municipality currently has no internal capacity to operate and maintain the bulk water and wastewater infrastructure, following a Council decision of 22 January 2014 to outsource the function, and the subsequent transfer of the relevant municipal staff to the appointed private operator.

The reasons for this proposed amendment are the following:

- a. To include the operation and maintenance of newly completed bulk water and wastewater facilities in the contract, in accordance with clause 6 of the contract, i.e. (1) a new Archimedes screw inlet pumpstation and associated equipment at the Hermanus Wastewater Treatment Works (WWTW), (2) a new fixed standby generator at the Pearly Beach water supply booster pumpstation, and (3) additional telemetry systems at the Fisherhaven High Level reservoir and the sewerage pumpstations at Onrus River Main, Kleinmond Tennis Courts, Scout Camp, and Kammabaai to further reduce the risk of water supply interruptions and sewerage spillages during power outages.

- b. To allow for the introduction of a second operational shift at the Buffels River, Franskraal and Kleinmond water treatment works (WTW) due to the growing water demand.
- c. The introduction of additional and improved security measures to counter the rapidly escalating levels of vandalism and theft at bulk water and wastewater facilities.
- d. Amendment (reduction) of the approved dayworks rate for the transport of a Tractor Loader Backhoe (TLB) to and from a work site to a more market related rate per kilometer.
- e. The amendment of some of the existing key performance indicators (KPI's) in the contract, and addition of 2 new key performance indicators to further improve operations.
- f. The amendment of 3 clauses in the contract in terms of clause 116(1)(b)(iii) of the MFMA, aimed at the improved protection of both parties and the improved sustainability of the contract in the long term due to issues that arose since the commencement of the contract.

The proposed amendment of the contract served before the Bid Adjudication Committee on 25 November 2022 and was subsequently approved by the Municipal Manager on 30 November 2022 (refer to Annexure G).

The amendment will apply from the respective commissioning dates of the new facilities to the end date of the contract, i.e. 7 December 2033. Because the proposed amendment to the existing contract is for more than three years, the Municipality had to comply with sections 33 and 116(3) of the MFMA.

Evaluation

Section 116(3) of the MFMA provides as follows:

- “(3) A contract or agreement procured through the supply chain management policy of a municipality or municipal entity may be amended by the parties, but only after -*
- a. The reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and*
 - b. The local community –*
 - i. Has been given reasonable notice of the intention to amend the contact or agreement; and*
 - ii. Has been invited to submit representations to the municipality or municipal entity.”*

Section 33 of the MFMA provides as follows:

- “33. (1) A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if –*
- a) The municipal manager, at least 60 days before the meeting of the municipal council at which the contract is to be approved –*
 - (i) Has, in accordance with section 21A of the Municipal Systems Act-
(aa) Made public the draft contract and an information statement summarising the municipality’s obligations in terms of the proposed contract, and
(bb) Invited the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed contract; and*
 - (ii) Has solicited the views and recommendations of-
(aa) The National Treasury and the relevant provincial treasury;
(bb) The national department responsible for local government; and
(cc) If the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department,*
 - b) The municipal council has taken into account-*
 - (i) The municipality’s projected financial obligations in terms of the proposed contract for each financial year covered by the contract,*
 - (ii) The impact of those financial obligations on the municipality’s future municipal tariffs and revenue,*
 - (iii) Any comments or representations on the proposed contract received from the local community and other interested persons; and*
 - (iv) Any written views and recommendations on the proposed contract by the National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a)(ii)(cc); and*
 - c) The municipal council has adopted a resolution in which-*
 - (i) It determines that the municipality will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract,*
 - (ii) It approves the entire contract exactly as it is to be executed; and*
 - (iii) It authorizes the municipal manager to sign the contract on behalf of the municipality.*
- 2. The process set out in subsection (1) does not apply to –*
- a) Contracts for long-term debt regulated in terms of section 46(3),*
 - b) Employment contracts; or*
 - c) Contracts–*
 - (i) For categories of goods as may be prescribed; or*
 - (ii) In terms of which the financial obligation on the municipality is below –
(aa) A prescribed value; or
(bb) A prescribed percentage of the municipality’s approved budget for the year in which the contract is concluded.*

3. (a) *All contracts referred to in subsection (1) and all other contracts that impose a financial obligation on a municipality –*
 - (i) *must be made available in their entirety to the municipal council; and*
 - (ii) *may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).*
- (b) *Paragraph (a)(i) does not apply to contracts in respect of which the financial obligation on the municipality is below a prescribed value.*
4. *This section may not be read as exempting the municipality from the provisions of Chapter 11 to the extent that those provisions are applicable in a particular case.”*

Section 116(3) of the MFMA should be read together with MFMA Circular no. 73, issued by National Treasury in May 2013. In terms of the said circular, the following power/duty was conferred to Council, which is cited as follows (emphasis added):

“Considering the reasons for the proposed amendment of a contract or agreement and any representations that may have been received regarding the proposed amendment of a contract or an agreement procured through the supply chain management policy of the municipality and deciding whether to consent to the amendment of the contract or agreement.”

In terms of Sections 33 and 116(3) of the MFMA, due process has been followed, making provision for the contract having future budgetary implications.

The following activities were completed in accordance with Sections 33 and 116(3) of the MFMA:

- A public notice, inviting comments from the local community and other interested persons was placed in the local media on 13 October 2022 (i.e. more than 60 days before the Special Council meeting). Refer to Annexure B.
- An Information Statement with regards to the proposed amendment to the contract was made available to the public from 13 October 2022 on the Overstrand Municipality’s web site. Refer to Annexure A.
- The views and recommendations of the following stakeholders have been solicited: National Treasury, Western Cape Provincial Treasury, Department of Co-operative Governance & Traditional Affairs, and the Department of Water & Sanitation. Refer to Annexure C.
- The proposed amendment of the contract served before the Overstrand Bid Adjudication Committee on 25 November 2022, where it was recommended to the Accounting Officer for approval. The Accounting Officer approved the recommendation on 30 November 2022. Refer to Annexure G.
- The final step in the MFMA process is this submission to the Special Council meeting on 14 December 2022.

Only National Treasury (NT) responded with comments (refer to Annexure D) on or before the closing date of 11 November 2022. NT queried whether Overstrand Municipality went through the required MFMA s.33 process before concluding the original contract in 2018. The Municipal Manager responded to NT in writing with the necessary supporting documentation confirming that the MFMA s.33 process had indeed been followed at the time (refer to Annexure E). NT also advised that the Municipal Asset Transfer Regulations are not applicable to this contract, as the contractor only operates the assets on behalf of the municipality. NT also advised that funding be made available by the municipality to ensure that its contractual obligations in terms of the amended contract are met.

Conclusion

All the processes required in terms of the MFMA for the amendment of the contract have been followed. No input opposing the proposed amendment of the contract was received from any stakeholder.

The proposed amendment of rates, contract clauses and key performance indicators as negotiated with the contractor for inclusion in the contract are deemed to be fair and market related, as discussed in detail in the report and recommendation to the Bid Adjudication Committee and approved by the Accounting Officer.

The proposed amendment of the contract on its own will not have a significant adverse impact on the municipality's future water and sewerage operational budgets and will therefore not contribute to excessive annual increases in water and sewerage tariffs. It is recommended that Council consent to the proposed amendment of the contract.

7. Financial Implications

Source of Funding: Operating Budget Provision

The estimated financial implications during the current Medium-Term Expenditure Framework are summarized in the table below.

The entire contract represents approximately 32.6% of the municipality's total expenditure on Water Supply and 15.6% of the total expenditure on the Sewerage Service.

Water:	2022/23	2023/24	2024/25
mSCOA Description	Outsourced Services: Sewerage Servs: water	Outsourced Services: Sewerage Servs: water	Outsourced Services: Sewerage Servs: water
mSCOA Cost Account	12210200570000	12210200570000	12210200570000
mSCOA Business Key	20210629091829	20210629091829	20210629091829
Budget Provision	R 52 897 000	R 56 694 000	R 60 393 000
Balance Available	R 1 000 000	R 56 694 000	R 60 393 000

Total Estimated Expenditure on Proposed Amendment C (Water)	R 85 103	R 181 045	R 191 740
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Wastewater:	2022/23	2023/24	2024/25
mSCOA Description	Outsourced Services: Sewerage Servs: wastewater	Outsourced Services: Sewerage Servs: wastewater	Outsourced Services: Sewerage Servs: wastewater
mSCOA Cost Account	12210200570000	12210200570000	12210200570000
mSCOA Business Key	20210629091828	20210629091828	20210629091828
Budget Provision	R 16 462 000	R 17 489 000	R 18 583 000
Balance Available	R 1 000 000	R 17 489 000	R 18 583 000
Total Estimated Expenditure on Proposed Amendment C (Wastewater)	R 209 290	R 445 240	R 471 550
Escalation	In accordance with amended clauses 2.2.9 and 20 of Contract SC 1890/2018		
Escalation Date	Annually on 1 July		

The following assumptions were made to inform the long-term financial projections as shown in the table below. Any actual deviation from these assumptions will influence the actual financial performance over time:

- The amendment will at the most be applicable to the last six months of the 2022/23 financial year and will apply for the remainder of the contract period up to 7 December 2033.
- The annual escalation on the fixed and variable charges in the financial projections is based on a 50/50 blend of the Consumer Price Index (CPI) and the Production Price Index (PPI), and with regards to the Salary Contribution for the ex-municipal employees, escalation is aligned with the annual SALGBC wage agreements.
- The escalation factors above were applied at an average CPI of 5.2% (the forecast CPI for 2023), PPI of 5.4%, and wage increases of 5.2% per year over the remaining contract period (the current SALGBC wage agreement states a salary increase equal to CPI for 2023/24).
- A 2% annual growth in the volumes of water and wastewater treated was applied to calculate the variable cost, to make provision for population growth and development.
- The cost of large maintenance and repairs and maintenance requests is not directly linked to the proposed amendment of the contract and was estimated at R 5.49 million for the 2022/23 financial year but could be much higher due to the unprecedented frequency of Eskom load shedding, fluctuations in e.g. the price of fuel, chemicals, and theft and vandalism of infrastructure and equipment, and large unplanned infrastructure repairs required during the year. These factors are separate from the proposed amendment and will be handled through separate budgeting processes if needed and have not been included in the estimated expenditure below.
- Normal rainfall in the medium term. Another drought period in the short term may necessitate more than the anticipated abstraction rate from the more expensive Gateway well field at an earlier stage, at a higher cost to the municipality.

- The potential future operation and maintenance requirements of a new bulk water supply augmentation scheme (seawater desalination) for Hermanus have not been included in the projections below and will be handled through separate planning, budgeting and SCM processes in future.

Financial Year	Total Estimated Annual Expenditure	Estimated Annual Increase	Comments
2022/23 without amendment	R 69 075 377		Approved budget = R 69 359 000
2022/23 with amendment for 6 months	R 69 359 000	0.41%	Amendment only implemented for last 6 Months. Approved budget = R 69 359 000
2023/24	R 73 717 701	6.3%	Approved Budget = R 74 183 000
2024/25	R 78 037 691	5.9%	Approved Budget = R 78 976 000
2025/26	R 82 617 742	5.9%	
2026/27	R 87 473 968	5.9%	
2027/28	R 92 623 511	5.9%	
2028/29	R 98 084 607	5.9%	
2029/30	R 103 876 660	5.9%	
2030/31	R 110 020 321	5.9%	
2031/32	R 116 537 562	5.9%	
2032/33	R 123 451 775	5.9%	
2033/34	R 56 947 211	5 Months only	Contract period ends on 7 December 2033

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

- Annexure A: MFMA Section 33 Information Statement & Financial Impact
- Annexure B: MFMA Section 33 Public Notice
- Annexure C: MFMA Section 33 Letter to Stakeholders
- Annexure D: Comments received from National Treasury
- Annexure E: Municipal Manager's response to National Treasury
- Annexure F: Bulk Water Services Operations Contract Signed
- Annexure G: Minutes of Bid Adjudication Committee of 25/11/2022
- Annexure H: Council approval of Contract SC1890/2018 on 28/11/2018

RECOMMENDATION TO THE COUNCIL:

1. that Council take cognisance of the reasons for and the estimated financial implications of the proposed amendment of Contract SC 1890B/2018 between Overstrand Municipality and Veolia Services Southern Africa (Pty) Ltd for the operation and maintenance of the bulk water and wastewater infrastructure, in terms of the enabling provisions of Sections 33 and 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003);
2. that Council take cognisance of the comments received from National Treasury in respect of the proposed amendment of long term Contract SC 1890B/2018 between Overstrand Municipality and Veolia Services Southern Africa (Pty) Ltd for the operation and maintenance of the bulk water and wastewater infrastructure, in terms of the enabling provisions of Sections 33 and 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), as well as the Municipal Manager's response to National Treasury; and
3. that Council consent to the proposed amendment of Contract SC1890B/2018 between Overstrand Municipality and Veolia Services Southern Africa (Pty) Ltd for the operation and maintenance of the bulk water and wastewater infrastructure.

RESPONSIBLE OFFICIAL:**H BLIGNAUT****TARGET DATE FOR IMPLEMENTATION :****1 JANUARY 2023**



ANNEXURE A1: MFMA INFORMATION STATEMENT

PROPOSED AMENDMENT 03 OF LONGTERM CONTRACT NO. SC 1890/2018 FOR THE OPERATION AND MAINTENANCE OF BULK WATER AND WASTEWATER WORKS

1. OBJECTIVE

Overstrand Municipality has made public the proposed amendment of the municipality's existing long-term contract with Veolia Water Solutions & Technologies South Africa (Pty) Ltd, to whom the contract has been awarded following a competitive bidding process, with respect to the operation and maintenance of the municipality's bulk water and wastewater facilities.

The proposed amendment is subject to approval by the Municipal Council in terms of Section 33 of the Municipal Finance Management Act, Act no. 56 of 2003 (MFMA), as the actual implementation period of the proposed amendment of the long-term contract exceeds three (3) years.

The objective of this Information Statement is to inform the community and other interested parties of the proposed amendment of the long-term contract.

2. INVITATION

The local community and other interested parties are invited to submit comments or representations to the municipality in respect of the proposed amendment of the long-term contract.

3. PROCEDURE FOR SUBMISSION OF COMMENTS

Comments or representations in respect of the amendment of the long-term contract can be submitted to:

The Municipal Manager, Overstrand Municipality, before 12:00 on Friday, 11 November 2022, in a sealed envelope clearly endorsed "Proposed amendment of Contract SC 1890/2018: Water and Wastewater Bulk Works Operation and Maintenance" and be deposited in Tender Box no. 6.

Written enquiries for clarification can be directed to Mr. H Blignaut at e-mail address: hblignaut@overstrand.gov.za.

Any person who wishes to submit comments or representations with regards to the proposed amendment of the long-term contract, and who cannot write, will be assisted by the Director: Finance or a person designated by her at the Overstrand Civic Centre, Hermanus, up to 12:00 on Friday, 11 November 2022.

4. PROJECT BACKGROUND

A 15-year contract for the operation and maintenance of Overstrand Municipality's bulk water and wastewater facilities was awarded to Veolia Water Solutions & Technologies South Africa (Pty) Ltd on 4 September 2018. The long-term contract was approved by the

Overstrand Council on 28 November 2018, and the contract commenced on 8 December 2018.

Clause 6 of the contract between the municipality and the contractor makes provision for adjustment or variation of the scope of the contract during the contract period due to issues arising after the effective date of the contract, which may include any of the following:

- Changes in regulatory provisions,
- Changes in the Bulk Works (either expansion or reduction), or
- Changes in raw water quality.

Clause 6 of the contract further requires that the impact of such a variation has to be agreed between the parties, provided that it is related to the Bulk Works as defined in the contract. The municipality has the right to test or benchmark value for money of the contractor's proposed pricing for the proposed variation against their competitively tendered rates, as escalated, or the market. The pricing schedule shall then be adjusted with the contractor's quoted rates as agreed for the proposed variation.

The purpose of this proposed amendment is to:

- 4.1. Include the operation and maintenance of newly completed bulk water and wastewater facilities in the contract, in accordance with clause 6 of the contract, i.e. (1) a new Archimedes screw inlet pumpstation and associated equipment at the Hermanus Wastewater Treatment Works (WWTW), (2) a new fixed standby generator being installed at the Pearly Beach water supply booster pumpstation, and (3) additional telemetry systems at the Fisherhaven High Level reservoir and the sewerage pumpstations at Onrus River (main), Kleinmond Tennis Courts, Scout Camp, and Kammabaai.
- 4.2. To allow for the introduction of a second operational shift at the Buffels River, Franskraal and Kleinmond water treatment works (WTW).
- 4.3. The introduction of additional and improved security measures to counter the escalating levels of vandalism and theft of infrastructure.
- 4.4. The amendment of some of the existing key performance indicators (KPI's) in the contract, and addition of 2 new key performance indicators to further improve operations.
- 4.5. The amendment of 3 clauses in the contract in terms of clause 116(1)(b)(iii) of the MFMA, aimed at the improved protection of both parties and the improved sustainability of the contract in the long term due to issues that arose since the commencement of the contract.

5. DISCUSSION:

The following is a more detailed discussion of the above items:

- 5.1. Operation and maintenance of newly constructed infrastructure to be added to the contract:

- 5.1.1. A new Archimedes screw inlet pumpstation and associated equipment is currently under construction at the Hermanus Wastewater Treatment Works (WWTW) to improve the overall capacity and efficiency of the plant to handle sewerage inflow at the WWTW for future growth and development. The pumpstation includes 2 large Archimedes Screw Pumps, mechanical rakes and screens, a Motor Control Center, conveyor belt systems for waste from the screens, and a fixed standby generator.

There is currently no similar type of pumpstation in the contract for comparison purposes with tendered rates. Therefore industry norms were considered. The

A317

2022 Green Drop Report of the Department of Water and Sanitation recommends the following annual provisions for the operation and maintenance of wastewater infrastructure, based on a combined study by SALGA and the Water Research Commission:

	SALGA/WRC Annual Operation & Maintenance provision as % of Asset Value	Hermanus WWTW Inlet Pumpstation Asset Values	SALGA/WRC Recommended Maintenance provision per year	Negotiated Maintenance Provision per year
Civil Structures	0.5%	R 6 391 523	R 31 957	
Buildings	1.5%	R 233 836	R 3 507	
Pipelines	0.75%	R 884 047	R 6 630	
Mech & Electr Equipm.	4.0%	R 8 051 207	R 322 048	
Instrumentation	5.0%	R 605 451	R 30 272	
Total		R 16 166 064	R 394 416	R 302 983

It is clear from the above table that a favourable rate for the operation and maintenance of the new pumpstation has been negotiated.

- 5.1.2. A new fixed standby generator is being installed at the Pearly Beach water supply booster pumpstation to ensure continuous water supply and pressure during periods of interruption in electricity supply. There is a current approved rate for the operation and maintenance of a generator in the contract, and therefore the rate for one additional generator is being added to the current approved water pumpstation fixed cost per month.
- 5.1.3. Additional telemetry systems are installed at the Fisherhaven High Level reservoir and the sewerage pumpstations at Onrus River (main), Kleinmond Tennis Courts, Scout Camp, and Kammabaai, to ensure continuous monitoring during periods of interruption in electricity supply. The cost of data and maintenance and replacement cost discounted over the lifespan of the equipment has been added to the fixed cost for the respective infrastructure groups, i.e. reservoirs and sewerage pumpstations.
- 5.2. the introduction of a second operational shift at 3 water treatment works (WTW) due to increased water demand and regulatory requirements:
- The population of most of the towns in the Overstrand is growing at a rapid rate, with a similar effect on the water demand. The water treatment plants at Buffelsrivier (supplying Rooi-Els, Pringle Bay and Bettys Bay), Kleinmond and Franskraal (supplying Gansbaai to Uilenkraalsmond) had to start operating additional hours in order to keep operating within its capacity. The result is that the operational staff at the plants have to work overtime hours in excess of the maximum allowed in terms of the Labour Relations Act. To comply with the act, an additional shift has to be introduced officially at these plants. The actual additional cost of introducing the additional shift is mainly related to additional transport costs, and in all 3 cases the savings in overtime will exceed the additional transport cost, resulting in a nett saving for the municipality. The additional transport cost is added to the fixed cost of the respective plants, and the savings will be realized in the Salary Contribution.
- 5.3. The introduction of additional and improved security measures and equipment:
- This is required to counter the escalating levels of vandalism and theft of water services infrastructure. The total current replacement value of the Overstrand Municipality's water services assets is R 1.842 billion. Theft and vandalism incidents at bulk water services facilities cost the municipality more than R 620 000 since 1 July 2021, excluding the additional cost of manual operations due to malfunctioning

A4/7

- equipment until being replaced or repaired. It was therefore decided to move away from on-site security guards to high technology camera and alarm systems linked to armed response, as well as a roaming tactical team, to improve pro-active protection and reaction time. The cost of these new items has been added under the security section in the schedule of rates.
- 5.4. Amendment (reduction) of the approved dayworks rate for the transport of a TLB to and from site per kilometer to a more market related rate. This amendment can only result in reduced costs to the municipality.
 - 5.5. The amendment of existing key performance indicators (KPI's) in the contract, and addition of new key performance indicators to further improve operations. There is no additional cost to the municipality associated with these amendments (should penalties have to be applied in terms of the new KPI's there will be an overall cost reduction for the municipality):
 - 5.5.1. Amendment of KPI 02 to include water hardness targets for the De Kelders and Stanford reverse osmosis water treatment plants and reticulation networks, as these plants have been commissioned after commencement of the contract.
 - 5.5.2. Amendment of KPI 03 to reflect the latest (2022) Green Drop scores for the different plants as the new baseline.
 - 5.5.3. Amendment of KPI 08 to include water loss targets for the De Kelders and Stanford treatment plants and bulk pipelines, as these plants have been commissioned after commencement of the contract.
 - 5.5.4. Addition of new KPI's 17 and 18 to set targets and penalties for general maintenance tasks and flow meter verification.
 - 5.6. The amendment of 3 clauses in the contract in terms of clause 116(1)(b)(iii) of the MFMA, aimed at the improved protection of both parties and the improved sustainability of the contract in the long term due to issues that arose since the commencement of the contract:
 - 5.6.1. Amendment of clause 2.2.9 to change the definition of the escalation factor to also include the Production Price Index (PPI) and not only the Consumer Price Index (CPI), to be more relevant and applicable to the costs associated with this type of operation. This amendment will have positive and negative cost implications for the municipality over time, depending on fluctuations in the CPI and PPI, but will result in a more realistic escalation of the contract, which is influenced by many external factors out of the control of the municipality as well as the operator. Had the service been rendered by the municipality internally, actual escalation in e.g. the prices of treatment chemicals, fuel, and imported mechanical and electrical equipment and parts would have to be absorbed directly by the municipality, which is not linked to CPI, being inflation on food and other household consumables.
 - 5.6.2. Amendment of clause 19 of the contract by adding clause 19.3, to allow for negotiation of a reduction in the approved mark-up fee on the work of sub-contractors on projects with a lower risk and lower resource requirements. This amendment will have no additional cost implication for the municipality and can only result in reduced costs in some instances.
 - 5.6.3. Amendment of clause 20.3 of the contract to make provision for the 6 monthly revision of the variable rates on the contract (i.e. the rates mainly linked to the costs of treatment chemicals) instead of the current annual revision/escalation. This amendment will have no additional cost impact for the municipality but will enable improved pro-active planning of budgetary and cash flow requirements

for both the municipality and the operator, especially during times of highly volatile markets as experienced over the past 2 years. A 5/7

The commencement date of the operation and maintenance of the newly constructed assets as listed in the proposed amendment in terms of the contract will be the commissioning dates of the respective new infrastructure facilities, and the duration will be until 7 December 2033, the termination date of the contract. The amended KPI's and contract clauses will apply once the amendment has been approved.

The anticipated financial impact of the proposed amendment of the contract over the remaining contract period is included as Annexure A hereto.

6. LONG TERM SERVICE LEVEL AGREEMENT

All the provisions of the existing long-term contract between Overstrand Municipality and Veolia will apply to this proposed amendment of the contract, except for the proposed amendments to clauses 2.2.9, 19, and 20.3 as discussed above.

7. NEXT STEPS

Members of the local community and other interested persons are invited to submit to the Municipality their comments or representations in respect of the proposed amendment of the long-term contract as set out above.

The Municipality will also solicit the views and recommendations of other stakeholders, including the National and Provincial Treasuries and the national departments responsible for Local Government and for Water and Sanitation.

The amendment to the long-term contract and all comments and views received will serve at the Special Municipal Council meeting which is scheduled for 14 December 2022.



A6/7

ANNEXURE A2: FINANCIAL IMPACT STATEMENT

PROPOSED AMENDMENT 03 OF LONG-TERM CONTRACT SC 1890/2018 FOR THE OPERATION AND MAINTENANCE OF BULK WATER AND WASTEWATER WORKS

1. OBJECTIVE

Overstrand Municipality has made public its intention to amend its existing long-term contract with Veolia Water Solutions and Technologies South Africa (Pty) Ltd, for the operation and maintenance of the bulk water and wastewater infrastructure of the municipality. The main purpose of the intended amendment is to add the operation and maintenance of newly constructed bulk water and wastewater infrastructure to the contract, to introduce additional shifts at 3 water treatment plants, to improve security measures at infrastructure facilities, to amend some of the key performance indicators of the contract as well as to add new key performance indicators, and to amend three clauses of the contract as discussed in the information statement.

Because the actual period of the implementation of the amendment of the long-term contract would be approximately eleven (11) years, being the remaining contract period, which are more than three (3) years, the Municipality has to comply with section 33 of the Municipal Finance Management Act, in addition to section 116(3) which is relevant to the amendment of the contract.

The objective of this Financial Impact Statement is to quantify the estimated financial implications of the proposed amendment of the contract to Overstrand Municipality over the full duration of the remaining contract period.

2. ASSUMPTIONS

The following assumptions have been made to inform the financial projections. Any actual deviation from these assumptions will influence the actual financial implications over time:

- The amendment will at the most be applicable to the last six months of the 2022/23 financial year and will apply for the remainder of the contract period up to 7 December 2033.
- The annual escalation on the fixed and variable charges in the financial projections is based on a 50/50 blend of the Consumer Price Index (CPI) and the Production Price Index (PPI), and with regard to the Salary Contribution for the ex-municipal employees, escalation is aligned with the annual SALGBC wage agreements.
- The escalation factors above were applied at an average CPI of 5.2% (the forecast CPI for 2023), PPI of 5.4%, and wage increases of 5.2% per year (the current SALGBC wage agreement states a salary increase equal to CPI for 2023/24) over the remaining contract period.
- A 2% annual growth in the volumes of water and wastewater treated was applied to calculate the variable cost, to make provision for population growth and development.
- The cost of large maintenance and repairs and maintenance requests is not influenced by the proposed amendment of the contract and was estimated at R 5.49 million for the 2022/23 financial year but could be higher due to the high frequency of Eskom load shedding, fluctuations in e.g. the price of fuel, theft and vandalism of

A717

infrastructure and equipment, and large unplanned infrastructure repairs required during the year. These factors are separate from the proposed amendment and will be handled through separate budgeting processes if needed and have not been included in the estimated expenditure below.

- The potential future operation and maintenance of a new bulk water supply augmentation scheme (e.g. seawater desalination) for Hermanus have not been included in the projections below, and will be handled through separate planning and SCM processes in future when required.

3. FINANCIAL IMPLICATIONS OF AMENDMENT OF CONTRACT

Based on the above assumptions and the agreed rates for the operation and maintenance of the new infrastructure and other improvements as discussed in the Information Statement, the following estimations were made of the total annual costs to be incurred annually for the remainder of the long-term contract:

Table 1: Estimated annual contract expenditure after amendment

Financial Year	Total Estimated Annual Expenditure	Estimated Increase	Comments
2022/23 without amendment	R 69 075 377		Approved budget amount = R 69 359 000
2022/23 with amendment for 6 months	R 69 359 000	0.41%	Amendment only implemented for last 6 Months. Approved budget amount = R 69 359 000
2023/24	R 73 717 701	6.3%	
2024/25	R 78 037 691	5.9%	
2025/26	R 82 617 742	5.9%	
2026/27	R 87 473 968	5.9%	
2027/28	R 92 623 511	5.9%	
2028/29	R 98 084 607	5.9%	
2029/30	R 103 876 660	5.9%	
2030/31	R 110 020 321	5.9%	
2031/32	R 116 537 562	5.9%	
2032/33	R 123 451 775	5.9%	
2033/34	R 56 947 211	5 Months only	Contract period ends on 7 December 2033

In the 2021/22 financial year the contract accounted for 32.6% of the total actual expenditure for Water, and 15.6% of the total actual expenditure for Sewerage Services of the Overstrand Municipality.

4. CONCLUSION

The above table therefore indicates that the amendment of the long-term contract will not have a significant adverse effect on the Water and Sewerage operational budgets of the Overstrand Municipality. It can therefore also be concluded that the contract on its own will not contribute to excessive annual increases in water and sewerage tariffs.

**KANTOOR VAN DIE MUNISIPALE BESTUURDER
OFFICE OF THE MUNICIPAL MANAGER**

NAVRAE | ENQUIRIES:
LEÛRVERWYSING | FILE REFERENCE:
DATUM | DATE

Mr DGI O'Neill
8/31/SC1890B/2018
12/10/2022



By e-mail to:

National Treasury – Mr S Mkhwanazi (GTAC) & Mr W McComans (MFMA Implementation),
Wayne.McComans@treasury.gov.za and MFMA@treasury.gov.za
Provincial Treasury Western Cape – Mr S Kenyon (MFMA Coordinator), Steven.Kenyon@westerncape.gov.za and Kim-
Kay.Noethling@westerncape.gov.za
Department of Co-operative Governance and Traditional Affairs (COGTA) – Mr C Maeta, ChoeneM@cogta.gov.za
Department of Water and Sanitation – Ms Z Bila-Mupariwa, Bila-MupariwaN@dws.gov.za and ClaassenM@dws.gov.za

Dear Sir / Madam

PROPOSED AMENDMENT OF LONGTERM CONTRACT NO. SC1890B/2018 FOR THE OPERATION AND MAINTENANCE OF BULK WATER AND WASTEWATER WORKS: NOTICE IN TERMS OF SECTION 33 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003) AND THE MUNICIPAL ASSET TRANSFER REGULATIONS, 2008

In terms of Section 33(1)(a)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA), you are hereby notified of the Overstrand Municipality's intention to amend an existing contract which will impose a financial obligation beyond the three years covered in the budgets for the 2022/2023 to 2024/2025 financial years.

In terms of the Municipal Asset Transfer Regulations, 2008, National Treasury and Provincial Treasury are further notified that the proposed amendment of the contract will grant the right to the operator to use, control and manage newly constructed bulk water and wastewater assets for the remaining contract period.

As is required, we hereby solicit your views and recommendations on the proposed amendment of the existing contract between Overstrand Local Municipality and Veolia Water Services Southern Africa (Pty) Ltd, with regards to the operation and maintenance of the bulk water and wastewater works of the municipality.

Please find attached the following:

1. Annexure A: Information Statement and Financial Impact Statement
2. Annexure B: Copy of current signed Contract
3. Annexure C: Advertisement placed on 13 & 14 October 2022, inviting the local community and interested stakeholders to submit representations on the proposed contract amendment.

Please express your views and recommendation(s), if any, to the undersigned on or before **11 November 2022**, in order for my Council to take all representations into account for decision making, thereby giving effect to the provisions of Section 33(1)(b)(i-iv) of the MFMA.

Yours sincerely *

**MR DGI O'NEILL
MUNICIPAL MANAGER**

Tel: 028 313 8003 | Fax: 066 568 9726 | E-mail: mm@overstrand.gov.za
PO Box 20 | HERMANUS, 7200
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national treasury

Department:
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Email: mfma@treasury.gov.za

The Municipal Manager
Overstrand Municipality
PO Box 20
HERMANUS
7200

For Attention: Mr DGI O'Neill

Fax: (086) 568-9726

Dear Sir

RE: PROPOSED AMENDMENT OF LONG-TERM CONTRACT SC1890B/2018 FOR THE OPERATION AND MAINTENANCE OF BULK WATER AND WASTEWATER WORKS: NOTICE IN TERMS OF SECTION 33 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003), AND THE MUNICIPAL ASSET TRANSFER REGULATIONS, 2008

The letter dated 12 October 2022 requesting the National Treasury's comments, on the municipality's intention to amend contract SC1890/2021 for the operation and maintenance of bulk water and wastewater work, has reference.

We have noted the contents of the letter, including the supporting documents. The municipality intends to amend its existing long-term contract for operation and maintenance of bulk water and wastewater work. In terms of section 116(3) of the MFMA, a contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality and the local community has been given reasonable notice of the intention to amend the contract or agreement and has been invited to submit representations to the municipality or municipal entity. The municipality is obliged to ensure compliance with the requirements in this specific section.

It is our understanding that the municipality is requesting comments in terms of section 33 of the MFMA, which is applicable when the municipality enters into a contract which exceeds a period of three years covered in the annual budget for that financial year. We note that, in accordance with the submitted documents, the current contract became effective in December 2018 and will continue for 15 years. This means that the municipality would have complied with section 33 of the MFMA before entering the contract in 2018. The intention is to extend the contract, in this instance. We have checked our records and could not locate earlier correspondence from the municipality in this regard. Please note that we do not support ex post facto request for comments on matters of

Niweme wa Tiko - Kwinqo la Mhuziso - Nasionale Tesourie - Lefapha la Besebheliso la Matatelo - uMnyango wasezwele - Iinkqubo ezintsha - Tshintsho - Tshintsho - Besebheliso
Tababalozo ya Matatelo - Nkqubo - uMnyango we-wedMail - Isiseko laseNingizwele - Malipal, kwe

  @TreasuryRSA

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compliance and should our records be correct, the expenditure incurred may be deemed irregular. Kindly document and address this matter proactively and accordingly.

The municipality has provided a copy of the current contract that it intends to amend. It is our understanding, from the information provided, that the municipality intends to only amend certain clauses in the contract. We trust that the municipality will ensure that such an amendment does not result in a change of scope beyond the initial intent.

The municipality is also advised to review clause 36 which addresses matters relating to assignment, transfer, cession and delegation. Please take note of the guidance and information provided in MFMA Circular 120 with respect to cession and assignment.

The municipality refers to the Municipal Asset Transfer Regulations which apply when the municipality intends to dispose or otherwise let municipal capital assets. A review of the information statement and in particular the remuneration structure and the extent of the services, indicates that the service provider is responsible for operating the facility on behalf of the municipality and will be remunerated accordingly. Therefore, based on the information as outlined in the information statement, it is our view that the Municipal Asset Transfer Regulations will not apply in this instance.

It is also expected that the municipality would ensure that funding is made available in this and subsequent municipal approved budgets to ensure its contractual obligations arising from an amendment of the contract is addressed, subject to the earlier observations.

We trust that you will be guided accordingly.

Yours sincerely



Karen Maree
Acting Accountant-General
Date: 4 November 2022

Cc: Chief Financial Officer
Cc: MFMA Coordinator: Western Cape Provincial Treasury

Navrae:
 Enquiries: Mr Dean O'Neill

Verwysing:
 Reference: SC1890B/2018

Datum:
 Date: 11 November 2022



KANTOOR VAN DIE MUNISIPALE BESTUURDER
 OFFICE OF THE MUNICIPAL MANAGER

The Acting Accountant-General
 National Treasury
 Private Bag X115
 PRETORIA
 0001
 By E-mail: MFMA@treasury.gov.za

Sir / Madam,

PROPOSED AMENDMENT TO LONG TERM CONTRACT FOR THE OPERATION AND MAINTENANCE OF THE WATER AND WASTE WATER TREATMENT WORKS OF THE OVERSTRAND MUNICIPALITY: NOTICE IN TERMS OF SECTION 33 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE ACT, 2003 (ACT NO. 56 OF 2003)

I refer to your letter dated 04 November 2022 in the above regard.

Your information is unfortunately incorrect. We have fully complied with the provisions of MFMA and your attention is invited to the following attached documents:

- Annexure A Full item with annexures which served before Council on 28 November 2018.
- Annexure B Proof that inter alia National Treasury was consulted. (Kindly also see the third(3rd) bullet point on page 18 of Annexure A)
- Annexure C Letter in response to National Treasury letter dated 30 September 2019
- Annexure D Proof of response to National Treasury letter dated 30 September 2019
- Annexure E Letter in response to National Treasury letter dated 02 October 2022
- Annexure F Proof of response to National Treasury letter dated 02 October 2022

Yours sincerely,

DGI O'NEILL
 MUNICIPAL MANAGER

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 Fax: (086) 568 9726
 E-mail: mm@overstrand.gov.za

Posbus 20
 PO Box 20
 Hermanus, 7200



**WATER AND WASTE WATER
BULK WORKS CONTRACT**

entered into between

**OVERSTRAND LOCAL MUNICIPALITY
("the Municipality")**

and

**VEOLIA WATER SOLUTIONS AND TECHNOLOGIES SOUTH AFRICA
(PTY) LTD**

(Registration No 1964/007768/07)

("the Operator")

Final Draft 13 November 2018

May 2018

TABLE OF CONTENTS

F 2/so

PART A: INTRODUCTION	1
1. PARTIES	1
2. INTERPRETATION AND PRELIMINARY	1
PART B: APPOINTMENT	6
3. APPOINTMENT	6
4. DURATION	6
5. HAND-OVER	6
6. ADJUSTMENT & VARIATION	7
PART C: SCOPE	8
7. THE FUNCTION	8
8. STRATEGIC PLANNING	10
9. EMERGENCY	10
10. SUPPORT SERVICES	10
11. ANNUAL PLAN	11
PART D: PERFORMANCE AND CONDUCT	13
12. KEY PERFORMANCE INDICATORS	13
13. PENALTIES	13
14. REGULATORY COMPLIANCE AND MUTUAL CO-OPERATION	14
15. BY-LAWS AND POLICIES	15
16. ACCESS TO INFORMATION	15
PART E: REMUNERATION	16
17. OPERATOR REMUNERATION	16
18. SALARY CONTRIBUTION	17
19. MARK-UP FEE	18
20. ESCALATION	18
21. INVOICING & PAYMENT	20
PART F: ASSETS	20
22. THE BULK WORKS	20
23. OFFICES	21
24. THE TECHNICAL ASSET REGISTER	21
25. INTELLECTUAL PROPERTY	21
26. OPERATIONAL RECORDS	21
27. EFFICIENCY	23

May 2018

28.	ACCESS AND SECURITY	23	3/50
28.	INSURANCE	23	
	PART G: PERSONNEL	23	
30.	STAFFING OBLIGATION	23	
31.	EXISTING OPERATIONAL STAFF	24	
32.	ORGANISATIONAL PLAN	26	
33.	TRAINING	27	
34.	CONTROL OF EMPLOYEE CONDUCT	27	
35.	SAFETY AND SECURITY	27	
	PART H: CONTRACTING	27	
36.	ASSIGNMENT, TRANSFER, CESSION AND DELEGATION	27	
37.	SUB-CONTRACTING	28	
38.	PROMOTION OF SOCIALLY RESPONSIBLE PROCUREMENT	29	
	PART I: DISPUTE RESOLUTION	30	
39.	INTERDICT AND URGENT RELIEF	30	
40.	AMICABLE SETTLEMENT	30	
41.	EXPERT DETERMINATION	31	
42.	ARBITRATION	32	
	PART J: BREACH, FORCE MAJEURE & TERMINATION	34	
43.	BREACH	34	
44.	FORCE MAJEURE	35	
45.	TERMINATION	36	
46.	EFFECT OF TERMINATION	38	
	PART K: GENERAL	39	
47.	GOOD FAITH AND CO-OPERATION	39	
48.	LIABILITY	39	
49.	EXCLUSION OF CONSEQUENTIAL LOSS FOR DIRECT DAMAGES	40	
50.	PREVENTION OF CORRUPTION	40	
51.	FAILURE TO REACH AGREEMENT	41	
52.	SEVERABILITY	41	
53.	GOVERNING LAW	41	
54.	CONSENT TO JURISDICTION	41	
55.	PRESERVATION OF THE POWERS AND DUTIES OF THE MUNICIPALITY	41	
56.	CONTRACT BINDING ON SUCCESSORS-IN-TITLE	41	
57.	DOMICILIUM CITANDI ET EXECUTANDI	42	

May 2018

58. WHOLE AGREEMENT, NO AMENDMENT	42	4/50
59. SIGNATURES	43	
ANNEXURE A: EXISTING OPERATIONAL STAFF	44	
ANNEXURE B: BULK WORKS	46	
ANNEXURE C: TECHNICAL SPECIFICATIONS	46	
ANNEXURE D: PRICING SCHEDULE	46	



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PART A: INTRODUCTION

1. PARTIES

1.1. The Parties to this agreement are:

- 1.1.1. Overstrand Local Municipality, the water services authority and water services provider in terms of the Water Services Act for its area of jurisdiction;
- 1.1.2. Veolia Water Solutions and Technologies South Africa (Pty) Ltd, an operator with the skills and experience to undertake the Function.

1.2. The Parties agree as set out below.

2. INTERPRETATION AND PRELIMINARY

2.1. Unless the context indicates a contrary intention, words importing –

- 2.1.1. any one gender includes the other genders;
- 2.1.2. the singular include the plural and vice versa; and
- 2.1.3. natural persons include created entities (incorporated or unincorporated) and all spheres of Government.

2.2. The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –

- 2.2.1. "Annual Plan" means the document agreed between the Parties annually for a Financial Year, more fully referred to in clause 11;
- 2.2.2. "Bulk Works" means the water and waste water treatment plants, pump stations, reservoirs, bulk pipelines, and associated assets and consumables as described in Annexure B and updated in the Annual Plan;
- 2.2.3. "Chief Executive Officer" means the chief executive of the Operator as appointed from time to time;
- 2.2.4. "Competent Authority" means collectively the Minister, all spheres of Government, any court of competent jurisdiction or any agency, authority, body or standard-setting institution, established or appointed in terms of any Regulatory Provision to regulate or oversee the activities of the Operator or the Municipality pursuant to this Contract;

- 2.2.5. "Contract" means this agreement and any annexures hereto, as well as the Annual Plan and any subsequent variation, amendment, novation or substitution of this Contract and annexures and Annual Plan;
- 2.2.6. "Corrupt Action" means –
- 2.2.6.1. Offering, giving receiving, soliciting or accepting any undue payment, bribe, gift, gratuity or any other undue benefit in exchange for performing or fore bearing to perform any action in connection with this Contract; and
- 2.2.6.2. any solicitation, offering, participation, conspiracy or attempt to bring about the circumstances mentioned in clause 2.2.6.1 above;
- 2.2.7. "Effective Date" means 8 December 2018, unless otherwise agreed to between the parties;
- 2.2.8. "Emergency Situations" includes fires, floods, water pollution, restrictions in respect of raw water, droughts, operational emergencies such as pipe bursts, and any other situation that may negatively impact the usual undertaking of the Function and the Bulk Works and water services delivery;
- 2.2.9. "Escalation Factor" means the headline consumer price index (CPI for all urban areas) annual inflation rate published by Statistics SA in Statistical Release PO141.1 for the month of March preceding the 1 July escalation date (other than for Ex-municipal Employees as stated in 20.2) and unless otherwise motivated by the Operator and accepted by the Municipality as set out in 20.3;
- 2.2.10. "Existing Operational Staff" means the persons identified in Annexure A: Existing Operational Staff;
- 2.2.11. "Ex-municipal Employee" means the Existing Operational Staff specifically identified in Annexure A: Existing Operational Staff, which are employees who were employed by the Municipality and transferred with the Function;
- 2.2.12. "Financial Year" means the period commencing on 1 July and ending the following 30 June;



- 2.2.13. "Function" means the function of managing, operating, maintaining and monitoring the Bulk Works by the Operator to achieve the Technical Specifications as more fully set out in 7 below;
- 2.2.14. "KPI" means the indicators to measure the performance of the Operator as set out in clause 12;
- 2.2.15. "Large Maintenance Repair Projects" means breakdown or corrective repair and maintenance events undertaken as part of the Function of which the cost is greater than the Threshold, as set out in 7.5.3;
- 2.2.16. "Mark-Up Fee" means the Operator's remuneration for implementing the Large Maintenance Repair Projects and Maintenance Requests, where sub-contractors are used by the Operator as per 7.5 and 37.
- 2.2.17. "MFMA" means the Local Government: Municipal Finance Management Act 56 of 2003;
- 2.2.18. "Minister" means the Minister referred to in the Water Services Act or its successor in title;
- 2.2.19. "Municipal Manager" means the accounting officer of the Municipality, as defined in the MFMA;
- 2.2.20. "Municipal Plans" means the plans of the Municipality including without limitation the Integrated Development Plan, the Spatial Development Plan, the Water Services Master plan and the Water Services Development Plan as is relevant to the undertaking of the Function;
- 2.2.21. "Municipality" means Overstrand Local Municipality or its successor in title;
- 2.2.22. "Operator" means Veolia Water Solutions and Technologies South Africa (Pty) Ltd, Registration Number 1964/007769/07;
- 2.2.23. "Operator Remuneration" means the Operator's remuneration as set out in 17;
- 2.2.24. "Parties" means the Municipality and the Operator, or if appropriate in the context, either of them;
- 2.2.25. "Penalty/fee" means the incentive/s to be levied if the KPIs as measured against the baseline are not achieved as set out in clause 13;



8/30

- 2.2.26. "Pricing Schedule" means the pricing schedule attached as Annexure D, and as adjusted in accordance with the Contract;
- 2.2.27. "Regulatory Provisions" means collectively or individually, the provisions of any legislation, regulation, policy directive or notice issued by a Competent Authority under such legislation or regulation which has a direct impact on the Contract and Function;
- 2.2.28. "Salary Contribution" means the Municipality's contribution to the Operator in regard to the Existing Operational Staff as set out in 18 below;
- 2.2.29. "SALGBC" means the South African Local Government Bargaining Council;
- 2.2.30. "Support Services" means any services to be provided by the Municipality to the Operator as set out in 10 below;
- 2.2.31. "Systems Act" means the Local Government: Municipal Systems Act 32 of 2000;
- 2.2.32. "Technical Asset Register" means the technical asset register developed for purposes of this Contract defining the Bulk Works as more fully referred to in clause 24, updated on an annual basis in the Annual plan;
- 2.2.33. "Technical Specifications" means the specifications as set out in the Annexure C, and as updated in terms of the Contract;
- 2.2.34. "Threshold" means R60 000 (sixty thousand rand), excluding VAT, escalated annually on 1 July by the Escalation Factor;
- 2.2.35. "VAT" means value added tax at the prevailing rate;
- 2.2.36. "Water Services Act" means the Water Services Act 108 of 1997 and its successor in title;
- 2.2.37. "water services delivery" means the delivery of water and waste water municipal services to the community by the Municipality;
- 2.3. Where consent or approval of a Party must be obtained or a Party is required to consider or renew something in terms of this Contract, unless it is specifically provided otherwise, it will act reasonably and within a reasonable period.



- 2.4. All rand amounts stated in this Contract and the Pricing Schedule shall be escalated annually with effect from 1 July of every year by the Escalation Factor, unless otherwise stated in the Contract.
- 2.5. Reference to legislation includes regulations issued under the legislation and amendments to such legislation or regulations from time to time.
- 2.6. Clause headings in this Contract are for the purpose of convenience and shall not be used in the interpretation of, nor modify, nor amplify the terms of this Contract or any clause hereof.
- 2.7. If any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the Contract.
- 2.8. When any number of days is prescribed in this Contract, same shall be working days reckoned exclusively of the first day, and all Saturdays, Sundays or any public holidays thereafter, and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.
- 2.9. Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
- 2.10. Expressions defined in this Contract shall bear the same meanings in schedules or annexures to this Contract which do not themselves contain their own definitions.
- 2.11. Where any term is defined within the context of any particular clause in this Contract, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Contract, notwithstanding that that term has not been defined in this interpretation clause.
- 2.12. General words preceded and or followed by words such as "other" or "including" or "particularly" shall not be given a restrictive meaning because they are preceded or followed by a particular example intended to fall within the meaning of the general words.
- 2.13. The rule of construction that the Contract shall be interpreted against the party responsible for the drafting or preparation of the Contract shall not apply.



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2.14. If there is any conflict between the provisions of any of the documents making up this Agreement then the priority of the documents shall be:

- 2.14.1. The Contract;
- 2.14.2. The most recent Annual Plan; and
- 2.14.3. The Annexures to the Contract.

PART B: APPOINTMENT

3. APPOINTMENT

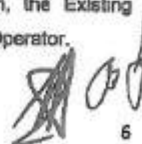
- 3.1. The Municipality hereby appoints the Operator to undertake the Function.
- 3.2. The appointment shall commence on the Effective Date, notwithstanding date of signature of this Contract.
- 3.3. The Operator hereby accepts the appointment to undertake the Function in accordance with this Contract.

4. DURATION

- 4.1. The Operator shall commence with the performance of its duties on the Effective Date.
- 4.2. The effective date will be 8 December 2018.
- 4.3. The appointment shall continue for 15 (fifteen) years from the Effective Date, unless terminated early in accordance with clause 45 below or extended in accordance with clause 4.4.
- 4.4. The Municipality shall have the right to extend the contract for a further 5 years (subject to clause 4.2 above), provided that 12 months written notice is given to the Operator prior to the expiry of the 15 year period, and the Operator accepts the extension of the Contract period.

5. HAND-OVER

- 5.1. The Parties acknowledge that the hand-over will be a process rather than an event. Recognising the importance of the undertaking of the Function and the continuity of water services delivery by the Municipality, the Operator and the Municipality agree that they shall co-operate in the period prior to and after the Effective Date to facilitate an efficient hand over of Function, the Existing Operational Staff and the responsibility for the Bulk Works, to the Operator.



6

- 5.2. During the first 3 months from the Effective Date the parties shall work closely together to ensure uninterrupted service delivery.
- 5.3. The Bulk Works and minor assets shall be identified and handed over to the Operator for the Operator to use for the duration of the Contract.
- 5.4. In the event that costs are incurred by either party on behalf of the other party during the hand-over period, these shall be reconciled, agreed, and set-off on the Operator's invoices.

6. ADJUSTMENT & VARIATION

- 6.1. The parties acknowledge that the scope of the Function will vary through the effluxion of time and accordingly the roles and responsibilities of the Parties will need to be adapted. This could be as a result of issues arising after the Effective Date including but not limited to:
 - 6.1.1. Change in Regulatory Provisions directly impacting the Function;
 - 6.1.2. Change in Bulk Works (expansion or reduction as a result of change in water services provision requirements);
 - 6.1.3. Change in raw water quality and/or quantity.
- 6.2. Provided it is related to the Bulk Works and the Function, and subject to the Regulatory Provisions, the impact of the variation in scope of the Function must be determined and agreed to between the Parties.
- 6.3. In the event that the Municipality wishes to vary the scope of the Function –
 - 6.3.1. the Municipality shall be obliged to give the Operator reasonable notice thereof, giving details of the proposed variation, the reason therefore, and the scope of Function the Operator would be required to render;
 - 6.3.2. the Municipality and the Operator will meet as soon as possible after the notice mentioned in clause 6.3.1 to discuss the variation proposed by the Municipality having regard to the following matters–
 - 6.3.2.1. the impact on water services delivery and the Municipal Plans;
 - 6.3.2.2. the impact on the existing Function and Bulk Works;
 - 6.3.2.3. the impact on roles and responsibilities of the Municipality and the Operator in terms of the Contract;
 - 6.3.2.4. the impact on the Technical Asset Register;



- 6.3.2.5. the impact on the KPIs and Penalties;
 - 6.3.2.6. the impact on the Organisational Plan;
 - 6.3.2.7. the consequential impact on the Pricing Schedule;
 - 6.3.2.8. any other issue which is relevant.
- 6.4. The Annual Plan shall be updated to address the impact of the change in scope of the Function agreed to between the parties.
- 6.5. The Pricing Schedule shall be adjusted at the Operator's tendered rates in the Pricing Schedule. The Municipality shall have the right to bench mark and or test value for money of the proposed pricing to the Operator's competitively tendered rates (as escalated) and the market, before accepting the Pricing Schedule.
- 6.6. Where no agreement can be reached, the parties shall continue to implement the then current Annual Plan.

PART C: SCOPE

7. THE FUNCTION

- 7.1. The Operator shall, with effect from the Effective Date, be responsible for the Function.
- 7.2. The Function shall be undertaken by the Operator in accordance with the Annual Plan, so as to achieve the Technical Specifications.
- 7.3. The Operator is responsible for managing its own accounting, financial management and budgeting in relation to the undertaking of the Function in terms of this Contract.
- 7.4. The Function includes management, operations, monitoring, and maintenance as set out in the Technical Specifications.
- 7.5. Maintenance includes repair and maintenance, Maintenance Requests, Large Maintenance Repair Projects and Emergency Repairs:
- 7.5.1. Routine, scheduled and preventative repairs and maintenance is for the Operators cost and covered in the Operator's Fixed Fee;
 - 7.5.2. Maintenance Requests from the Municipality to the Operator shall be requested in writing by the Municipality. These requests will be for maintenance issues related to the Bulk Works and Function that the Operator has not scheduled but which the Municipality requires to be



8

undertaken. The Operator shall define the scope of the Maintenance Request and respond to the Municipality with three written quotes to undertake the scope of work. The Municipality will consider and if approved, authorise one quote for implementation. The authorised quotation will be implemented.

- 7.5.3. Large Maintenance Repair Projects shall be identified and prioritised by the Operator in the Annual Plan or may arise ad hoc from breakdowns or corrective maintenance requirements identified during the preventative maintenance processes. The Operator shall define the Large Maintenance Repair Projects and propose and motivate the project. The Operator shall then source and present three quotes to implement the Large Maintenance Repair Project. The Municipality will consider and if approved, authorise one quote for implementation. The authorised quotation will be implemented.
- 7.5.4. Emergency Repairs shall be addressed by the Operator in Emergency Situations and if it qualifies as a Large Maintenance Repair Project, the actual cost (sub-contractor invoiced cost plus Operator's Mark-up Fee; or Operator's direct costs at tendered Day works and Monthly Cost to Company rates in the Price Schedule) may be recovered by the Operator in the month following the incurrence of the expenditure.
- 7.5.5. The Operator is not precluded from quoting to do the work in 7.5.2 and 7.5.3; provided that at least two other independent quotes will also be sourced and presented to the Municipality for comparison purposes.
- 7.5.6. The cost of the authorised quote for Large Maintenance Repair Projects and Maintenance Requests will be recovered by the Operator in the month following the occurrence of expenditure. The claim shall not be more than the authorised quote.
- 7.5.7. For quotes which involve sub-contractors, the Operator shall be entitled to claim the Mark-up Fee on the sub-contractor's cost. The Mark-up Fee is inclusive of the Operator's management, supervision, quality control, health and safety, transport and procurement cost in procuring and managing the Sub-contractor. No further costs of the Operator may be claimed. Only if additional work is required from the Operator prior or after sub-contractor repair work, shall the Operator be entitled to add the actual labour and material cost of the Operator

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as additional item on the repair cost. No Mark-up Fee will be allowed onto the Operator expenses. The Operator's labour and machinery cost will be according to the tendered day works tariffs in the pricing schedule.

- 7.5.8. All repairs and maintenance and work remunerated for must be guaranteed for at least three months or per the specification.

8. STRATEGIC PLANNING

- 8.1. To assist the Municipality with its water services delivery planning function, the Operator shall provide information and insights relevant to the Function and the Bulk Works at no cost, as reasonably requested by the Municipality.
- 8.2. The Operator shall provide information and insights relevant to the Interface between the Function and the Municipality's water services delivery strategic planning processes at no cost.
- 8.3. The Municipality shall provide the Operator with all relevant Municipal Plans to inform the Annual Plan of the Operator.

9. EMERGENCY

- 9.1. In Emergency Situations, the Operator shall take reasonable steps to continue to undertake the Function, acknowledging that it is an essential service directly impacting water services delivery to the community by the Municipality.
- 9.2. The Operator shall within 3 (three) months after the Effective Date, at its cost, submit to the Municipality for comment, a Prevention and Emergency Plan that will include a plan to be implemented, addressing how Emergency Situations will be prevented and attended to.
- 9.3. The Operator shall be obliged to continually review the Prevention and Emergency Plan, and at least annually present any necessary amendments thereto, at its cost, to the Municipality for its approval.
- 9.4. The Municipality shall review the Prevention and Emergency Plan or any suggested amendment thereto submitted, within 1 (one) month after it was submitted to it. The Municipality shall be deemed to have reviewed the Prevention and Emergency Plan or any amendment thereto if no comment is received from the Municipality within a 1 (one) month period.

10. SUPPORT SERVICES



- 10.1. The Municipality shall account for, and charge to the Operator, any costs incurred by the Municipality in respect of services, other than in fulfilment of its obligations under this Contract, rendered to the Operator, on an arms-length basis, at prices to be negotiated and agreed to between the Municipality and the Operator as part of the annual planning process.
 - 10.2. Such services may include the use of Municipality personnel and premises on an ad hoc basis provided that it is agreed in advance in the Annual Plan.
 - 10.3. In the event that such agreement is reached, it shall be recorded as a written agreement and included in the Annual Plan and shall govern KPIs required of the Municipality's Support Services.
 - 10.4. Notwithstanding the provision of Support Services to the Operator, the Operator shall remain responsible for the execution of the Function in compliance with the Technical Specifications.
11. ANNUAL PLAN
- 11.1. The Operator shall be responsible for the preparation, control, management and execution of the Annual Plan for each Financial Year, at its cost.
 - 11.2. The Annual Plan shall be a management plan to enable performance monitoring by the Municipality and shall address for the relevant Financial Year:
 - 11.2.1. The Technical Specifications;
 - 11.2.2. The Energy Management Plan;
 - 11.2.3. The Prevention and Emergency Plan;
 - 11.2.4. The Operations, Maintenance and Monitoring Plan;
 - 11.2.5. The Training and Development Plan;
 - 11.2.6. The KPIs, including the updated base line for measurement of performance based on the previous Financial Years performance and the Penalties;
 - 11.2.7. The Pricing Schedule;
 - 11.2.8. Any Maintenance Requests required by the Municipality;
 - 11.2.9. Any Support Services required from the Municipality; and
 - 11.2.10. Any other aspect relevant to the Contract and performance of the parties.



11

- 11.3. The first Annual Plan is due three months after the Effective Date.
- 11.4. The Municipality shall indicate proposed variations to the Function by end August every year.
- 11.5. The Operator shall, at its cost, prepare and submit the Annual Plan for the following Financial Year to the Municipality by the end of September every year, taking into consideration the Municipality's proposals in 11.4 (if any) and the Municipal Plans and the previous year's Annual Plan.
- 11.6. The Municipality and the Operator shall meet and discuss the proposals by 15 October every year. In this period, the Municipality must either approve the plan or propose amendments with accompanying reasons or suggest alternative proposals, failing which the Municipality shall be deemed to have accepted the proposals.
- 11.7. The parties acknowledge that the process of Annual Planning is to give effect to the obligation of the Operator to show progressive improvement (per 12.4) and to escalate the Pricing Schedule per the Escalation Factor. In the absence of any proposals in terms of 11.4 and agreement in terms of 6, there shall be no negotiation required.
- 11.8. The draft Annual Plan for the following Financial year shall be finalised between the parties by end October every year to inform the Municipality's MFMA budgeting and planning process.
- 11.9. Once agreed between the parties, and the Municipal budget has been approved by Council, the Annual Plan shall be an addendum to the Contract and shall regulate the parties for the relevant Financial Year. In the event that there is not sufficient budget allocated by Council, the Annual Plan shall be reviewed and re-aligned.
- 11.10. If a variation on Function is required outside of the planning process referred to in clauses 11.3 to 11.9 the Annual Plan shall be updated by agreement between the parties. In the event that agreement cannot be reached, the dispute provisions below shall be implemented.
- 11.11. In considering a proposed Annual Plan, the Municipality may at its own cost undertake a bench-marking study which compares the Operator's proposals to inform the Municipality's responses to the proposals.
- 11.12. Any existing Annual Plan shall endure, and shall continue to be implemented by the Operator, until a new Annual Plan is finalised.



12

17/50 May 2018

11.13. Once approved by the Municipality, the Annual Plan is binding on the Parties.

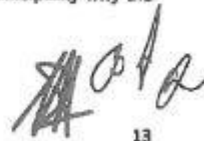
PART D: PERFORMANCE AND CONDUCT

12. KEY PERFORMANCE INDICATORS

- 12.1. The Operator must undertake the Function to achieve the Technical Specifications, at its cost.
- 12.2. The KPIs as at the effective Date are set out in the Technical Specifications attached as Annexure C;
- 12.3. The Operator shall report on its achievement of the KPIs to the Municipality at the reporting intervals indicated in the Annual Plan, and consolidate the overall assessment into the previous 12 month report on performance, to be submitted annually in August.
- 12.4. The base line for the measurement of the KPIs shall be reviewed annually in the Annual Plan (see clause 11 above). There must be progressive improvement in the base-line over the Contract period.

13. PENALTIES

- 13.1. Penalties will be levied against the Operator for not achieving the KPIs.
- 13.2. Penalties will not be levied in the first 3 (three) months of the Contract unless otherwise agreed.
- 13.3. Upon becoming aware of the Operator's non-compliance with KPIs, the Municipality shall, in writing and with reasons, indicate its intention to levy a penalty. The Operator shall respond within 2 (two) days of receiving the Municipality's written intention.
- 13.4. In the event that the Operator:
- 13.4.1. fails to demonstrate to the reasonable satisfaction of the Municipality that the KPIs are being achieved; or
- 13.4.2. fails to justify to the reasonable satisfaction of the Municipality why the KPIs are not being met; and



18/50 May 2018

- 13.4.3. provides no plan to the reasonable satisfaction of the Municipality to improve its performance,
- then:
- 13.4.4. the Operator shall be in breach of its obligations under the Contract and the Municipality may elect to exercise its rights under clause 43 to notify the Operator of breach; and
- 13.4.5. penalties shall be enforced in accordance with clause 13.
- 13.5. If the breach of the Operator is as a result of:
- 13.5.1. non-performance by the Municipality, the Municipality shall do what is necessary within 5 (five) days of notice of non-performance to ensure that performance occurs;
- 13.5.2. force majeure, the provisions of clause 44 shall apply; and
- 13.5.3. councillor or staff member of the Municipality failing to comply with the Code of Conduct in Schedules 1 and 2 to the Systems Act, the Operator shall give written notice to the Municipal Manager setting out reasonable particulars of such action and its likely consequences to the Function and Operator.
- 13.6. If the breach occurs as a result of 13.5,
- 13.6.1. no Penalties shall apply against the Operator;
- 13.6.2. the Municipal Manager shall be advised.
- 13.7. Where the Operator's performance is reliant on the counter-performance of the Municipality, and the Municipality has not performed, the Operator shall not be penalised.
- 13.8. Both parties shall endeavour to rectify non-performance as quickly as possible in the circumstances.
- 13.9. The maximum aggregate of Penalties that may be levied against the Operator in a Financial Year will be capped at 15% of the total annual fixed charges of the Operator Remuneration as stated in the Pricing Schedule.
14. REGULATORY COMPLIANCE AND MUTUAL CO-OPERATION
- 14.1. The Parties shall execute their respective businesses, and undertakings and



14

19/80

May 2018

obligations arising in accordance with this Contract in compliance with all relevant Regulatory Provisions, including but not limited to applying for necessary approvals, consents, licenses or permits, where required.

- 14.2. Each Party shall, on the reasonable request of the other, do what it reasonably can to assist the requesting Party in complying with all applicable Regulatory Provisions and where such compliance requires any action, undertake such assistance timeously and properly.
- 14.3. The Municipality and Operator shall consult from time to time with regard to any assistance or advice which the Operator may require in connection with fulfilling any of its regulatory obligations in terms of this Contract. The Municipality shall, where possible and reasonable, provide the Operator with the Municipality's information under its control, as the Operator may reasonably require access to in order for the Operator to comply with any of the Operator's regulatory obligations in terms of this Contract.
15. BY-LAWS AND POLICIES
- 15.1. The Operator shall comply with the Municipality's by-laws and policies to the extent that these apply to the undertaking of the Function, and the Operator shall discharge the Municipality's obligations, in terms of its by-laws and policies on its behalf, in terms of this Contract.
- 15.2. The Municipality undertakes timeously, on request of the Operator or otherwise, to promulgate by-laws and adopt all policies necessary to enable the Operator to comply with its duties and obligations and to exercise its rights in a financially and operationally sustainable manner in terms of this Contract.
16. ACCESS TO INFORMATION
- 16.1. The Operator shall record and maintain a complete record of compliance to its contractual duties and obligations by the use of appropriate computer software and suitable hard copy storage.
- 16.2. Each party or its duly authorised representative shall have the reasonable right to use and access all plans, manuals, databases, inventories, surveys, financial and other records and analyses compiled by the other party in accordance with this Contract or in the other party's possession both during the Contract and after



termination of this Contract.

- 16.3. Each party undertakes to ensure that its information technology systems are reasonably compatible with the information technology system of the other.

PART E: REMUNERATION

17. OPERATOR REMUNERATION

- 17.1. The Operator will be remunerated for undertaking the Function as set out in the Contract and the Pricing Schedule.
- 17.2. Save as specifically envisaged in the Contract the Operator shall not be entitled to any compensation and/or reimbursement in respect of the undertaking of the Function.
- 17.3. The Operator Remuneration due for undertaking the Function is:
- 17.3.1. the fixed annual fee as per the Pricing Schedule; and
 - 17.3.2. the variable (or volume based) fee per water treatment work, dependant on the treated volumes per month as per the Pricing Schedule;
 - 17.3.3. the variable (or volume based) fee per waste water treatment work on inflow as per the Pricing Schedule;
 - 17.3.4. the Salary Contribution as per 18 below and the Pricing Schedule;
 - 17.3.5. any payments due for Large Maintenance Repair Projects and Maintenance Requests as per 7.5; and 19 if applicable; and
 - 17.3.6. adjustments due.
- 17.4. The Operator Remuneration will be subject to:
- 17.4.1. annual escalation as per clause 20;
 - 17.4.2. mechanism for penalising partial failure of the availability and performance of the Function, by means of imposing Penalties as per clause 13;
 - 17.4.3. Adjustment and variation as per clause 8.
- 17.5. The Operator undertakes that the remuneration is deemed sufficient to provide for



21/50
May 2018

everything for the Operator's undertaking to meet the Technical Specifications.

18. SALARY CONTRIBUTION

- 18.1. The Salary Contribution is the payment due by the Municipality to the Operator for the determined costs of the Existing Operational Staff. The Salary Contribution will be reflective of their existing terms and conditions as at the Effective Date.
- 18.2. The Salary Contribution is fixed for Existing Operational Staff, subject to the following adjustments:
- 18.2.1. The Salary Contribution will escalate annually as per 20 below, distinguishing the Ex-municipal Employees and the other Existing Operational Staff.
- 18.2.2. Variation as a result of scope change to the Function by the Municipality or unforeseen changes to Regulatory Provisions will be subject to 6 above. Rates from the Operator's "Day Works Rates and Monthly Costs" in the Pricing Schedule for process controllers will be used to determine the impact of the Variation.
- 18.2.3. The actual cost of variation in benefits and payments as agreed with the municipality, e.g. medical, housing, overtime and shift work, post-retirement benefits (the cost of medical aid contribution after retirement) and the cost of long service awards calculated as per the SALGBC standard terms and conditions will be funded by the Municipality as and when the cost is incurred by the Operator. The amount due will be determined by the Parties quarterly in arrears and the Municipality will reimburse the Operator in equal monthly instalments over the following quarter.
- 18.2.4. If, after the Effective Date, a vacancy arises of a filled Existing Operational Staff post, which post stays vacant for longer than three months from date of vacation of the post, deductions will apply according to the Operator's "Day Works Rates and Monthly Costs" in the Pricing Schedule. If the vacant post is not filled within three months from the date of vacancy the deduction will be made retrospective to the date of vacancy. If filled within three months then no deduction will apply. If the vacancy relates to supervision, the Operator shall appoint at its own cost, a consultant with the required

20150
May 2018

qualifications, to visit the works weekly for so long as the vacancy exists.

- 18.3. The parties record the Operator's acceptance of the following risks including:
- 18.3.1. The cost of future salary increases for Existing Operational Staff that attain higher qualifications;
 - 18.3.2. The trainability of Existing Operational Staff;
 - 18.3.3. The mobility of staff to locate to other works.
19. MARK-UP FEE
- 19.1. 35% (thirty five per cent) mark up on demonstrated sub-contractor actual direct costs (excluding VAT) paid for by the Operator to the sub-contractor in undertaking Large Maintenance Repair Projects or Maintenance Requests as set out in 7.5.
 - 19.2. Payment of the Mark-up Fee shall be made monthly in arrears as per the claim of the Operator, provided the claim is approved and authorised by the Municipality.
20. ESCALATION
- 20.1. Subject to 20.2 and 20.3, the prices in the Pricing Schedule and amounts stated in this Contract shall automatically **escalate** annually in advance by the Escalation Factor.
 - 20.2. The Salary Contribution for Ex-municipal Employees shall escalate annually at the then relevant published South African Local Government Bargaining Council escalation rate. For all other Existing Operational Staff not identified as Ex-municipal Employees it shall be the Escalation Factor, unless agreed otherwise following a written submission by the Factor.
 - 20.3. If deemed necessary by the Operator, the Operator may, as part of the Annual Plan, make a written submission to the Municipality in respect of the actual escalation of the monthly variable cost which occurred in the preceding 12 month period, as well as the escalation which is expected to occur during the forthcoming Financial Year.



23/50 May 2018

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- 20.3.1. The submission must include sufficient detail of the escalation factors which the Operator has taken into consideration and sufficient data in respect of the actual cost increases experienced by the Operator.
- 20.3.2. The submission shall be considered as part of the approval of the Annual Business Plan process.
- 20.3.3. If it is not approved by the Municipality, the Escalation Factor shall apply.
- 20.4. The % Mark-up Fee shall not be subject to escalation.
- 20.5. The Escalation Factor shall be applied effective from 1 July of every Financial Year following the Effective Date.

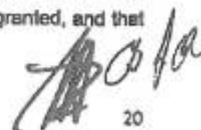


21. INVOICING & PAYMENT

- 21.1. The Operator shall by the 7th of each month submit a valid tax invoice for the preceding month, with details addressing:
- 21.1.1. the Operator Remuneration per clause 17;
 - 21.1.2. less Penalty certificates per clause 13 (if any);
 - 21.1.3. less Municipality Support Charges per clause 10 (if any);
 - 21.1.4. any adjustments agreed; and
 - 21.1.5. VAT and other taxes claimed.
- 21.2. Once all relevant monthly and quarterly reports are received and the Invoice is approved, the Municipality shall pay within 30 days.

PART F: ASSETS**22. THE BULK WORKS**

- 22.1. The Municipality owns the Bulk Works and shall continue to own the Bulk Works for the duration of the Contract.
- 22.2. The Municipality hereby makes available the Bulk Works and minor assets to the Operator. The Municipality hereby grants the Operator the right of unrestricted access to and use of the Bulk Works and minor assets for the duration of the Contract in order to execute its obligations under the Contract.
- 22.3. The Bulk Works and minor assets are made available voetstoots at the Effective Date and no warranties are given by the Municipality in this regard.
- 22.4. The Operator shall be responsible for the management of the Bulk Works to achieve the Technical Specifications and in accordance with the Annual Plan, in order to render the Bulk Works and the Function operational and efficient.
- 22.5. The Operator agrees that the Municipality shall have access to the Bulk Works to undertake its water services authority function and to monitor the performance of the Operator. This includes access to the testing and laboratory facilities at the Bulk Works. The Municipality undertakes that access will be managed so as not to interfere with the Operator's undertaking of the Function.
- 22.6. The Parties acknowledge that, but for this Contract, this right of access and obligation to operate and maintain the Bulk Works would not be granted, and that



20

on termination or expiry of this Contract, the right of access and obligation to operate and maintain the Bulk Works, shall automatically terminate.

23. OFFICES

23.1. The Operator is to provide for its own accommodation for its management and administration teams for the duration of the Contract, at its own risk.

23.2. The Municipality assumes no risk or responsibility for any costs associated with the Operator's accommodation howsoever arising for the duration of the Contract.

24. THE TECHNICAL ASSET REGISTER

24.1. The Operator shall within three (3) months of the Effective Date, conduct a detailed assessment of all the Bulk Works (including structures, plant and equipment) and the minor assets and create, maintain and update a comprehensive technical asset register for purposes of this Contract.

24.2. The Technical Asset Register shall be updated annually as part of the annual planning process as set out in Clause 11 and submitted with the Annual Plan.

25. INTELLECTUAL PROPERTY

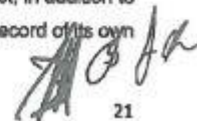
25.1. Any discovery, invention, process or improvement made by the Operator, its employees or on behalf of the Operator by contractors or consultants in the course of undertaking the Function shall be the intellectual property, whether registered or not, of the Municipality.

25.2. The ownership of and copyright in any intellectual property developed (whether registered or not) or documents (including reports, manuals, financial statements, budgets, research papers or letters) prepared by the Operator or any other employees of the Operator in terms of this Contract shall vest in the Municipality, and shall revert to the Municipality on termination of this Contract.

25.3. If the Operator uses third party licenses to enable the Operator to fulfil its obligations in terms of this Contract, it shall ensure that such use is properly licensed and register the interests of the Operator and ensure continuity of use of this third party intellectual property by the Municipality when this Contract is terminated.

26. OPERATIONAL RECORDS

The Operator must maintain and update during the currency of this Contract, in addition to any other reporting requirements required in the Regulatory Provisions, a record of its own



26/50 May 2018

operations, maintenance, inspections and technical auditing.

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22

27. EFFICIENCY

- 27.1. The Operator is obliged to plan for, and undertake the Function in the most efficient, economical and affordable way, ensuring both the sustainability of itself, and the undertaking of the Function.
- 27.2. The Parties shall share equally in any benefit of actual savings achieved in terms of the Energy Management Plan, as set out in the Energy Management Plan.
- 27.3. The Municipality is likewise obliged to provide all reasonable assistance to the Operator in planning and undertaking the Function in the most efficient, economical and affordable way, ensuring the sustainability of the Bulk Works. The Municipality may not inhibit the fulfilment of any of the Operator's obligations or cause or suffer it to be done.

28. ACCESS AND SECURITY

- 28.1. The Operator shall ensure that access to the Bulk Works is secure at all times and no unauthorised entry is permitted as per the Technical Specifications.
- 28.2. The Operator will be responsible for the security of all assets, the grounds, employees and access control to all water and wastewater treatment works by means of alarms, armed response or on-site security and for security of the other Bulk Works as per the Technical Specifications.

29. INSURANCE

- 29.1. The Municipality shall continue to insure the Bulk Works.
- 29.2. The Operator shall be obliged to ensure that insurance is effected and maintained from the Effective Date for the duration of the Contract, for the undertaking of the Function and all risks for which insurance is normally and reasonably available in regard to the undertaking of the Function as agreed annually in the Annual Plan.
- 29.3. The Operator shall notify the Municipality of all claims made for or against the Operator, stating the claim, the reason, and the quantum.

PART G: PERSONNEL**30. STAFFING OBLIGATION**

- 30.1. It is the Operator's responsibility to ensure adequate skills and expertise and capacity to execute the Function.
- 30.2. The Operator acknowledges that the Function directly enables delivery of an



essential service (municipal water services delivery) by the Municipality. Accordingly during any industrial action the Operator shall ensure that a sufficient staffing compliment is available at all times for operation and maintenance of the Bulk Works during such period of industrial action.

31. EXISTING OPERATIONAL STAFF

- 31.1. The Operator will employ the Existing Operational Staff on the terms and conditions that the Existing Operational Staff are entitled to as at the Effective Date.
- 31.2. The Operator undertakes that to the extent that the trade unions to which the Ex-municipal Employees belonged to while they were municipal employees had binding collective agreements bestowing organisational rights only in respect of such Ex-municipal Employees and the workplace in which they were employed, these will be recognised by the Operator in regard to the Ex-municipal Employees.
- 31.3. The Operator undertakes to facilitate the establishment of a workplace forum for purposes of consultation and/or negotiation on workplace related issues and matters of mutual interest in regard to this Contract.
- 31.4. It is recorded that there will be no decrease in existing remuneration or benefits of the Existing Operational Staff as a direct result of the coming into effect of this Contract.
- 31.5. The Operator undertakes that any proposed changes to the shift system as at the Effective Date applicable to the Ex-municipal Employees will be consulted on with the Ex-municipal Employees and their representative trade unions prior to implementation.
- 31.6. It is recorded that the Operator is contractually obliged to provide appropriate training to the Existing Operational Staff and the Operator agrees to honour this obligation and acknowledges that the Municipality will monitor the provision of such training.
- 31.7. It is recorded that certain of the the Ex-municipal Employees enjoy the benefit of post-retirement medical aid funding by the Municipality. The Municipality agrees and undertakes to fund the provision of this benefit as and when an Ex-municipal Employee retires from the Operator's employ whilst this Contract is in force provided that the benefit is still available to the Municipality's employees when an Ex-municipal Employee retires, and that the level of funding of this benefit shall



24/50 May 2018

not be greater than that enjoyed by the Municipality's employees of equivalent status and remuneration to that of the retiring Ex-municipal Employee.



- 31.8. The Operator undertakes to provide to the Existing Operational Staff, prior to the Effective Date, a letter setting out the terms and conditions and benefits, and shall be provided with written contracts of employment setting out inter alia these terms, conditions and benefits, with effect from the Effective Date.

32. ORGANISATIONAL PLAN

- 32.1. Within 3 (three) months of the Effective Date the Operator shall propose an "Organisational Plan", drafted after consultation with the Municipality. The Organisational Plan shall demonstrate how the Existing Operational Staff and the employees of the Operator working on the Function will be structured to execute the Function, their roles and responsibilities, job descriptions and conditions of employment.
- 32.2. The parties agree that whilst the Organisational Plan may result in re-organisation of the Existing Operational Staff it will not result in retrenchment, redundancy or decrease in existing remuneration benefits of the Existing Operational Staff. Vacant posts will be filled by the Operator where required by the Organisational Plan. Vacant operational staff posts specifically identified in the Technical Specifications will be filled from the Effective Date.
- 32.3. The Organisational Plan shall be submitted to the Municipality for review and comment. If no comment is received within 20 (twenty) days of submission, it shall be deemed accepted. If comment is received in that time, it shall be assessed by the Operator and incorporated unless expressly rejected as unreasonable by the Operator, with reference to the performance requirements in the Annual Plan.
- 32.4. Where filled posts become vacant after the Effective Date, and the vacant post stays vacant for longer than three months deductions will apply according to the "Day Works Rates and Monthly Costs" Pricing Schedule (as escalated). If not filled within three months from the date of the vacancy the deduction will be made retrospective to the date of the vacancy. If filled within three months then no deduction will apply. If the vacancy relates to supervision, the operator shall appoint at its own cost a consultant, with the required qualifications, to visit the works as required.
- 32.5. Any changes to regulatory requirements for operational staff at the Bulk Works after the Effective Date shall be dealt with as a variation in Scope. Rates from the "Day Works Rates and Monthly Costs" in the Pricing Schedule for process controllers will be used to determine the impact.



32.6. The Operator shall be responsible for paying employees, including Existing Operational Staff, their salaries and benefits.

33. TRAINING

33.1. The Operator shall plan for and provide a reasonably adequate and appropriate budget for staff training and development.

33.2. An annual employee professional development plan shall be submitted with the Annual Plan including a comprehensive training, development and succession planning programme to be designed and implemented by the Operator.

33.3. Every manager of the Operator will be responsible for the training and development of their subordinate staff, to provide opportunity for individual growth and to meet the needs of the Operator. This will be done in conjunction with the introduction of a performance management system which will monitor progress and identify training requirements of staff.

34. CONTROL OF EMPLOYEE CONDUCT

34.1. The Operator shall at all times ensure that sufficient suitable and appropriately qualified and experienced personnel will be employed to perform as is required by this Contract. This requirement shall include ensuring that sufficient and adequate staff are on duty and/or available outside normal working hours to deal with such service requirements or emergencies as may occur. Without limiting the generality of the foregoing, the Operator shall ensure that all key personnel positions are filled as soon as reasonably possible as identified in the Organisational Plan.

34.2. The Municipality may only require the Operator to remove any employee or other personnel if it is permissible by law and because such personnel has engaged in conduct which is reasonably certain to result in a breach of any provision of this Contract.

35. SAFETY AND SECURITY

The Operator shall set up and maintain policies and procedures covering all matters relevant to performance under the Contract including without limitation discipline, grievance, equal opportunities and health and safety.

PART H: CONTRACTING

36. ASSIGNMENT, TRANSFER, CESSION AND DELEGATION



No Party shall be entitled to assign, transfer, cede or delegate any of its rights and obligations in terms of this Contract without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

37. SUB-CONTRACTING

- 37.1. The Operator may, in its sole discretion, appoint consultants, contractors and suppliers to undertake any portion of its obligations in terms of this Contract, taking into account the requirements of clause 9 of the Preferential Procurement Regulations 2017, which appointment shall be at its own cost and risk. In making such appointments, preference shall be given to contractors local to the area in which the contract shall be executed.
- 37.2. The Municipality intends to advance designated groups therefore the Operator must sub-contract a minimum of 4% of the total contract value to:
- 37.2.1. An exempted micro enterprise (EME) or a qualifying small business enterprise (QSE);
 - 37.2.2. An EME or QSE which is at least 51% owned by black people;
 - 37.2.3. An EME or QSE which is at least 51% owned by black people who are youth;
 - 37.2.4. An EME or QSE which is at least 51% owned by black people who are women;
 - 37.2.5. An EME or QSE which is at least 51% owned by black people with disabilities;
 - 37.2.6. An EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or townships;
 - 37.2.7. a cooperative which is at least 51% owned by black people;
 - 37.2.8. an EME or QSE which is at least 51% owned by black people who are military veterans; or
 - 37.2.9. more than one of the categories referred to above.



33 / 50 May 2018

- 37.3. The Operator will sub-contract EME or QSE organisations for implementing the Contract, where feasible. All EME or QSE organisations employed on the works shall be registered on the Central Supplier's data base. If the EME or QSE is not registered on the data base it shall apply for registration on the data base before being employed on the contract.
- 37.4. The Operator may not sub-contract any of its rights, duties and obligations in terms of this Contract to the extent that the agreement in terms of which such rights, duties and obligations are sub-contracted does not terminate prior to or on the termination of this Contract, without the prior written consent of the Municipality first being obtained, which consent shall not unreasonably be withheld. In such circumstance, the Municipality may prescribe matters to be included or addressed in such sub-contract.
- 37.5. The appointment of any sub-contractor shall not release the Operator of its duties or obligations in terms of this Contract or in any way affect the Operator's responsibility in respect of fulfilling such duties and obligations.
- 37.6. The Operator shall keep records of all contracts entered into in connection with or associated with its rights, duties or obligations in terms of this Contract and shall on request provide information in respect thereof to the Municipality.
38. PROMOTION OF SOCIALLY RESPONSIBLE PROCUREMENT
- 38.1. The intensifying triple challenges of unemployment, poverty and inequality contributes negatively to the well-being of the poor and disadvantaged, resulting in deteriorating socio-economic conditions that affect the quality of life in the jurisdiction of the Municipality. The current economic climate places tremendous strain on the income of poor communities and perpetuates unemployment and poverty exposing the vulnerable and poor to dilapidating socio-economic conditions.
- 38.2. The Operator shall provide an outline of socio-economic projects to be implemented through its corporate social responsibility in the Municipality's area of jurisdiction in its Annual Plan. Proposed projects must be measurable with specific focus on vulnerable groups and designated groups (youth, women, people with disabilities and children).



- 38.3. The Operator must propose any of the following socio-economic project practices for consideration or identify additional projects in the Annual Plan:
- 38.3.1. On the job training and development of staff (learnerships), particularly for the unemployed or young people including the recruitment of long-term job seekers and handicapped people;
 - 38.3.2. Young women / mothers upliftment / leadership programme;
 - 38.3.3. Skills development initiatives (technical and soft skills) must be provided by accredited and recognized institutions;
 - 38.3.4. Financial support / bursaries to previously disadvantaged youth;
 - 38.3.5. Youth leadership and empowerment projects;
 - 38.3.6. Early childhood development;
 - 38.3.7. Projects can be in collaboration with Local Community Based Organisations (CBOs), Non-Government Organisation (NGOs) and relevant local institutions;
 - 38.3.8. Business skills and enterprise support including mentoring of local enterprises; and
 - 38.3.9. Development of Parks and open spaces.

PART I: DISPUTE RESOLUTION

39. INTERDICT AND URGENT RELIEF

The provisions of clauses 40, 41 and 42 will apply except where an Interdict is sought or urgent relief may be obtained from a court of competent jurisdiction on reasonable grounds.

40. AMICABLE SETTLEMENT

- 40.1. If any dispute arises in terms of this Contract the parties shall try to resolve it. If it cannot be resolved, it shall be referred to the Municipal Manager of the Municipality and the Chief Executive Officer of the Operator who shall meet within 10 (ten) days of written notice of the dispute being given to reach an amicable settlement.
- 40.2. If the Municipal Manager and the Chief Executive Officer do not or cannot resolve the dispute within 10 (ten) days of the referral, or they fail to meet within the 10



(ten) day period, then either Party may immediately indicate its written intention to refer the dispute to expert determination in terms of clause 41.2 or arbitration in terms of clause 42.

41. EXPERT DETERMINATION

- 41.1. Where a dispute arises in respect of the determination of any matter in the Contract that requires the intervention of an expert, the provisions of clause 41.2 shall apply.
- 41.2. The dispute shall be referred to an appropriately experienced expert appointed by agreement between the parties who shall be, if the matter in dispute relates primarily -
- 41.2.1. to an accounting or financial matter, a practicing chartered accountant of not less than 10 (ten) years standing as such;
 - 41.2.2. to, *inter alia*, engineering, construction, technical or other similar matter a practicing professional engineer of not less than 10 (ten) years standing as such; or
 - 41.2.3. to a legal matter, a practicing Attorney or Advocate of not less than 10 (ten) years standing as such.
- 41.3. If the Parties cannot agree on the identity of the expert timeously, the parties shall refer the matter to the President of the relevant professional body to nominate the expert.
- 41.4. The expert, who shall not act as an arbitrator, shall have the fullest and freest discretion with regard to the proceedings, save where any clause of this Contract confines the discretion of the expert.
- 41.5. The determination of the expert shall be final and binding on the Parties, save that if any determination is manifestly unjust and if a court determines what a just and equitable valuation would be, the Parties shall be bound by such a modified valuation.
- 41.6. The expert shall determine the liability for his charges.



36/50 May 2018

- 41.7. The Parties shall use their best endeavours to ensure that the decision of the expert is rendered within 10 (ten) days after the dispute has been referred to him.

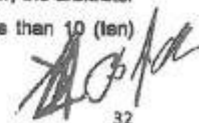
42. ARBITRATION

- 42.1. If amicable settlement of a dispute is not reached in terms of clause 40 above, either Party shall be entitled by giving 10 (ten) days written notice to the other Party to require that the dispute be settled by arbitration. The arbitration shall be held:

- 42.1.1. at Hermanus unless otherwise agreed by the Parties;
- 42.1.2. in a summary manner, that is, on the basis that it shall not be necessary to observe or carry out either the usual formalities or procedures as prescribed by any relevant arbitration legislation or rules of evidence in South Africa;
- 42.1.3. with legal representation if required by either of the Parties; and
- 42.1.4. as soon as is reasonably practicable in the circumstances and with a view to it being completed within 30 (thirty) days of the dispute being referred to the arbitrator in terms of clause 42.1. The Parties hereby undertake to use their best endeavours to procure the expeditious completion of the arbitration.

- 42.2. The arbitrator shall be a person agreed to between the Parties within 10 (ten) days after the notice in clause 42.1 has been given, failing that, an appropriately experienced person nominated by the President of the relevant professional body subject to the following provisions –

- 42.2.1. if the question in issue relates primarily to an accounting or financial matter, the arbitrator shall be a practicing chartered accountant of not less than 10 (ten) years standing as such;
- 42.2.2. if the question in issue relates primarily to, *inter alia*, engineering, construction, technical or other similar matter, the arbitrator shall be a practicing professional engineer of not less than 10 (ten) years standing as such; or
- 42.2.3. if the question in issue relates primarily to a legal matter, the arbitrator shall be a practicing Attorney or Advocate of not less than 10 (ten)



years standing as such.

- 42.3. Immediately after the arbitrator has been appointed, he may be called upon by either of the Parties to fix a date for the arbitration proceedings to be held and to settle the procedure and manner in which proceedings shall be held.
- 42.4. The arbitrator or his representative shall be entitled to investigate or cause to be investigated any matter, fact or thing which he considers necessary or desirable in connection with the dispute. The Parties to the dispute shall co-operate with the arbitrator by providing all reasonably relevant information, plans, manuals, databases, inventories, surveys, financial and other records and analyses compiled by either Party in accordance with this Contract as may be in their possession upon request.
- 42.5. The arbitrator shall –
- 42.5.1. decide the matters submitted to arbitration according to South African law, taking into account where appropriate all relevant market-related factors and having regard to all relevant evidence and circumstances;
 - 42.5.2. make an award or orders relating to the subject matter of the dispute including a grant of interim relief and the costs of the arbitration or relating to any other matter arising therefrom; and
 - 42.5.3. give his award in writing, fully supported by reasons.
- 42.6. The Parties irrevocably agree and undertake that any award, ruling or order made by the arbitrator –
- 42.6.1. shall be final and binding upon them;
 - 42.6.2. may at the option of either party be made an order of the division of the High Court of South Africa to which jurisdiction the Parties are subject; and
 - 42.6.3. the arbitrator shall have the power to give default judgment if any party fails to make submissions on due date or fails to appear at the arbitration, provided that reasonable notice has been given to Parties to make their submission or appearances.
- 42.7. The provisions of this clause 42 are severable from the rest of this Contract and



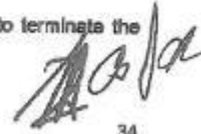
shall remain in effect even after this Contract is terminated for any reason.

- 42.8. The Parties irrevocably consent to comply with the provisions of this clause 42 and neither Party shall be entitled to withdraw from or claim at any such proceedings that it is not bound by these provisions or by any ruling or procedure laid down in terms of such provisions.
- 42.9. No dispute arising from this Contract shall entitle the other party to discontinue or suspend the execution or exercise of any of its powers, rights, duties or obligations in terms of this Contract, pending the settlement of the dispute.

PART J: BREACH, FORCE MAJEURE & TERMINATION

43. BREACH

- 43.1. If any Party commits a breach of this Contract after the Effective Date and should the other Party wish to claim specific performance or damages or both from the defaulting Party in respect of such breach, then prior to the latter Party exercising such right, it shall deliver a written notice to the defaulting Party notifying it of the breach giving rise to such right and requesting the defaulting Party to remedy the breach in question within a period of 15 (fifteen) days (or such longer period stipulated in the notice if the breach in question cannot reasonably be remedied by the defaulting Party within a 15 (fifteen) day period), and should the defaulting Party fail to remedy the breach within such period then the Party giving notice may institute legal proceedings to claim specific performance or damages or both, as the case may be. If any damages are claimed, the defaulting Party shall not be absolved from performing such acts, until payment of the damages has been received.
- 43.2. If the defaulting Party again commits a breach in respect of which the other Party has previously instituted legal proceedings and successfully claimed damages or specific performance in terms of clause 43.1 as a result of legal proceedings, the breach shall be deemed to be a material breach if the defaulting Party fails to remedy the breach within the 15 (fifteen) day notice period given in terms of clause 43.1 and the other Party shall at its election be entitled to terminate the



39/50

May 2018

Contract (or part thereof).

- 43.3. Prior to the Party invoking any right to terminate this Contract in terms of clause 43.2, it shall deliver a further written notice to defaulting Party notifying it of the material breach giving rise to such right and requesting the defaulting Party to remedy the breach in question within a further period of 7 (seven) days (or such longer period stipulated in the notice if the breach in question cannot reasonably be remedied by the defaulting Party within a 7 (seven) day period) and stating the intention to terminate the Contract (or part thereof if relevant).
- 43.4. Should the defaulting Party fail to remedy the material breach in question within the period reflected in the notice, the termination process referred to in clause 45 shall commence.
44. **FORCE MAJEURE**
- 44.1. For the purposes of this Contract, force majeure shall be any relevant event, occurrence, circumstance or condition (including viz major, causus fortuitus or act of State) beyond the control of the Parties which could not have been reasonably foreseen when the Contract was entered into and which, despite the exercise of diligent efforts, could not have been prevented, limited or minimised and which results in either of the Parties not being able to comply with all or a material part of its obligations under this Contract. It may include without limitation:
- 44.1.1. war, civil war, insurrection, rebellion, revolution, armed conflict or terrorism riot, commotion, civil disorder, strike or lock-out by persons, other than the Operator's own personnel and those of their sub-contractors;
 - 44.1.2. any act of God, including extra-ordinary flood, drought, lightning, earthquake and the impact of meteorites;
 - 44.1.3. a consequence arising from or inherent in the design, specification or defective materials of the existing Bulk Works; and
 - 44.1.4. material adverse governmental action through changes in the Regulatory Provisions, or in the judicial or official government interpretation of such Regulatory Provisions after the Contract becomes legally effective.



- 44.2. The Party claiming relief from performance shall be relieved from liability under this Contract to the extent that by reason of the Force Majeure event it is not able to perform all or a material part of its obligations under this Contract.
- 44.3. Where a Party is or claims to be affected by an event of Force Majeure it shall take all reasonable steps to mitigate the consequences of such an event upon the performance of its obligations under this Contract, resume performance of its obligations affected by the event of Force Majeure as soon as is practicable and use all reasonable endeavours to remedy its failure to perform.
- 44.4. The Party claiming relief shall serve written notice on the other Party within 10 (ten) days of it becoming aware of the relevant event of Force Majeure. Such initial notice shall give sufficient details to identify the particular event claimed to be an event of Force Majeure.
- 44.5. A subsequent written notice shall be served by the Party claiming relief on the other Party within a further 10 (ten) days which shall contain such relevant information relating to the failure to perform (or delay in performing) as is available including the effect of the Force Majeure on the ability of the Party to perform, the action being taken to mitigate, the date of the occurrence of the events of Force Majeure and an estimate of the period of time required to overcome it and/or its effects.
- 44.6. The Party claiming relief shall notify the other as soon as the consequences of the event of Force Majeure have ceased and when performance of its affected obligations can be resumed.
- 44.7. If, following the issue of any notice referred to in clause 44.4, the Party claiming relief receives or becomes aware of any further information relating to the event of Force Majeure and/or any failure to perform, it shall submit such further information to the other Party as soon as reasonably possible.
- 44.8. The Parties shall endeavour to agree any modifications to this Contract which may be equitable having regard to the nature of an event or events of Force Majeure, unless the impact is such that the essence of the Contract is made impossible to achieve in which case the Contract may be terminated as more fully set out in 45.

45. TERMINATION


- 45.1. The Contract will terminate on the expiry of the contract term as set out in 4



36

above.

- 45.2. The termination of this Contract may occur at the instance of the Municipality and on a date specified in writing by the Municipality:
- 45.2.1. where any judgment has been granted which is not subject to appeal or review, or if it is, where such an appeal or review is not diligently pursued, in regard to the implementation of the Contract;
 - 45.2.2. where any judgment has been granted which is not subject to appeal or review, or if it is, where such an appeal or review is not diligently pursued, for the winding up or judicial management of the Operator;
 - 45.2.3. if the Operator defaults under any agreement for the payment of money, where the creditor obtains judgment against Operator in an amount exceeding R 500 000 (five hundred thousand rand);
 - 45.2.4. if, subject to clause 43.4 and the Prevention and Emergency Plan, the Operator fails in the undertaking of the Function to such an extent that there is significant widespread danger to public health, which will be presumed to be the case if the Operator fails to undertake the Function for a continuous period of 5 (five) days;
 - 45.2.5. by reason of Force Majeure which goes to the essence of the Contract as set out in 43.4; or
 - 45.2.6. by reason of an un-remedied material breach.
- 45.3. The parties acknowledge that termination of this Contract will be a process rather than an event and undertake in good faith to work together efficiently to ensure as far as reasonably possible an uninterrupted operation and maintenance of the Bulk Works.
- 45.4. The termination process shall be initiated by a notice from either Party who has the right to deliver such notice in accordance with clauses 43.4 and 45, or 6 (six) months prior to the expiry of the Contract. This notice shall trigger a "transitional phase".
- 45.5. During the transitional phase triggered in terms of clause 45.4:
- 45.5.1. the Municipality shall determine whether the Function (including


37

without limitation the employees, operational assets, liabilities and IT (licenses) of the Operator is to transfer as a going concern to the Municipality or rather its nominee, and the consequences of such decision;

45.5.2. the parties shall agree on a "hand back process" which is cost-effective, efficient, orderly and designed to ensure an uninterrupted operation, maintenance and monitoring of the Bulk Works and the Function;

45.5.3. the Operator shall continue to undertake the Function in accordance with the Contract until the Municipality or its nominee has taken control of the undertaking of the Function.

45.6. This Contract shall terminate on a date or an occurrence of an event agreed between the parties or if no such date or event is agreed between the parties when a new operator is appointed by the Municipality, and where the Municipality or its nominee has taken control of the Function.

46. EFFECT OF TERMINATION

46.1. On the date of termination of the Contract as referred to in clause 45.6 -

46.1.1. the rights and obligations of the Operator in respect of undertaking the Function shall terminate;

46.1.2. the rights and obligations of the Operator in relation to the Bulk Works shall terminate;

46.1.3. the Bulk Works together with all requisite licenses shall be returned and handed over to the Municipality in good condition of use and operation, fair wear and tear excepted, based on the premise that the Bulk Works is an integral system that must be returned to the Municipality in proper functioning order;

46.1.4. the obligations of the Operator under this Contract shall be transferred at no additional cost to the Municipality in accordance with the instructions of the Municipality;

46.1.5. all the minor assets, records, plans, specifications, engineering documents, operation procedures, utility location plans, recorded maps, license, permit and contracts associated with or connected to



the Bulk Works and the undertaking of the Function shall be handed over to the Municipality; and

- 46.1.6. all monies due and payable by either Party to the other shall be settled.

PART K: GENERAL

47. GOOD FAITH AND CO-OPERATION

- 47.1. The Parties hereby undertake to exercise good faith in all dealings with one another arising out of the negotiation, conclusion, implementation and termination of this Contract and undertake to take such steps as may be reasonably necessary in order to ensure the successful implementation and fulfilment of this Contract.
- 47.2. The Parties shall at all times co-operate with each other to facilitate the prompt and successful completion of their obligations in terms of this Contract.

48. LIABILITY

- 48.1. Subject to terms stated in this Contract, the Operator undertakes and assumes the responsibility for the undertaking of the Function at its own risk and will be liable to the Municipality for the fulfilment and discharge of its obligations and requirements in respect of the Function with effect from the Effective Date.
- 48.2. The Operator shall not assume any of the liabilities of the Municipality that arose prior to the Effective Date and the Municipality shall indemnify the Operator against any losses, damages, injury or costs, charges, penalties, levies, fines and expenses of whatsoever nature suffered by the Operator, its employees, agents, contractors or representatives which are connected to, based on, or arising from any such liabilities or against any actions or claims demands, proceedings, damages, costs, charges and expenses of whatsoever nature by any third party of whatsoever nature whether brought before or after the Effective Date and which are connected to, based on, or arising from any such liabilities, and the Operator will not be held responsible for such liability.
- 48.3. Subject to clause 48.2, the Operator shall, with effect from the Effective Date and during the currency of this Contract -



44/50 May 2018

- 48.3.1. take all reasonable precautions for the protection of life and property on and about or in any way connected with the whole or any part of undertaking the Function and the Bulk Works;
- 48.3.2. Indemnify and not hold the Municipality accountable for any losses, claims, demands, proceedings, damages, costs, charges and expenses of whatsoever nature in respect of injury to or death of any person or loss of or damage to any part of the Bulk Works or any person or property arising from or attributable to any act or omission of the Operator, its employees or agents, unless such injury, death, loss or damage was caused in whole or in part due to any act or omission of the Municipality its employees or agents, contractors or any other person for whom it may be liable in law; and
- 48.3.3. report all material occurrences in terms of this paragraph to the Municipality within 3 (three) business days of becoming aware of such occurrence.
- 48.4. Subject to clause 48.2, the Municipality shall with effect from the Effective Date not be liable to third parties for the discharge of any obligations which the Operator is responsible for in terms of this Contract.
- 48.5. The Operator will be obliged to intervene and shall assume responsibility in respect of any action or right that is instituted against the Municipality in respect of any act or omission of the Operator or any person for whom it may be liable in law in respect of the Bulk Works or the provision or failure to undertake the Function in terms of this Contract that may occur after the Effective Date.
49. **EXCLUSION OF CONSEQUENTIAL LOSS FOR DIRECT DAMAGES**
- Neither Party shall be liable for any indirect, special or consequential loss or damage of any kind whatsoever or howsoever caused (whether arising under contract, delict or otherwise and whether the loss was actually foreseen or reasonably foreseeable), sustained by the other party, including but not limited to any loss of profits, loss of operation time, loss of information or loss of contracts.
50. **PREVENTION OF CORRUPTION**

The Parties hereby undertake to identify Corrupt Action and to take all reasonable steps to prevent employees, sub-contractors, agents or anybody under their control and the



employees, sub-contractors, agents of the other party or anybody under the other party's control from involvement in Corrupt Action.

51. FAILURE TO REACH AGREEMENT

Where it is specified in this Contract that certain matters are to be agreed between the Parties, failure to reach agreement in respect of such matter will not affect the validity and enforceability of the remaining provisions of this Contract.

52. SEVERABILITY

Any provision in this Contract which is or may become illegal, invalid or unenforceable in any jurisdiction affected by this Contract shall, as to such jurisdiction, be ineffective to the extent of such prohibition or un-enforceability and shall be treated *pro non scripto* and severed from the balance of this Contract, without invalidating the remaining provisions of this Contract or affecting the validity or enforceability of such remaining provisions.

53. GOVERNING LAW

The interpretation, implementation and termination of this Contract will be in accordance with the laws of South Africa which shall, for all purposes of this Contract, be the governing law of this Contract.

54. CONSENT TO JURISDICTION

The Parties agree that any legal action or proceeding arising out of any proceedings in terms of arbitration or in respect of any interdict or urgent relief in terms thereof may be brought in the High Court of South Africa (Cape Local Division) (or any successor to that court) and irrevocably submit to the exclusive jurisdiction of such court. Each appoints a person (at the address chosen as its *domicilium citandi et executandi*) to receive for and on its behalf service of process in such jurisdiction in any legal action or proceedings with respect to this Contract. The Parties irrevocably waive any objection they may now or hereafter have that such action or proceeding has been brought in an inconvenient forum. Nothing herein shall affect the right to serve process in any manner permitted by law.

55. PRESERVATION OF THE POWERS AND DUTIES OF THE MUNICIPALITY

Nothing in this Contract shall curtail the statutory powers of the Municipality in its capacity as the water services authority and provider as defined in the Water Services Act in respect of the provision of water services in any manner whatsoever.

56. CONTRACT BINDING ON SUCCESSORS-IN-TITLE



46/50 May 2018

56.1. This Contract shall be binding on any successor in title of the Operator and any successor in title of the Municipality.

56.2. The Operator shall not be construed as giving rise to a partnership or quasi-partnership.

57. DOMICILIUM CITANDI ET EXECUTANDI

57.1. The Parties choose as their *domicilium citandi et executandi* for all purposes under this Contract, whether in respect of court process, notices or other documents or communications of whatsoever nature (including the exercise of any option), the following addresses –

57.1.1. Municipality:

Attention: Municipal Manager
 Physical Address: Magnolia Avenue Hermanus
 Postal Address: PO Box 20 Hermanus 7200
 Telephone No: 028 313 8000

57.1.2. Operator:

Attention: Manager - Cape Operations
 Physical Address: Riverside Industrial Park
 Postal Address: PO Box 7240, Paarl, 7623
 Telephone No: 021 871 1877

57.2. Any notice or communication required or permitted to be given in terms of this Contract shall be valid and effective only if in writing, but it shall be competent to give notice by telefax.

57.3. Notwithstanding anything to the contrary herein contained a written notice or communication actually received by a party shall be an adequate written notice or communication to it notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

58. WHOLE AGREEMENT, NO AMENDMENT



47/50 May 2018

- 58.1. This Contract including the annexures constitutes the whole agreement between Parties relating to the subject matter hereof. No representations, warranties or other terms and conditions of whatever nature not contained or recorded herein have been made or agreed to.
- 58.2. No amendment or consensual cancellation of this Contract or any provision or term hereof or of any agreement, bill of exchange or other document issued or executed pursuant to or in terms of this Contract and no settlement of any disputes arising under this Contract and no extensions of time, waiver or relaxation or suspension of or agreement not to enforce or to suspend or postpone the enforcement of any of the provisions or terms of this Contract or of any agreement, bill of exchange or other document issued pursuant to or in terms of this Contract shall be binding unless recorded in a written document signed by the Parties. Any such extension, waiver or relaxation or suspension which is so given or made shall be strictly construed as relating strictly to the matter in respect whereof it was made or given.
- 58.3. No extension of time or waiver or relaxation of any of the provisions or terms of this Contract, bill of exchange or other document issued or executed pursuant to or in terms of this Contract, shall operate as an estoppel against any Party in respect of its rights under this Contract, nor shall it operate so as to preclude such Party thereafter from exercising its rights strictly in accordance with this Contract.
- 58.4. To the extent permissible by law no Party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein, whether it induced the Contract or whether it was negligent or not.
59. SIGNATURES
- 59.1. This Contract is signed by the parties on the dates and at the places indicated below.
- 59.2. This Contract, together with its annexures, may be executed in several counterparts, each of which shall together constitute one and the same document.
- 59.3. The persons signing this Contract in a representative capacity warrant their authority to do so.



43

48/50 May 2018

<u>Date</u>	<u>Place</u>	<u>Witness</u>	<u>Signature</u>
20.11.2018	Heerensburg	[Signature]	[Signature] Coenraad Cornelius Groenewald Municipal Manager For: OVERSTRAND LOCAL MUNICIPALITY

04/12/18	Heerensburg	[Signature]	[Signature] Name: Vincent Fragbtel Designation: Manager: Cape Town For: VEOLIA WATER SOLUTIONS AND TECHNOLOGIES SOUTH AFRICA (PTY) LTD
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[Signature]

44

ANNEXURE A: EXISTING OPERATIONAL STAFF*[Note to bidders:*

This annexure will be developed by the Municipality during negotiations with the preferred bidder with reference to Table 4.2.1 in the Technical Specifications. During the process of finalising the contract, the Existing Operational Staff (process controllers) will be detailed and the existing terms and conditions will be determined. This will inform the base line for the final determination of the Salary Contribution. All terms and conditions will be identified and relevant mechanism for escalation or change will be determined depending on the terms and conditions of each employee identified as Existing Operational Staff.

Existing Operational Staff who are ex-municipal employees of Overstrand Local Municipality will be identified as Ex-municipal Employees. Existing Operational Staff who are not identified as ex-municipal employees (including contract workers) will continue to receive their terms and conditions as at the Effective Date of the Contract and will not be entitled to ex-municipal employee recognition of terms and conditions.

For example ex-municipal employees will continue to receive their SALGBC annually agreed increases, and all individual recognised terms they enjoy as at the effective date of this Contract including employer contributions to medical and pension fund and post retirement contributions, notch increases, housing subsidies, long service bonuses etc. Changes per the terms and conditions of the ex-municipal employees will be determined quarterly and payment with the Operator reconciled. For the other Existing Operational Staff who are not ex-municipal employees, the Salary Contribution for their specific posts will escalate per the Escalation Factor.

From the Effective Date, the terms and conditions of the employment of the Existing Operational Staff will continue to be matched by the Operator viz a viz the Existing Operational Staff. The Municipality will adjust the Salary Contribution to give effect to any changes the Ex-municipal Employees would have been entitled to at the Effective Date, which the Operator will need to pass on until the Ex-municipal Employees are no longer employed by the Operator to execute functions under the Contract. At that stage the Operator's terms and conditions will apply to the vacancy filled and the Salary Contribution of the Municipality will be aligned for that post at the Operator's terms and conditions and escalate by the Escalate Factor.



ANNEXURE B: BULK WORKS

[Note to bidders:

- PART B: BULK WORKS will be attached to the Contract.]

ANNEXURE C: TECHNICAL SPECIFICATIONS

[Note to bidders:

- PART C: TECHNICAL SPECIFICATIONS will be attached to the Contract.
- Note that the Technical Specifications form part of the Contract and are reviewed and updated annually as part of the Annual Plan.
- Note that Key Performance Indicators are stated in the Technical Specifications.]

ANNEXURE D: PRICING SCHEDULE

[Note to bidders:

- PART D: PRICING SCHEDULE from Bidder's tender response, distinguishing Fixed Fee, Variable Charges, Day Works Rates and Monthly Total Costs to Company and % Mark-up Fee will be attached to the Contract.
- Note that Salary Contribution will be determined prior to Effective Date, with the finalisation of the Annexure A: Existing Operational Staff, which is statement of fact as at Effective Date and will apply to all bidders equally]



Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

6.5 CONTRACT NO. SC 1890B/2018: PROPOSED AMENDMENT: WATER AND WASTEWATER BULK WORKS OPERATION AND MAINTENANCE

Upon a proposal by the Director: Protection Services, Mr. N Michaels, duly seconded by the Acting Director: Economic & Social Development and Tourism, Ms. F Lloyd, it was

RESOLVED TO RECOMMEND TO THE ACCOUNTING OFFICER:

- 6.5.1 That it be noted that the only comments received from any stakeholder with regards to the intent to amend Contract SC1890B/2018, Water and Wastewater Bulk Works Operation and Maintenance, were those received from National Treasury, and that it had been appropriately dealt with by the Municipal Manager.
- 6.5.2 That the reasons provided for the proposed amendment of the contract be regarded as acceptable and valid, and it be recommended to Council to consent to the amendment of the contract.
- 6.1.3 That Contract SC1890B/2018, Water and Wastewater Bulk Works Operation and Maintenance, be amended in terms of Section 116(3) and Section 33 of the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003), read together with Clause 53 of the Supply Chain Management Policy, as Contract SC1890C/2018, as summarised in the four schedules below:

Service Provider / Supplier:	Veolia Services Southern Africa (Pty) Ltd	SCM supplier database #	927
Service / Goods Provided:	Water and Wastewater Bulk Works Operation and Maintenance		
Cost Accounts:	Outsourced Services: Sewerage Servs: Water Outsourced Services: Sewerage Servs: Wastewater	12210200570000 12210200570000	
Business Keys:		20210629091829 20210629091828	
Extension Amount (Excl. VAT):	Amended rates as per 1 st schedule below (all rates are exclusive of VAT)		
Extension Amount in words	Amended rates as per 1 st schedule below (all rates are exclusive of VAT)		
Escalation:	As per amended clauses 2.2.9 and 20 of Contract SC 1890/2018 as per 2 nd schedule below	Escalation Date:	Annually on 1 July
Contract Director:	S Müller	Contract Owner:	H Bignaut
CONTRACT PERIOD:			
Implementation date (Amendment):	Commissioning dates of new infrastructure	End date:	7 December 2033
		Period:	11 Years or part thereof

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Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

Proposed amended rates for 2022/23 (all rates are excluding VAT):

Ref.	ITEM	
A	FIXED CHARGES	
A.1	FIXED CHARGES WASTEWATER TREATMENT WORKS	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements (includes all costs required to undertake the Function as per Technical Specifications)	
A.1.2	Hermanus WWTW: O&M	R 84 637.75
A.2	FIXED CHARGES WATER TREATMENT WORKS	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements (includes all costs required to undertake the Function as per Technical Specifications)	
A.2.2.	Buffels River WTW: O&M	R 141 527.52
A.2.3.	Franschoek WTW: O&M	R 134 141.90
A.2.6.	Kleinmond WTW: O&M	R 129 218.49
A.5	FIXED CHARGES SURFACE WATER PUMPSTATIONS	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements (includes all costs required to undertake the Function as per Technical Specifications)	
A.5.1.	Monthly charges for all surface water pumpstations combined	R 16 367.02
A.7	FIXED CHARGES RESERVOIRS	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements (includes all costs required to undertake the Function as per Technical Specifications)	
A.7.1.	Monthly charges for all reservoirs combined	R 15 686.33
A.8	FIXED CHARGES SEWERAGE PUMP STATIONS	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements (includes all costs required to undertake the Function as per Technical Specifications)	
A.8.1.	Monthly charges for all sewerage pumpstations combined	R 64 205.67
A.11	OUTSOURCED SECURITY SERVICES – WATER FACILITIES	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements for security of all assets, the grounds and employees as per Technical Specifications	
A.11.1.	Outsourced security – on-site security guard services with armed response at bulk water facilities	R 0
A.11.2.	Outsourced security – alarm systems with armed response at bulk water facilities	R 0
A.11.3.	Outsourced security – camera units, monitored	R 46 455.23
A.11.4.	Outsourced security – alarm units	R 14 876.87
A.11.5.	Outsourced security – armed response	R 27 200
A.11.6.	Outsourced security – tactical team	R 18 076
A.12	OUTSOURCED SECURITY SERVICES – WASTEWATER FACILITIES	2022/23 proposed amended Fixed rate per Month
	Contractual Requirements for security of all assets, the grounds and employees as per Technical Specifications	
A.12.1.	Outsourced security – on-site security guard services with armed response at bulk wastewater facilities	R 0
A.12.2.	Outsourced security – alarm systems with armed response at bulk wastewater facilities	R 0
A.12.3.	Outsourced security – camera units, monitored	R 39 120.19
A.12.4.	Outsourced security – alarm units	R 11 670.80
A.12.5.	Outsourced security – armed response	R 19 200.00
A.12.6.	Outsourced security – tactical team	R 18 975.00
D	DAYWORKS	2022/23 proposed amended rate per kilometre
D.6.	TLB Transport to and from site	R 22.37

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Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

Existing Contract Clause		Proposed Amended Contract Clause	
2.2.9.	"Escalation Factor" means the headline consumer price index (CPI for all urban areas) annual inflation rate published by Statistics SA in Statistical Release PO141.1 for the month of March preceding the 1 July escalation date (other than for Ex-municipal Employees as stated in 20.2) and unless otherwise motivated by the Operator and accepted by the Municipality as set out in 20.3;	2.2.9	"Escalation Factor" means the headline consumer price index (CPI for all urban areas) annual inflation rate and producers price index (PPI) published by Statistics SA in Statistical Release (PO141.1 and PO142.1) for the month of March preceding the 1 July escalation date (other than for Ex-municipal Employees as stated in 20.2). The escalation rate is based on a 50/50 split for the calculation of the overall rate to be applied unless otherwise motivated by the Operator and accepted by the Municipality as set out in 20.3.
19.3	No clause 19.3	19.3	The mark up fee for requests where the project has low risk and low resource requirements may attract up to a 2% reduction after negotiation between the Operator and the Municipality.
20.3	If deemed necessary by the Operator, the Operator may, as part of the Annual Plan, make a written submission to the Municipality in respect of the actual escalation of the monthly variable cost which occurred in the preceding 12-month period, as well as the escalation which is expected to occur during the forthcoming Financial Year.	20.3	If deemed necessary by the Operator, the Operator may make a written submission to the Municipality in respect of the actual escalation of the monthly variable cost which occurred in the preceding 6-month period, as well as the escalation which is expected to occur during the forthcoming 6-month cycle.

G415

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

Special Performance Indicators - Monthly Score Card and Penalties								
No.	Key Performance Area	Key Performance Indicator	Measure	Frequency	Penalty	KPI Reference	Baseline for Penalty	Target for Monthly Score
2	Water Quality	Compliance with Regulatory Standards (SANS 241)	Percentage of compliance	Monthly	Cost of failure (i.e. fines as percentage against the monthly Fixed Charge for the specific installation) (Failure days = One from which the sample before you received until previous to severity)	Water - Total Hardness <120 mg CaCO ₃ /l	10%	100%
						Water - Total Hardness <120 mg CaCO ₃ /l	10%	100%
3	Green Drop Status	Achieve and maintain Green Drop status	Green Drop Score	When Green Drop Requirements are met	2% of the previous Financial Year's Annual Operator Fee (Operator and Plant Fee) for the month when achieved but did not achieve that score's target agreed in the Annual Plan, or R50 000, whichever is the greater	Water - Total Hardness <120 mg CaCO ₃ /l	20%	100%
						Water - Total Hardness <120 mg CaCO ₃ /l	20%	100%
4	Water Efficiency Treatment	Water losses per facility	Water losses meter readings taken against the Outflow meter meter readings per facility	Monthly	Volume lost in excess of base line to be deducted from available volume based on	Treatment losses per plant	12 Monthly Average	12 Monthly Average
						Capacity for Farmstead Plant	8	40%
	Water Efficiency Distribution Pipelines	Water losses per bulk pipe line	Outflow meter meter readings of water tanks taken against the Outflow of the total Reservoirs supplied from the specific facility in its per system layout	Monthly	Volume lost in excess of base line to be deducted from available volume based on	Stanford WTW RD Plant	27	42%
						De Volder WTW RD Plant	27	42%
17	Stableness	Maintenance of infrastructure, equipment, instrumentation and manual wiring	Days exceeding penalties as per formal request letter	Monthly	Penalty of R 250 000 / day / day from standing order in respect request letter to a maximum amount of R 5 000 000 (Maximum Penalty)	1 Month from formal request letter date	0	0
						0	0	
18	Flow meter Verification	Verification of the Outflow Recorder at Treatment Works and relevant Bulk Pipe Reservoirs	Days exceeding agreed verification certificate requirements	Annually	Penalty of R 250 000 / day from annual certificate date for each meter to a maximum amount of R 5 000 000 (Maximum Penalty)	Zero days after agreed certificate requirements	0	0
						0	0	

G515

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Friday, 25 November 2022 at 14:00

Certified as correct by:



Mr. C Le Roux
Deputy Director: Finance & SCM

29 November 2022

Date

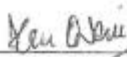


Mr. J Vorster
Acting Director: Finance (Chairperson)

29/11/2022

Date

RECOMMENDATION APPROVED/ NOT APPROVED



Mr. D O'Neill
Accounting Officer

30/11/2022

Date

5.9
LONG TERM WATER AND WASTE WATER TREATMENT OPERATIONS
MANAGEMENT CONTRACT : CONTRACT SC 1890/2018

(ITEM 7, PAGE 14 : MAYORAL COMMITTEE MEETING :
28 NOVEMBER 2018)

CLLR D BOTHA MOVED A MOTION IN TERMS OF RULE 36 OF THE STANDARD
BY-LAW ON RULES OF ORDER FOR INTERNAL ARRANGEMENTS THAT THE
MATTER BE PUT TO THE VOTE. THE MOTION WAS SECONDED BY ALD N
BOTHA-GUTHRIE.

THE AFRICAN NATIONAL CONGRESS REQUESTED A CAUCUS AT 12:00

THE MEETING RESUMED AT 12:10

WHEN PUT TO VOTE 16 MEMBERS VOTED IN FAVOUR OF THE MOTION OF
CLLR D BOTHA AND 8 MEMBERS VOTED AGAINST THE MOTION OF CLLR D
BOTHA.

THE AFRICAN NATIONAL CONGRESS INDICATED THAT THEY ARE AGAINST
THE RECOMMENDATION OF THE EXECUTIVE MAYOR AND CLLR S TEBELE
MADE A COUNTER PROPOSAL TO THE EFFECT THAT THE WATER AND
WASTE WATER TREATMENT OPERATIONS NEED TO BE DONE INHOUSE AND
NOT GO ON TENDER.

WHEN PUT TO VOTE 8 MEMBERS VOTED IN FAVOUR OF THE
RECOMMENDATION BY THE AFRICAN NATIONAL CONGRESS AND 16
MEMBERS VOTED AGAINST THE RECOMMENDATION BY THE AFRICAN
NATIONAL CONGRESS.

THE RECOMMENDATION BY THE EXECUTIVE MAYOR WAS THUS CARRIED.

RESOLVED (SUPPORTED BY 16 COUNCILLORS):

1. that **cognisance be taken** that no response was received from the public or any other stakeholder following the invitation for comments, representations, views and recommendations in respect of the long term contract and the right to use the water and waste water treatment works;
2. that the right to use, control and manage the water and waste water treatment works for the contract period of 15 years to Veolia Water Solutions & Technologies (Pty) Ltd **be granted**;

H 2/2

12

MINUTES : ORDINARY MEETING OF THE COUNCIL 28 NOVEMBER 2018

3. that the determination of significant economic financial benefit from the long term contract for the Overstrand Municipality **be noted**;
4. that the long term contract for the Management of the Operation and Maintenance of the Water and Waste Water Treatment Works under the jurisdiction of Overstrand Municipality **be approved**; and
5. that the Municipal Manager **be authorised** to sign the long term contract on behalf of Overstrand Municipality.

RESPONSIBLE OFFICIAL :	H BLIGNAUT
TARGET DATE FOR IMPLEMENTATION :	8 DECEMBER 2018
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

4.3

WARD COMMITTEE SYSTEM: REVISION OF WARD COMMITTEE RULES

3/B

FRJ Williams

Director: Community Services

5 December 2022

(028) 313 8029

1. Executive Summary

The purpose of this report is for the Council to consider the revised Ward Committee Rules for the Ward Committee System within the Overstrand Municipal area.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate : Community Services
 Department : Director: Community Services

3. Compliance with Strategic Priorities

Provision of democratic, accountable, and ethical governance.
 Provision and maintenance of municipal services.
 Creation and maintenance of a safe and healthy environment.
 The encouragement of structured community participation in the matters of the Municipality.

4. Delegated Authority

None

5. Legal Requirements

Constitution of SA, 1996
 Local Government: Municipal Structures Act 117 of 1998
 Local Government Systems Act 32 of 2000
 Local Government Municipal Finance Management Act 56 of 2003
 Overstrand Public Participation Policy

6. Background/Discussion/Evaluation/Conclusion**Background**

The revision of the Ward Committee Rules (the Rules) is to ensure the effective implementation of ward committees within the Overstrand municipal area. Council revised the Rules previously at its meeting in August 2021.

The Director: Community Services formally consulted, by way of an official notice dated 30 August 2022, directed to the Executive Mayor, Aldermen, Councillors, Ward Committees, the Municipal Manager, Directors and Managers to provide comments/proposals for the purposes of revising the Rules (refer to Annexure B). Comments (recommendations/observations/questions) received from ward committee members have also been provided to the Municipal Manager for strategic direction and input by the Speaker and MAYCO Members.

Discussion

Comments were received from only 11 ward committee members (within 7 wards) out of 140 ward committee members (14 wards). Comments were largely made by the Hermanus Ratepayers' Association and the Baboon Action Group. Comments were considered and incorporated where necessary. Certain comments however relate to detail and specifics that may hamper internal initiatives/arrangements by respective ward committees. Refer to Annexure C for consolidated report on comments received. Most of the comments received are not recommendations to consider for the review of the Rules.

The equitable representation of women in Ward Committees is a statutory requirement in terms of the Local Government: Municipal Structures Act, no 118 of 1998. Article 73.(3)(a)(i) of the Act states; *for women to be equitably represented in a ward committee*. Equitable representation in the context of the Ward Committees (10 members, excluding Ward Councillor) simply means that at least five (5) ward committee members must be women. Prior to the 2021 review of the Rules, it was required that at least two (2) women must be members of the respective Ward Committees. To promote the equitable representation of women, the required number was increased to three (3) women as included in the 2021 revision of the Rules. The onus is on Ward Councillors to promote the equitable representation of women in the respective Ward Committees.

It is advised that the election of Ward Committees for the next generation of Ward Committees be further discussed with all Ward Committees in order to amend the Rules.

The following are amendments based on consultation regarding the strategic direction by the Executive Mayor and the Municipal Manager.

Ward Committee meetings must be aligned to Council's scheduled ordinary and special meetings in a financial year. An ordinary meeting cycle consists of meetings in the following order, namely: Ward Committee, Portfolio Committee, Executive Mayoral Committee and Council.

Special meetings are scheduled for Council to consider for example the annual IDP/Budget Process Plan, new/revised IDP, the Budget, Mid-year Adjustment Budget, etc. The envisaged number of meetings (ordinary and special) is approximately nine (9) meetings per financial year.

In the event of ordinary meetings, agendas for Portfolio Committees must be finalised and distributed/placed on the Overstand website during the week prior to week/period of ward committee meetings. Agendas of special Council meetings must also close prior to the week of ward committee meetings in order to be tabled at last mentioned meetings.

Item(s) discussed at ward committee meetings that require formal report(s) to Portfolio Committees for consideration, must be finalised to serve on the agenda of designated Portfolio Committee(s) at the following ordinary meeting cycle. Recommendations for last mentioned items must be made by the local Ward Councillor/designated chairperson of a Ward Committee.

The Municipal Manager indicated that Ward Councillors must obtain required information on various topics for discussion from affected Directors/Managers responsible for directorates/departments. Ward Councillors must therefore present required information at affected ward committee meetings rather than Directors/Managers. In the event of quarterly report-back public meetings to residents of respective wards, Directors/Managers can be requested to assist Ward Councillors upon approval of request(s) by the Municipal Manager/affected Director(s).

7. Financial Implications

None

8. Staff Implications

Existing Municipal staff members.

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

- Annexure A: Proposed revised Ward Committee Rules for the Overstrand Municipality
- Annexure B: Official notice for review of the Rules, dated 4 August 2022
- Annexure C: Revision of Ward Committee Rules: Comments/inputs received from ward committee members

RECOMMENDATION TO THE COUNCIL:

that the revised Ward Committee Rules for Overstrand Municipality **be adopted**.

RESPONSIBLE OFFICIAL :

**F MYBURGH
D LAKEY
A WYNGAARD
B PLAATJIES**

TARGET DATE FOR IMPLEMENTATION :

1 JANUARY 2022

Annexure A1/21



Ward Committee Rules

GENERAL EXPLANATORY NOTE:

- [] Words in bold type in square brackets indicate omissions from existing enactments.
- Words underlined with a solid line indicate insertions in existing enactments.

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Approved by Council
24-August-2021 [14 December 2022]

INDEX

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<u>No.</u>	<u>Chapter</u>	<u>Page No.</u>
1	Preamble	1
2	Objectives	1
3	Definitions	2
4	Legal Framework	3
5	Membership	3
6	Functions of Ward Committees	4
7	Procedure for Election	6
8	Term of Office	8
9	Conducting of Ward Committee Meetings	8
10	Termination of Membership	9
11	Filling of Vacancies	10
12	Reimbursement of Out-of-Pocket Expenses	10
13	Responsibilities of the Municipal Administration	11
14	Dissolution of Ward Committees	12
Schedule 1	Election (voting) process at election venues	14
Schedule 2	Code of Conduct for Ward Committee Members	17

1. PREAMBLE

- 1.1. It is essential for good governance that citizens are actively involved in the processes with regard to planning, budgeting, monitoring and evaluation of programmes/projects.
- 1.2. Ward committees are regarded as the vehicle to promote good governance at local government level and must, in conjunction with the Council, execute the constitutional objects for government.
- 1.3. The Overstrand Municipality is governed as a municipality with a mayoral executive system combined with a ward participatory system as per Section 9(d) of the Local Government: Municipal Structures Act, 1998.
- 1.4. The establishment and operation of a Ward Committee must be in accordance with Section 72 to 78 of the Local Government: Municipal Structures Act, 1998.

2. OBJECTIVES

- 2.1. The objective of a ward committee is to enhance participatory democracy in local government.
- 2.2. Ward Committees must participate in the following:
 - 2.2.1. preparing, implementation and review of the Integrated Development Plan (IDP),
 - 2.2.2. establishment, implementation, and review of a Performance Management System (PMS),
 - 2.2.3. preparation of the budget,
 - 2.2.4. strategic decisions of the Municipality relating to the provision of municipal services in terms of Chapter 8 of the Systems Act, 2000.
- 2.3. A Ward Committee is the official channel of communication between the community and municipality regarding municipal matters in a particular Ward.
- 2.4. A ward committee is an advisory body without any executive powers to assist the Ward Councillor(s) in their duties.
- 2.5. Ward Committees must perform their functions impartially without fear, favour, or prejudice.

4/21

3. DEFINITIONS

Budget	Refer to the annual budget of a municipality in terms of the Local Government: Municipal Finance Management Act, 2003.
Code of Conduct	Code of conduct means Code of Conduct applicable to Ward Committee Members as set out per schedule 2.
Constitution	The Constitution of the Republic of South Africa, 1996, which is the supreme law of the country.
Council	Refers to the Council of Overstrand Municipality
Election Officer	Person responsible to supervise and co-ordinate an election venue to ensure that the election (voting) of Ward Committees is conducted in terms of this Rules.
Geographical Block	Represents the interests of an identified geographical block for example neighbourhood, extension, village) in a particular ward.
Integrated Development Plan	The principle strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in a municipality.
Municipal Manager	Head of administration and accounting officer of the Municipality and appointed by Council in terms of Section 54A of the Local Government: Municipal Systems Act, No 32 of 2000.
<u>Ordinary Meeting Cycle</u>	<u>Consist of meetings in the following order, namely: Ward Committees, Portfolio Committees, Executive Mayoral Committee meetings and Council.</u>
Organisation	Representing a specific interest of the community resident in the particular ward, for example youth, women, religious grouping, ratepayers' associations, etc, but not a political party.
Performance Management System (PMS)	A two-way communication process between the Municipality and the community that measures specific targets, standards and priorities that were agreed upon during the IDP process.
PR Councillor	A proportional representative municipal councillor elected in terms of Section 22(a) of the Local Government Municipal Structures Act No. 117 of 1996 to represent a party on the Council of a municipality.
Sector	Representing a broader scope of similar interests (umbrella body/structure) of the community for example, Sport & Recreation, Health & Welfare, etc.
Speaker	The Speaker of the Council elected in terms of Section 36 of Local Government: Municipal Structures Act 117 of 1998.

5/21

<u>Special Meetings</u>	<u>Scheduled for Council to consider for example the annual IDP/Budget Process Plan, new/revised IDP, the Budget, Mid-year Adjustment Budget, etc.</u>
Voters' Roll	The national common voters' roll compiled in terms of the Electoral Act, 1998.
Ward Operational Plan	Annual plan of activities to be performed/executed by Ward Committee Member's representative in a ward committee.
Youth	Persons within the age group of 18 to 30 years elected onto a ward committee to represent the interest of young people between the age group of 14 to 35 years. The mentioned age group eligible for election will ensure that representative can be registered on the voters' roll and are able to serve a term of five years on a ward committee.

4. LEGAL FRAMEWORK

The Constitution, 1996

Municipal Structures Act, Local Government: Municipal Structures Act, No. 117 of 1998

Municipal Systems Act, Local Government: Municipal Systems Act No. 32 of 2000

Municipal Finance Management Act (MFMA) - Local Government: Municipal Finance Management Act, No. 56 Of 2003

Guidelines for the establishment and operation of Municipal Ward Committees Notice 965 of 2005

National Policy Framework for Public Participation, 2007

National Framework: Criteria for Determining out of pocket expenses for Ward Committee Members, 2009

Overstrand Municipality: Public Participation Policy

5. MEMBERSHIP

- 5.1 A Ward Committee consists of the Ward Councillor and not more than ten other persons elected to represent organisations/sectors or geographical blocks resident within the boundaries of the particular municipal ward.
- 5.2 The Ward Councillor, representing the Ward in the Council must be the chairperson of the Ward Committee.
- 5.3 In the absence of the Ward Councillor, a Councillor must be nominated by the Speaker to act as chairperson of the Ward Committee.

b/21

- 5.4 The members represented in a ward committee can be elected based on sectorial model (organisation/sector) or geographical (block) model or a combination of both models to accommodate circumstances prevailing in a particular ward.
- 5.5 The election of Ward Committee Members described in 5.4 above must take into account the need:
- for women to be equitably represented in a ward committee, with a minimum of three (3) women per Ward Committee.
 - for diversity of interests in the Ward to be represented.
- 5.6 No individual representation will be allowed in a ward committee.
- 5.7 A person to be elected to represent a sector/organisation/geographical interest on a ward committee must:
- 5.7.1 be a registered voter and whose name appears on the voters' roll for the particular ward,
- 5.7.2 not be a member of a Municipal Council,
- 5.7.3 not be permanently or contractually employed by the Municipality,
- 5.7.4 not be a Community Development Worker or employed by another sphere (Provincial/National) of Government,
- 5.7.5 not have been indebted with the Municipality for a period longer than three (3) calendar months, with the exception that proof can be provided that the necessary arrangements have been made to settle the debt and continue to remain in good standing for the duration of the term of office,
- 5.7.6 not have been convicted of an offence and sentenced for a period of more than twelve (12) months.
- 5.8 Close family members (husband, wife, child, parent) may not serve on the same ward committee.
- 5.9 The Code of Conduct for Ward Committee Members will be applicable to members of the committee during their term of office.

6. FUNCTIONS OF WARD COMMITTEES

- 6.1. Ward Committees together with the Overstrand Municipal Advisory Forum (OMAF) will act as the official liaison mechanism on all strategic municipal matters affecting the community.
- 6.2. Ward Committees will be the official body with which the Ward Councillors will liaise regarding any matter affecting their respective wards and more specifically items on the agenda of the Municipality affecting the particular ward.

- 6.3. The Ward Councillors must give feedback at ward committee meetings and at least on a quarterly basis to constituencies on Council matters, as required in the Code of Conduct for Councillors.
- 6.4. Ward Committees must annually compile their respective ward operational plans which include a range of activities to be executed during the following financial year.
- 6.5. Ward Committee Members must attend official **Ward Committee** meetings scheduled in terms of Council's meeting cycle or upon special request by the Council or Speaker.
- 6.6. Members of the Ward Committee must submit items for discussion to the Administration at least fourteen (14) days before the official ward committee meeting.
- 6.7. Item(s) discussed at Ward Committee meetings that require formal report(s) to Portfolio Committee(s) for consideration must be finalised to serve on the agenda of designated Portfolio Committee(s) at the following ordinary meeting cycle.
- 6.8. Recommendations for last mentioned items must be made by the local Ward Councillor/designated chairperson of Ward Committee.
- 6.9. Ward Committee Members must report back to their respective constituencies (organisations/sector/geographical blocks) at least on a quarterly basis.
- 6.10. Formal minutes of quarterly report back meeting of constituencies (referred to in [6.7] 6.9) should be submitted to the municipal administration via the Ward Councillor within 21 days after the aforementioned meeting.
- 6.11. Ward Committee Members must report issues pertaining to maintenance of infrastructure to the respective municipal customer care help desks or emergency control room located in or closest to their particular ward, using their allocated unique reference numbers.
- 6.12. A Ward Committee may establish task team(s) to perform specific task(s) on behalf of the committee, for example monitoring projects within the Ward.
- 6.13. It is required of Ward Committee Members to attend training/capacity building sessions scheduled by the local municipality or other sphere (provincial/national) of government.
- 6.14. It is the responsibility of all Ward Committee Members or nominated Ward Committee Members to attend the Overstrand Municipal Advisory Forum (OMAF) or forums outside the Municipality upon formal request by the Speaker /Municipality Administration.

8/21

- 6.15 Geographical blocks must conduct their business in accordance with standardised rules of order (regulating documents) to be provided by the municipal administration, where necessary.
- 6.16 Ward Committees must sign a Code of Conduct to be administered by the respective Ward Councillors and the Speaker of the Council.

7. OVERALL PROCEDURE FOR ELECTION

7.1 Obtain nominations to serve on Ward Committees

- 7.1.1 The Municipal Manager will advertise in the local newspaper(s) a notice for the establishment of a ward committee in all respective wards of the Municipality or a Ward Committee Member by inviting nominations for organisations, sectors, and geographical blocks (including the names of representatives and secundus of the last-mentioned structures).
- 7.1.2 The organisations/sectors eligible for election must have been operational in the particular ward for at least six (6) months, except for newly established organisations that directly represent the interest of women, youth, disabled and the elderly.
- 7.1.3 Representatives nominated by sectors/organisations/geographical blocks on respective Ward Committee must represent a diversity of interest located in a particular ward and also comply with requirements listed under item 5 above.
- 7.1.4 Notice referred to in 7.1.1 above must be given at least thirty (30) days prior to the date when the date(s) for the elections of Ward Committees are announced.
- 7.1.5 Nominations referred to in 7.1.1 above must be submitted to the Municipal Manager or his delegate(s) on a pro-forma form to be provided by the Administration) by not later than closing date for nominations provided in the notice referred to in 7.1.1 above.
- 7.1.6 Lists of nominations received for respective Ward Committees (referred to 7.1.1 above) must be compiled and finalised to inform the ballot papers for each ward by the delegatee(s) of the Municipal Manager, in consultation with the newly elected Ward Councillors at least 7 (seven) calendar days prior to the first date of the elections of Ward Committees for the Municipality.
- 7.1.7 If an organisation/sector is to be represented on the Ward Committee, no other member of the executive of that the particular organisation/sector is eligible to be elected as a geographical block representative for the particular Ward Committee. "Executive" means, for the purposes of this paragraph, a person elected or co-opted to manage the affairs of that organisation/sector.
- 7.1.8 Information of nominations received for organisations, sectors and geographical blocks for each Ward Committee (refer to 7.1.6 above) can be verified and revised by registered organisations/sectors and geographical

9/21

block where necessary prior to announcement of Ward Committee election dates for the Municipality.

7.2 **Announcement of the Election of Ward Committees**

- 7.2.1 The election (voting) for Ward Committees will be conducted from 10:00 until 19:00 on dates and at election venues determined by the Municipal Manager.
- 7.2.2 The Municipal Manager must give notice inclusive of the timetable (dates, venues and timeframe) for the voting of the respective Ward Committees of the Municipality to the local community.
- 7.2.3 Notice referred to in 7.2.2 above must be given at least seven (7) calendar days prior to the first date of the elections of Ward Committees.
- 7.2.4 More than one election venues can be established in a ward due to the geographical nature of the Ward, based on the discretion of the Municipal Manager. In this case the number of Ward Committee Members to be elected at the respective election venues, will be determined proportionally according to the number of eligible voters registered in the latest voters' roll residing in the neighbourhoods which the respective election venues will be serving.

7.3 **Appointment of Election Officials**

- 7.3.1 The Municipal Manager will appoint Senior- Managers and Manager of the respective Administrations (Area- and Deputy Area Managers) or other Line Manager(s) to act as election officers at particular election venues, where election of Ward Committees will be conducted.
- 7.3.2 The appointed election officers will nominate team(s) of election assistants, respectively from the Municipal Administration to assist with the elections at the various election venues for approval by the Municipal Manager.

7.4 **Election (voting) process at election venues**

- 7.4.1 The elections will be conducted in accordance with the election (voting) process at election venues as contained in Schedule 1 of this Rules.
- 7.4.2 Only registered voters, whose names appear on the voters' roll of the Ward, where election of a particular Ward Committee are conducted will be eligible to participate in the elections of the particular Ward Committee.
- 7.4.3 A registered person can only vote for one organisation/sector and/one geographical block representative during the election process of a particular Ward Committee.
- 7.4.4 A minimum of not less than 5 (five) organisations/sectors to be elected as members of a particular ward committee whilst the balance must be elected from geographical blocks.

10/21

7.4.5 The ratio between organisations/sectors and geographical block representation, also taking into consideration 7.4.4 above, will be determined by the newly elected Ward Councillor, in consultation with the appointed election officer, taking into consideration the nominations received for the particular ward, upon finalising the list of nominations (refer to 7.1.8 above).

7.5 Reporting of Results

7.5.1. The election results for the establishment of Ward Committees must be officially reported to the Council by the Municipal Administration.

8. TERM OF OFFICE

The term of office of a ward committee shall coincide with the term of office of the Council.

9. CONDUCTING OF WARD COMMITTEE MEETINGS

9.1. **[A ward committee must meet at least monthly, except for period(s) when Council is in recess.]**

Ward Committee meetings must be aligned to Council's scheduled ordinary- and special meetings in a financial year.

9.2. A quorum of a committee must consist of at least 50% plus one (1) member (excluding the Chairperson).

9.3. All meetings of the committee must be open to the public.

9.4. A member of the public who is not a member of the committee may address a committee with the permission of the chairperson.

9.5. The Ward Committee adopts its protocol arrangements in terms of language preference, meeting dates, commencement times of meetings, etc. at the first official meeting after the election of Ward Committees.

9.6. The timeframes for meetings must not exceed the following number of hours, namely:

9.6.1 quarterly public report back meetings: three (3) hours

9.6.2 other meetings: two (2) hours

9.7. All quarterly report back meetings must be conducted after municipal office hours.

9.8. An employee and councillor of the Municipality must be present at a meeting of a committee before it can be constituted.

11/21

- 9.9 If a member has a direct or indirect financial interest in any matter serving before the committee, unless that interest is the same as any other person in the Ward, such person must recuse himself/herself from such discussion.
- 9.10 If the Ward Councillor must recuse himself/herself from discussion of an item at the committee, he/she must arrange with another councillor to chair the meeting during such recusal.
- 9.11 Any Councillor of the Overstrand Municipality may attend any meetings of a Ward Committee.
- 9.12 No items from the agenda of the political structures of the Municipality marked as confidential by the Municipal Manager may be discussed at a ward committee meeting.
- 9.13 Any Ward Committee Member whose representative(s) (organisation/sector/geographical block) is absent without an acceptable reason from three (3) consecutive meetings of the committee during its term of office will be replaced in terms of the Rules for the filling of vacancies.
- 9.14 Any Ward Committee Member whose representative(s) (organisation/sector/geographical block) is absent, without an apology tendered, from six (6) meetings of the committee during its term of office will be replaced in terms of the Rules for the filling of vacancies.

10. TERMINATION OF MEMBERSHIP

- 10.1 A member vacates office during a committee's terms of office if that member:
 - 10.1.1 resigns in writing,
 - 10.1.2 no longer qualifies,
 - 10.1.3 is removed from office,
 - 10.1.4 dies,
 - 10.1.5 is indebted to the Municipality for more than 3 (three) calendar months and where no agreement was entered into and honoured for payment of mentioned debt,
 - 10.1.6 is no longer capable to perform the duties attached to the office by majority decision of all members of the committee,
 - 10.1.7 is convicted of a criminal offence and sentenced to imprisonment without the option of a fine,

12/21

- 10.1.8 represents an organisation/sector/geographical block which fails to adopt a constitution or to provide minutes of at least three meetings per annum. Minutes must be submitted to the Administration via the Ward Councillor,
- 10.1.9 is absent from Ward Committee meetings as described per/in terms of 9.13 and 9.14 above,
- 10.1.10 disciplined and expelled in terms of the Code of Conduct for Ward Committee Members. Once a member has been expelled from a ward committee, he/she may not be re-elected during the same term of office for Ward Committees.

11. FILLING OF VACANCIES

- 11.1 Vacancies will be filled from the replacement list available from the initial or previous election of Ward Committee Members, by the Ward Councillor in consultation with the Ward Committee.
- 11.2 In the absence of such a replacement list, vacancies shall be filled by following the election procedure set out per Item 7 of the Rules.
- 11.3 The process set out in 11.1 and 11.2 above must:
 - 11.3.1 take into consideration the agreed ratio as described per clause 7.1.4 and 7.1.5 above,
 - 11.3.2 promote/maintain women equity of at least three (3) women per Ward Committee,
 - 11.3.3 promote/maintain diversity of interests in the Ward to be represented.

12. REIMBURSEMENT OF OUT-OF-POCKET EXPENSES

- 12.1 Ward Committee Members or their secundus will be reimbursed for out-of-pocket expenses in accordance with the schedule developed and from time-to-time amended for the last-mentioned purpose. The Ward Committee Members will be obliged to:
 - 12.1.1 attend formal scheduled ward committee meetings (per Council's meeting cycle) and to be present for the duration of such meeting,
 - [12.1.2] communicate regular service delivery request (if any) via the customer care helpdesks and emergency control room,
 - [12.1.3] attend possible training and capacity building programmes and be present for the duration of such training and capacity building programmes,
 - [12.1.4] ensure that quarterly report-back meetings are held with their respective organisations, sectors, and geographical blocks. Minutes of meetings will serve as proof of meetings held,

13/21

- [12.1.5] attend and/or participate in other forums formally communicated by the municipal administration (for example Overstrand Municipal Advisory Forum, etc.) and other spheres of government and to be present for the duration of such meetings.
- 12.2 The reimbursement in respect of travelling costs for all Ward Committee Members, residing outside a 20km radius of the meeting venues within the Ward will be in accordance with the schedule included in the current municipal operational budget. Ward Committee Members will be reimbursed for travelling costs outside a radius of 30km of the meeting venue within or outside the Ward at the rates applicable to Councillors.
- 12.3 Elected Ward Committee Members (excluding Councillors) will be reimbursed for out-of-pocket expenses as per the following guidelines, namely:
- 12.3.1 that the reimbursement amount will be paid to the Ward Committee Members in person and not to the organisation/sector/geographical block that he/or she represents,
- 12.3.2 that secundus for representatives of organisations/sectors will be reimbursed for attendance in the absence of the first/second nominated representatives at a particular, official ward committee meeting,
- 12.3.3 that reimbursement only be paid on verification of attendance register of meetings attended and that reimbursement will only be electronically transferred to the bank account of the relevant Ward Committee Member(s),
- 12.3.4 that Ward Committee Members may elect not to be reimbursed by informing the administration in writing to such effect.

13. RESPONSIBILITIES OF THE MUNICIPAL ADMINISTRATION

- 13.1 Provide administrative support to Ward Councillors and Ward Committees to arrange official ward committee meeting by:
- 13.1.1 compiling agendas of respective Ward Committees after approved agenda items have been received from the respective Ward Councillors,
- 13.1.2 attending to logistic arrangements for example venues, equipment, etc,
- 13.1.3 communicating of notices of public meetings to residents in respective Wards on a quarterly basis,
- 13.1.4 recording minutes ward committee meeting, including meetings with the public and circulating with agendas to Ward Councillors, Ward Committees and other affected parties,
- 13.1.5 attending all official ward committee meetings with regard to responsible staff,
- 13.1.6 attending ward committee meetings on request and approval by Municipal Manager/Director to resolve outstanding matters.

14/21

- 13.2 Provide technical support to Ward Councillors and Ward Committee Members in their official capacity, relating to municipal services.
- 13.3 Assist with the interpretation of information/translations in official languages applicable to the Municipality, where necessary.
- 13.4 Prepare and submit budget requests for administration of Ward Committees.
- 13.5 Facilitate and assist with involvement of Ward Committees in obtaining its objectives for example IDP, budget processes, Performance Management, etc.
- 13.6 Implement or assist with projects directly affecting Ward Committees.
- 13.7 Facilitate and monitor the completion of all recommendations forwarded by Ward Committees.
- 13.8 Develop and provide capacity building and training programmes for Ward Committees when necessary, during their term of office.
- 13.9 Assist with arrangement and/or provide municipal transport to Ward Councillors and Ward Committee Members to attend to official business where necessary.
- 13.10 Facilitate and ensure the payment of out-of-pocket expenditure to Ward Committee Members where applicable.
- 13.11 Record and monitor performance of respective Ward Committees as per the Municipality's administrative and performance management systems.

14. DISSOLUTION OF WARD COMMITTEES

- 14.1 The Council may dissolve a ward committee if the committee fails to fulfil its object, based on the following indications:
 - 14.1.1 a ward committee fails to convene three (3) consecutive official meetings in terms of Council's meeting cycle, and
 - 14.1.2 in the event of fraud, corruption, or any serious malpractice in which the particular ward committee is found to be involved.
- 14.2 there should be due notice before a Council proceeds to dissolve a ward committee.

15/21

POLICY SECTION:	DIRECTORATE: COMMUNITY SERVICES
CURRENT UPDATE:	DECEMBER 2022
PREVIOUS REVIEW:	24 AUGUST 2021
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	29 FEBRUARY 2012
PREVIOUS REVIEW:	4 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	27 MAY 2009
PREVIOUS REVIEW:	16 MAY 2007
APPROVAL BY COUNCIL:	4 JUNE 2003

16/21

SCHEDULE 1**ELECTION (VOTING) PROCESS AT ELECTION VENUES**

1. Election for members of a Ward Committee will take place by secret ballot on ballot papers prepared by the Municipal Administration.
2. The local elected Ward Councillor and observers will oversee the election process of the Ward Committee Members in the Ward.
3. The respective nominated representative(s) or one other representative from the organisations/sectors and geographical block participating in the election will be allowed as observers for the duration of the election process and are to be seated in a designated space inside the venue.
4. The protocols to restrain the spreading of the Coronavirus (COVID-19) as per the applicable Regulations issued in terms of Section 27(2) of the Disaster Management Act, 2002 must be complied with at all election venues.
5. On election day eligible voters must visit the election venue(s) in the Ward where they are registered to vote as per the voters' roll.
6. Eligible voters must show their green bar-coded South African identity book/ identity card/ temporary identity card to the responsible election assistant.
7. An Election assistant will check the name of the potential voter against the voter's roll, and
 - 7.1. if the name of the potential voter appears on the voters' roll the name will be marked off the roll and the eligible voter must place his/her signature next to his/her name on the voters' roll.
 - 7.2. if the name of the potential voter does not appear on the voters' roll the last mentioned will not be allowed to vote.
8. Eligible voters will be issued with two ballot papers in order to vote for an organisation and a geographical block in the event of electing a ward committee and only one ballot paper in the event of electing one Ward Committee member.
9. Eligible voters will be directed to an empty ballot booth to exercise their vote(s) by:
 - 9.1. making a mark(s) on the ballot paper(s) next to the organisation/sector and geographical blocks with its respective candidates of his/her choice,
 - 9.2. fold the ballot papers once, so that the choice(s) exercised is not visible, and
 - 9.3. place the ballot papers in the ballot box.

17/21

10. Physically disabled or visually impaired voters must be assisted by the Election Officer at the voting.
11. A voter may require for a replacement ballot paper from the Election Officer if he/she incorrectly marked a ballot paper before placing the last-mentioned ballot paper in the ballot box.
12. Once a ballot paper has been placed in a ballot box it cannot be removed.
13. The counting of ballot papers will commence after the last eligible voter that was inside the venue before the scheduled closing time for voting has cast his/her vote(s).
14. The venue will be closed with only election officials, Ward Councillor, and observers from organisations/sectors and geographical blocks present inside the venue.
15. Ballot box(es) will be opened, and ballot papers will be placed on table(s) prepared for counting purposes.
16. A ballot paper marked in more than one block on the same ballot paper or marked outside blocks provided for on a ballot paper will not be counted as a valid vote, but rather as a spoiled ballot paper.
17. The Election Officer will record results for organisations/sectors and geographical blocks respectively in the order of the highest to the lowest number of votes achieved during the election.
18. If the same number of votes is cast during election for organisations/sectors or geographical blocks the result will be determined by way of casting the lot in instances where it is required to finalise the ten (10) Ward Committee Members and the order of the rating on the possible replacement list.
19. The Election Officer must prepare the list of the ten (10) elected Ward Committee Members, taking into consideration the agreed ratio between organisations/sector and geographical blocks for the Ward Committee and ensure that preference be given to at least three (3) women representatives and where possible, at least one (1) organisation representing the interest of the youth, disabled and elderly.
20. If more nominations than the mentioned ten (10) Ward Committee Members received votes, at the elections, the particular organisations/sectors/geographical blocks must be placed on a replacement list for the particular Ward Committee, rated in order of the highest to the lowest number of votes achieved during the election.
21. Voters or observers may lodge an objection against possible irregularities observed during the election process with the Election Officer at the election venue.

18/21

22. An appeal may be lodged on the same day of the specific elections (before results is finalised) to the Municipal Manager or deligatee if an objection cannot be resolved by the Election Officer. The ruling by the Municipal Manager or deligatee will be final.
23. The results of a ward committee election will be declared by the local Ward Councillor at the election venue, after counting and finalising of list of elected Ward Committee Members and possible replacement list for the particular Ward.

19/21

SCHEDULE 2**CODE OF CONDUCT FOR WARD COMMITTEE MEMBERS****1. PREAMBLE:**

- 1.1 The purpose of the code is to ensure that Ward Committee Members fulfil their obligations to the respective wards they represent.
- 1.2 The code is furthermore a set of guidelines to promote improvement of good behaviour of individual Ward Committee Members and to foster good relations with the community, administration and Council.
- 1.3 This code is based on the Code of Conduct for Councillors and needs to be read in conjunction with the mentioned Code.

2. GENERAL:

Ward Committee Members must at all times:

- 2.1 Perform their responsibilities/obligations with integrity, honesty and in a transparent manner.
- 2.2 Not in any way compromise the stability of the particular Ward Committee/local Ward Committee system.
- 2.3 Not compromise the integrity and credibility of the Municipality.

3. ATTENDANCE OF MEETINGS:

- 3.1 Ward Committee Members and/or their respective secundus must strive to attend all officially scheduled Ward Committee meetings.
- 3.2 Organisations/sectors/geographical block (block representatives) will automatically be dismissed from affected Ward Committee(s) if their Ward Committee Member(s) and secundi (secundus) fail to comply with clauses 9.13 or 9.14 in terms of the Overstrand Ward Committee Rules.

4. DISCLOSURE OF INTEREST:

- 4.1 A Ward Committee Member must disclose direct or indirect personal or private interest in any matter serving before the Committee.
- 4.2 It is expected of a Ward Committee Member to recuse him/herself from the discussion of an item before the Ward Committee in situations described in 4.1 above.

20/21

5. PERSONAL GAIN:

A Ward Committee Member must not:

- 5.1 Use his/her position as a Ward Committee Member for private gain or to improperly benefit from another person.
- 5.2 Accept any gifts, rewards, and favours for their involvement in responsibilities/activities with regard to the Ward Committee.

6. INTERVENTION IN ADMINISTRATION:

A Ward Committee Member must not:

- 6.1 Interfere in the administration or any department of the Municipality.
- 6.2 Give instruction(s) to employee(s) of the Municipality.
- 6.3 Obstruct or attempt to obstruct the implementation of any decision of Council or administration.
- 6.4 Encourage participation in any action that would result in maladministration within the Municipality.

7. COUNCIL PROPERTY:

A Ward Committee Member may not misuse, take, acquire or benefit from any property or asset under control or owned by the Municipality.

8. DISCIPLINARY ACTION:

- 8.1 If reasonable suspicion exists that provision of this Code of Conduct has been transgressed the Chairperson of the Ward Committee must:
 - 8.1.1 Provide a written report with the facts to the Speaker;
 - 8.1.2 The Speaker will give the affected Ward Committee Member a reasonable chance to respond to the alleged breach of the code;
 - 8.1.3 Speaker will take an informed decision on the matter based on the evidence available to him/her.
- 8.2 The Mayor will act as the appeal authority.

21/21

DECLARATION

I, _____

Solemnly declare that I have carefully studied the Ward Committee Rules for Overstrand Municipality and the related Code of Conduct for Ward Committee Members. I fully agree that I shall be bound by the last-mentioned Rules and Code of Conduct in the execution of my functions and duties.

Signed at _____ on this _____ day of _____ 2022.

.....
SIGNATURE OF WARD COMMITTEE MEMBER

.....
WARD NO.

.....
WARD COMMITTEE MEMBER *(name in printed capital letters)*

.....
DATE

.....
AREA MANAGER/DIRECTOR: COMMUNITY SERVICES

.....
DATE

AS WITNESSES:

.....
Signature

.....
Date

.....
Signature

.....
Date



Memo

To : ALL COUNCILLORS
ALL WARD COMMITTEE MEMBERS
DIRECTORS
ALL MANAGERS: COMMUNITY SERVICES

From : DGI O'NEILL, *Municipal Manager: OM*

cc : MS Moolman, *Acting Senior Executive Support Officer*
Ward Committee Administrative Officials

Date : 4 AUGUST 2022

RE : REVIEW OF WARD COMMITTEE RULES, 2021

The attached Ward Committee Rules, 2021 refers.

All Councillors and Ward Committee members are hereby afforded the opportunity to provide comments on the attached Rules. All comments (via email/per hand) must reach the office of the mentioned managers by not later than **5 September 2022**:

Senior Manager: Hermanus Administration : Mr A Wyngaard awyngaard@overstrand.gov.za
Senior Manager: Kleinmond Administration : Mr D Lakey dlakey@overstrand.gov.za
Senior Manager: Gansbaai Administration : Mr F Myburgh fmyburgh@overstrand.gov.za
Manager: Hermanus : Mrs B Plaatjies bplaatjies@overstrand.gov.za

In the event of documents being physically handed in, it must be ensured that the relevant Senior Manager/Manager or Administrator (responsible for Ward Committees) provide an acknowledgement of receipt. No late submissions will be accepted.

You are also invited to a consultative meeting, scheduled for **30 August 2022, from 18:00 at the Auditorium, Hermanus**. All matters of clarity regarding the review of the Rules (including meeting cycle) will be resolved at last-mentioned meeting.

DGI O'NEILL
MUNICIPAL MANAGER: OM

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 1. PREAMBLE 1.2. Ward committees are regarded as the vehicle to promote good governance at local government level and must, in conjunction with the Council, execute the constitutional objects for government.</p> <p>No, not really? It is the legislative role of the Speaker to do this, for which he gets paid. It is absolutely not the role of Ward Committees... their role is clearly defined in 1.1 with the addition of Public Participation</p> <p>Question: Is this statement actually taken seriously by our Council? We experience dictatorial action taken without consultation. Requests for meetings are often not responded to. E.g. The Gravel Road – Hermanus Heights</p> <p>Question: If Ward Committees are seen as the vehicle for good governance, then why is the number of meetings planned to be reduced with consequent delays in issues being tabled and later addressed?</p> <ol style="list-style-type: none"> 1. In the preamble encapsulates the intent of legislation regarding the importance of WC but the currently experienced reality contradicts this. Unless Council takes this seriously there is no point in participating. 2. It is actually the role of the Speaker in terms of the June 2021 amendment to the Systems Act. It is to the council's discredit that this issue has had to be referred to the Systems Act. It is to the council's discredit that this issue has had to be referred to the province as a complaint in order to get some action. 	Noted
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 2. OBJECTIVES 2.2.4. strategic decisions of the Municipality relating to the provision of municipal services in terms of Chapter 8 of the Systems Act, 2000.</p> <p>Question: If the above is adhered to then why are they presented as <i>Fait Accompli</i> by Council? If this is so, then how is point 2.2.4 given effect to?</p> <p>Speaks about strategic objectives and the WC role in their enhancement via participatory democracy. This simply does not happen, and the current council's ears are deaf to even simple requests.</p>	Noted

Annexure C 1/24

Date: 2 December 2022

1

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
	<p>Refer to Rules: 2. OBJECTIVES</p> <p>2.3 A Ward Committee is the official channel of communication between the community and municipality regarding municipal matters in a particular Ward.</p> <p>Question: How does this impact on the role of the Ward Councillor? If we have the opportunity to meet only every second month then how can we be an effective communication channel?</p>	Noted
<p>Ward 3</p> <p>Hermanus Rate Payers Association</p>	<p>Refer to Rules: 2. OBJECTIVES</p> <p>2.4 A ward committee is an advisory body without any executive powers to assist the Ward Councillor[s] in their duties.</p> <p>Question: There is a disconnect between statements made in the Preamble and the statement in 2.4. How can we fulfil these objectives if there is functionally no executive power? Fix the statement or allocate some powers because you can't have both scenarios.</p> <p>Is simply incorrect as this is the responsibility of the Ward Councillor. This needs to contain a statement spelling out the specific role of the WC as opposed to that of the Ward Councillor.</p> <p>Encapsulates the essence of the dysfunction of WC as referred to in the introduction. Unless there is some modification of this statement the dysfunction will continue.</p>	Noted
<p>W3</p> <p>Hermanus Rate Payers Association</p>		

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
	<p>Refer to Rules: 4. LEGAL FRAMEWORK</p> <ul style="list-style-type: none"> - The Constitution, 1996 - Municipal Structures Act, Local Government: Municipal Structures Act, No. 117 of 1998 - Municipal Systems Act, Local Government: Municipal Systems Act No. 32 of 2000 - Municipal Finance Management Act (MIFMA) - Local Government: Municipal Finance Management Act, No. 56 of 2003 - Guidelines for the establishment and operation of Municipal Ward Committees Notice 965 of 2005 - National Policy Framework for Public Participation, 2007 - National Framework: Criteria for Determining out of pocket expenses for Ward Committee Members, 2009. - Overstrand Municipality: Public Participation Policy <p>Every single one of these documents references democratic community representation:</p>	
<p>Ward 3</p> <p>Hermanus Baboon Action Group (HBAG)</p>	<p>The link between Municipality and the community lies with the Ward Committee members supported by their Ward Councillor, to enable all role players to express concerns, to support accountability and transparency, good governance, service delivery performance all without fear of favour!</p> <p><i>*The Municipality must develop a culture of municipal governance that compliments formal representative government with a system of participatory governance* - Overstrand Public Participation Policy.</i></p> <p>Ref: Municipal Systems Act of 200 Community involvement</p> <p><i>*A municipality, through appropriate mechanisms, processes and procedures established in terms of Chapter 4, must involve the local community in the development, implementation, and review of the municipality's performance management system, and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.*</i></p> <p>Proposal:</p> <p>All documents for perusal/comment to be provided in reasonable time as attachments with notice and agenda, or via a properly checked link to enable easy referral by all members at all times. Agendas and minutes (once approved by Ward Committees) of public ward meetings should be posted on OM Website in terms of Local Government Systems Act 21a and 21b.</p>	<p>Noted</p> <p>Local Government: Systems Act, 2000, Section 21.(1)(a) and (b) refers to notification to be publicized in local newspapers.</p>

U/24

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	Refer to Rules: 4. LEGAL FRAMEWORK National Framework: Criteria for Determining out of pocket expenses for Ward Committee Members, 2009. The current amount paid by the OM is R500 which is half of what is recommended in the document 13 years ago and we are not a poor Municipality.	Allocation of R500.00 is per unconditional grant funding
Ward 3 Hermanus Rate Payers Association	Refer to Rules: 5. MEMBERSHIP 5.5 The election of Ward Committee Members described in 5.4 above must take into account the need: - for women to be equitably represented in a ward committee, with a minimum of three (3) women per Ward Committee. for diversity of interests in the Ward to be represented Why 3 and not 4 or 2? How was this number arrived at? Agreed it is the Organisation that is elected, not a man or woman! The gender of its representative is no business of the Municipality? 5.5 needs clarification and a justification or rationale for the number of women to be represented. In essence it is an organisation that is elected and not a person and the gender of an organisation's representative is no business of the municipality. This is probably unconstitutional.	Refer to content of report to Council Refer to content of report to Council
Ward 1 Stanford Comments received from Mr Roodt	5.5: this should only be in the Schedule 1 as it involves election. See point 19 in the Schedule 1. There is a difference between the two paragraphs: 5.5 seems to make it compulsory to have 3 women. This may be unattainable if women do not volunteer for this work, which is a thankless task as it is, and the meetings are mostly at the time that a mother needs to attend to children and supper. in Sch 1 19 the wording is better saying that "preference be given to at least 3 women". I propose that 5.5 is left out and Sch 1 19 stays as it is.	Refer to content of report to Council

5/24

Date: 2 December 2022

4

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
	Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES	
Ward 3	<p>6.1. Ward Committees together with the Overstrand Municipal Advisory Forum (OMAF) will act as the official liaison mechanism on all strategic municipal matters affecting the community. This may sound good in principle but how is it meant to work in practice? There needs to be a clear statement of how this plays out in practice. The mechanisms etc.it can also not be achieved on the basis of only 6 meetings per annum.</p>	Noted
Hermanus Rate Payers Association		
	Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES	
Ward 3	<p>6.2. Ward Committees will be the official body with which the Ward Councillors will liaise regarding any matter affecting their respective wards and more specifically items on the agenda of the Municipality affecting the particular ward. Once again, a nice principle but we have seldom ever seen it in operation. If we move to a bi-monthly meeting schedule how will this intended feedback ever take place? Issues will be dragged out interminably.</p>	Noted
Hermanus Rate Payers Association		Refer to proposed revision of the Rules
	Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES	
Ward 3	<p>6.3. The Ward Councillors must give feedback at ward committee meetings and at least on a quarterly basis to constituencies on Council matters, as required in the Code of Conduct for Councillors. Agreed..... but is this not covered in 6.7 below?</p>	
Hermanus Rate Payers Association	Once again this is a nice principle, but it has never been enacted in the 4 years of my tenure on the Ward Committee. Once again, a bi-monthly schedule of meetings will ensure that this seldom ever happens.	Noted
		Refer to proposed revision of the Rules

5/24

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 1 Stanford Comments received from Mr Roodt	Insert "regular" to read: The Ward Councillors must give regular feedback, or it must be specified that feedback must be given at every scheduled Ward Committee.	The Rules specify quarterly feedback
Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES		
Ward 3 Hermanus Rate Payers Association	6.5 Ward Committee Members must attend official meetings scheduled in terms of Council's meeting cycle or upon special request by the Council or Speaker. We need to know which meetings are being referred to here and for what purpose. The statement is too generic.	Refer to proposed revision of the Rules
Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES		
Ward 3 Hermanus Rate Payers Association	6.6 Members of the Ward Committee must submit items for discussion to the Administration at least fourteen (14) days before the official ward committee meeting. Why such a long lead time? Agreed This lead time is too long. Ten days as a maximum.	14 days ample time for all members to respond.
Ward 4 WESTCLIFF RESIDENTS' ASSOCIATION (WRA) Mr De Kock	This rule is very difficult for ward committee members as the scheduling of official ward committee meetings have taken place very randomly during 2022 and not according to a fixed ward committee schedule for the year. A Ward Committee Meeting Schedule for each year must be set up and distributed to all the wards.	Refer to proposed revision of the Rules

6/24

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES</p> <p>6.8 Formal minutes of quarterly report back meeting of constituencies (referred to in 6.7) should be submitted to the municipal administration via the Ward Councillor within 21 days after the aforementioned meeting.</p> <p>This is OK but please recognise that this takes time and effort and incurs costs which are not borne by the Municipality. If the "Out of pocket expenses" were more adequate it would facilitate this process. 6.8 is far too specific and should read something like... Evidence of feedback to constituencies needs to be provided on a quarterly basis.</p>	Minutes of meetings are specifically required as evidence
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES</p> <p>6.9 Ward Committee Members must report issues pertaining to maintenance of infrastructure to the respective municipal customer care help desks or emergency control room located in or closest to their particular ward, using their allocated unique reference numbers.</p> <p>Very happy to do this but it assumes that the mechanism put in place by the municipality actually works. The OM has neglected this for many years, and it is still not resolved despite being a legislative requirement.</p> <p>What about the new Collaborator App.....is that not now the official comms mechanism. Currently council is in breach of its legislated responsibility with regard to this provision and has been for many years as there is not an effective complaints management system. FIX IT QUICKLY.</p>	Noted The new app is part of a customer care tools
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES</p> <p>6.10 A Ward Committee may establish task team(s) to perform specific task(s) on behalf of the committee, for example monitoring projects within the Ward.</p> <p>Under what circumstances?</p>	Noted The statement in the Rules, specifies an example

7/24

Date: 2 December 2022

7

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
	Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES	
Ward 3	6.11 It is required of Ward Committee Members to attend training/capacity building sessions scheduled by the local municipality or other sphere (provincial/ national) of government. Accepted, but everyone attended over the last number of years has been a waste of time.	
Hermanus Rate Payers Association	Make these meaningful or scrap them.	Noted
	Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES	
Ward 3	6.12 It is the responsibility of all Ward Committee Members or nominated Ward Committee Members to attend the Overstrand Municipal Advisory Forum (OMAF) or forums outside the Municipality upon formal request by the Speaker /Municipality Administration. Accepted, but the OMAF is usually one way traffic. The 2022 was a monologue from the Mayor where we were told how things were going to be in future.	
Hermanus Rate Payers Association	If the last OMAF meeting was the standard by which they are to judge, then our view is NO THANKS. One and a half hours of one-way communication with dim lighting and bad sound was enough.	Noted
	Refer to Rules: 6. FUNCTIONS OF WARD COMMITTEES	
Ward 3	6.13 Geographical blocks must conduct their business in accordance with standardised rules of order (regulating documents) to be provided by the municipal administration, where necessary. Is there such a set of rules in existence and if so, may we have a copy please?	
Hermanus Rate Payers Association		Noted Rules part of Council's policies on Intranet

2/24

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION</p> <p>7.1 Obtain nominations to serve on Ward Committees</p> <p>7.1.2 The organisations/sectors eligible for election must have been operational in the particular ward for at least six (6) months, except for newly established organisations that directly represent the interest of women, youth, disabled and the elderly.</p> <ul style="list-style-type: none"> at least 20 members, whose names appear on the voters' roll for the particular Ward been in existence in the Ward for at least six months a constitution adopted at a General Meeting of members, provide minutes of at least one General meeting of members. <p>I don't think that any organisations – including newly-established can be exempted from the above requirements....</p>	Noted Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION</p> <p>7.1.3 Representatives nominated by sectors/organisations/geographical blocks on respective Ward Committee must represent a diversity of interest located in a particular ward and also comply with requirements listed under item 5 above.</p> <p>This is an important aspect because I have heard it said that Ward Committees should basically be an agglomeration of geographical blocks. This also plays into the number of organisations etc which one may vote for. Clear guidelines need to be formulated with regard to the mix of Geographical Blocks and Civil Society Organisations in a particular ward.</p> <p>A suggestion is that no more than 50% of a WC may be made up of either Geographical Blocks or Organisations, meaning at most a 50-50 split.</p>	Split influenced by composition of community structures within the respective wards

9/24

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
<p>Ward 3 BOTSOC</p>	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION 7.3 Appointment of Election Officials If the objective of a ward committee is to enhance participatory democracy (1.1) then the rules should facilitate representation of the broad community in a particular ward. The introduction of a single vote for an organisation or sector and one vote for a geographical area, restricts the diversity of interests represented. Most residents have multiple interests and should be allowed to vote for at least 3 organisations and sectors. This will not affect the length of the ballot paper and will therefore not result in additional printing costs. What needs to be changed is the instruction to voters. At the election in November 2021 the youth desk was included on the ballot. While I support the view that there should be an attempt to facilitate the inclusion of the youth in the Ward Committee system, the 'Youth Desk' is as I understand it, an establishment of the OM's Social Development Department and is therefore not an independent community group.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>
<p>Ward 10 Mr R Gould Ward Committee Rule Review workshop minutes</p>	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION 7.4 Election (voting) process at election venues Mr R Gould from Ward 10 indicated that the nominations for the Ward Committees should either be just as the general election is completed, or three to six months afterwards. The Executive Mayor indicated that the election for the Ward Committees must be concluded within three months after the results of the general election. It is suggested that the call for nominations be done after 20 days. The Executive Mayor also mentioned that the Portfolio Committee meetings were held on one day and the Mayoral Committee and Council Meeting was held on one day, which is problematic.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>

10/24

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
<p>Ward 3 Hermanus Rate Payers Association</p>	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION 7.4.3 A registered person can only vote for one organisation/sector and/ one geographical block representative during the election process of a particular Ward Committee. This issue was the source of much dissatisfaction at the last WC election. There are many civil society organisations in which people participate and who the voting public wish to see represented on the WC. Many people support more than one interest group and for different reasons. Restricting the vote to only one forces an unwelcome choice. If for instance, I live in Eastcliff but I am passionate about HBS and also the Baboon Action Group and I vote for HBS then I can't be sure that the interests of the BAG will be promoted. Also, the number of Geographical blocks should be restricted so as to allow for the election of representative interest groups. Unlike the Political structure Ward Committees are non-political and different criteria need to apply in terms of representation on the committee.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>
<p>Ward 3 Hermanus Baboon Action Group (HBAG)</p>	<p>Fair and reasonable procedure are missing, relating to the election of Only One organisation and Only One geographical area to be elected by each voter. In an active community such as Hermanus, there are a number of extremely relevant organisations who represent the various wards. May voters and committee members expressed dissatisfaction that they could only vote for One in each category, whereas they favoured several. A proposal to allow a maximum of 3 ticks on each ballot paper (organisation) would have provided a far better indication of which groups are actually favoured and of significance in the community. A less active organisation which seldom, if ever, participates in community issues, should not be given favour over those which are constantly working within the ward for the real benefit of property owners. A review of this procedure should be undertaken and voted upon by communities themselves.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>
<p>Ward 4 WESTCLIFF RESIDENTS' ASSOCIATION (WRA) Mr De Kock</p>	<p>Many committee members and voters have expressed unhappiness with the fact that they could only vote for ONE in each category, as they feel that more than one vote (maximum three votes) would provide a more true reflection of the favoured and significant entities to serve on the Ward Committee. A single vote can lead to the election of an entity which does not necessarily contribute to the community. Also, a single vote can lead to an active entity that constantly works for the community, not receiving ample votes.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>
<p>Ward 13 OREF</p>	<p>RE the WC election process, as discussed after the last election in the auditorium - we as a group collectively felt that ratepayers should be able to elect the full WC of their choice by being allowed to vote for 10 candidates on the ballot paper, not just for one.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 13 Onwerwag Neighbourhood Watch	The proposal is that if the Ward Committee consists of 10 members, then a registered person can vote for at least 50% of the organisations nominated. Many of the registered persons who can vote, would like to support more than one organisation on the committee. This could avoid a situation whereby organisations do not receive any votes and 10 members are not elected. A process similar for the election of Board members for Special Rating Area.	Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules
Ward 3 Heranus Rate Payers Association	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION</p> <p>7.4.4 A minimum of not less than 2 (two) organisations/sectors to be elected as members of a particular ward committee whilst the balance must be elected from geographical blocks.</p> <p>This section needs a lot more thought so as to achieve the optimum balance between geographical blocks and interest groups. This will be a difficult and emotive issue to resolve. In Ward 3 there are potentially 7 geographical blocks which leaves only 3 interest groups. Currently there are at least 8 interest groups either currently represented or potentially vying for election in 5 years' time. That's a total of 14 to 15 legitimate groups. The parameters need careful consideration to achieve a balance between geography and the interests of residents.</p>	Influenced by composition of community structures in each ward
Ward 3 Heranus Rate Payers Association	<p>Refer to Rules: 7. OVERALL PROCEDURE FOR ELECTION</p> <p>7.4.5 The ratio between organisations/sectors and geographical block representation, also taking into consideration 7.4.4 above, will be determined by the newly elected Ward Councillor, in consultation with the appointed election officer, taking into consideration the nominations received for the particular ward, upon finalising the list of nominations (refer to 7.1.8 above).</p> <p>This is referred to in the section above and to simply leave it to the Ward Councillor and the election official doesn't sound workable. How will the "consideration" take place and based on which criteria? This needs to be spelled out so as to avoid conflict and perceptions of favouritism and or bias etc...</p>	Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules
Ward 3 BOTSOC	<p>Refer to Rules: 9. CONDUCTING OF WARD COMMITTEE MEETINGS</p> <p>Also, with reference to section 13. Responsibilities of the Municipal Administration: In view of the communication at the meeting on 30 August, does the administration plan to amend the rules to accommodate changes in scheduling meetings? What commitment will there be to deliver documentation in good time and to have minutes circulated timeously? We believe this should be written into section 13.</p>	Refer to Item 13.1.4

12/24

Date: 2 December 2022

12

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
	Refer to Rules: 9. CONDUCTING OF WARD COMMITTEE MEETINGS	
Ward 3 Hermanus Rate Payers Association	<p>9.1. A ward committee must meet at least monthly, except for period(s) when Council is in recess.</p> <p>There is no practical alternative to the conducting of WC meetings on a monthly basis. This aspect is not the privilege of the Executive Mayor to play around with. To reduce the number of meetings robs the WC of its regular voice in the exercise of its mandate and the expectations spelled out in the Preamble.</p>	Refer to proposed revision of the Rules
Ward 13 OREF	<p>RE frequency of Ward Committee meetings – it seems that no matter what our comment is, the decision has been made that we will have meetings every second month. If this doesn't work, the Mayor has said we can discuss going back to monthly meetings. For what it is worth, my comment would be that WC meetings should remain at once a month, if the calendar was set out a year in advance there is plenty of time for notice to be given and minutes to be done (3 days) to facilitate the process of engagement through the different levels of: Week one - Ward Committee meetings, Week two - Portfolio Committee, Week three - Mayco and Week four - Council, with the cycle starting again with feedback to the Ward Committee in Week one again. Having informal meetings in place of formal meetings is not going to empower us to move anything forward, we need the monthly cycle to keep the momentum going.</p>	Refer to proposed revision of the Rules
Ward 13 Onverwag Neighbourhood Watch	<p>A ward committee must meet at least monthly, except for period(s) when Council is in recess.</p> <p>The present Mayor has altered the cycle of Portfolio Committee/ Mayco meetings. In five years from now the following Mayor may revert to the cycle that existed in the past. The proposal is that we continue to meet monthly otherwise the momentum of communication and feedback creates a lengthy gap which takes too long. This is from issues raised within the community and brought to the committee and vice versa. The committee continues to receive the necessary support regarding venues, equipment, agendas, minutes, and staff for unofficial meetings.</p>	Refer to proposed revision of the Rules

13/24

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 P Redford Ward Committee Rule Review workshop minutes	<p>Ms P Redford from Ward 3 indicated that the rules that is currently under review must be followed. She mentioned rule 9.1 and 9.3 regarding frequency of meetings. She also indicated that the agendas and minutes are distributed in a too short timeframe.</p> <p>The Executive Mayor indicated as mentioned before, that the 14 Ward Committees be on the same level, and also that it is sometimes impossible to compile and sign off on the agendas before the notice period. There is commitment from all involved to try to ensure that the minutes and agendas be distributed earlier.</p>	Refer to the revision of the Rules
Ward 13 H Greeff Ward Committee Rule Review workshop minutes	<p>Mr H Greeff from Ward 13 suggested the meetings be pre-planned and calendarized in advance, so then the notice period for meetings do not need to be 7 days, as it is already prebooked in advance.</p> <p>Councillor Nutt indicated that they will be prepopulating the calendar and it will be distributed when completed.</p>	Noted Calendar of meeting dates can be distributed
Ward 1 Stanford Comments received from Mr Roodt	9.1 should be retained!! As it stands in this document, it is not as dictated by the Executive Mayor in her 2-month cycle.	Refer to the revision of the Rules
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 9. CONDUCTING OF WARD COMMITTEE MEETINGS</p> <p>9.6 The timeframes for meetings must not exceed the following number of hours, namely:</p> <p>9.6.1 Quarterly public report back meetings: three (3) hours</p> <p>9.6.2 Other meetings: two (2) hours.</p> <p>Meetings should be allowed to continue until all the business on the agenda has been dealt with. If meetings are to be held bi-monthly, then how in heaven's name will all the business take place in two hours. These are not Council meetings which have basically been decided in caucus beforehand.</p> <p>Agreed – meetings should continue until agenda items are dealt with</p>	Duration of meeting limited to ensure agenda items are timely concluded in the interest of all members

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 9. CONDUCTING OF WARD COMMITTEE MEETINGS 9.9 If a member has a direct or indirect financial interest in any matter serving before the committee, unless that interest is the same as any other person in the Ward, such person must recuse himself/herself from such discussion.</p> <p>This requires clarification e.g. Must the HSC rep recuse himself when possible funding for the HSC is discussed? Must the HBS rep recuse herself when possible funding for Fernkloof is discussed?, etc</p>	Agree
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 9. CONDUCTING OF WARD COMMITTEE MEETINGS 9.11 Any Councillor of the Overstrand Municipality may attend any meetings of a Ward Committee.</p> <p>This is a nonsense, and it defies logic. Explanation needed.</p>	Councillors serve for example on Portfolio committees and their service delivery areas affect all wards
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 9. CONDUCTING OF WARD COMMITTEE MEETINGS 9.14 Any Ward Committee Member whose representative(s) (organisation/sector/ geographical block) is absent, without an apology tendered, from six (6) meetings of the committee during its term of office will be replaced in terms of the Rules for the filling of vacancies.</p> <p>Please change the number of meetings missed to 3 and not 6. If you can't be bothered to attend, then allow some other organisation to participate.</p> <p>Agreed – it should be =3</p>	<p>Noted</p> <p>Rule in the interest of all ward committee members</p>

Date: 2 December 2022

15/24

15

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 1 Stanford Comments received from Mr Roodt	<p>Refer to Rules: 10. TERMINATION OF MEMBERSHIP 10.1.8 Represents an organisation/sector/geographical block which fails to adopt a constitution or to provide minutes of at least three meetings per annum. Minutes must be submitted to the Administration via the Ward Councillor,</p> <p>Not all ward committee members represent institutions with members, e.g. De Bron School. Many of the geographical block similarly do not have formal membership and constitutions.</p> <p>Schedule 1; par 4 Corona virus protocols may have been a once off issue. Rather put is a more generic requirements on protocols for meeting that may be in place under appropriate legislation or regulation.</p> <p>par 8 It is not spelt out that voters have only one vote to use per ballot paper (this was the ruling in 2021. I reject this ruling anyway, as it limits the support that you may have for more than one organisation. As 10 are elected, you should have 10 votes. This issue needs more discussion and thought.</p>	Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 11. FILLING OF VACANCIES 11.3.1 take into consideration the agreed ratio as described per clause 7.1.4 and 7.1.5 above.</p> <p>Numbering of 7.1.4 and 7.1.5 is incorrect, should be 7.4.4 and 7.4.5.</p>	Resolved Rules to be corrected to read items 7.4.4 and 7.4.5
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 11. FILLING OF VACANCIES 11.3.2 promote/maintain women equity of at least three (3) women per Ward Committee.</p> <p>Not sure why 3 and not 2 or 4.</p>	Refer to discussion/ item in report

16/24

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 12. REIMBURSEMENT OF OUT-OF-POCKET EXPENSES 12.1.1 Attend formal scheduled ward committee meetings (per Council's meeting cycle) and to be present for the duration of such meeting. Communicate regular service delivery request (if any) via the customer care helpdesks and emergency control room. There are 2 distinct issues here and they should be 2 differently numbered points.</p>	Resolved Numbering to be amended in the Rules: 12.1.1 & 12.1.2
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 12. REIMBURSEMENT OF OUT-OF-POCKET EXPENSES 12.3.4 That Ward Committee Members may elect not to be reimbursed by informing the administration in writing to such effect. Please review the provisions of the National Framework for determining Out of pocket expenses for WC members published in 2009. The suggestion is R1000 per meeting or event and the OM pays R500. Our rates have increased at above inflation every year for the last 9 years. During this time Council and Admin have enjoyed annual increases. Come on.</p>	Grant funding to the amount of R500,00 per Ward Committee member
Ward 3 Hermanus Baboon Action Group (HBAG)	<p>Refer to Rules: 13. RESPONSIBILITIES OF THE MUNICIPAL ADMINISTRATION 13.1 Provide administrative support to Ward Councillors and Ward Committees to arrange official ward committee meeting by: 13.1.1 Compiling agendas of respective Ward Committees. The agenda for a meeting is currently distributed at the very last minute, if at all. This does not enable the committee members to prepare for or properly investigate issues which are to be addressed, in advance of the meeting. Unfortunately, nowhere in the Rules of Ward Committee is there indication of an Agenda having to be distributed to members well before a meeting. Recommended: Minimum of 5 working days would normally be appropriate in most business or organisation practices.</p>	Minutes are only a draft document until approved at the next meeting and therefore distributed with agenda

7/24

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 4 Mr De Kock WESTCLIFF RESIDENTS' ASSOCIATION (WRA)	The agenda for a ward committee meeting is not made available to ward committee members in time for the meeting. This logically leads to ward committee members coming to the meeting unprepared and issues that need investigation are not addressed in advance of the meeting. Best practice in organisations/companies dictate that agendas are made available at least five (5) days ahead of a meeting. Clearly must be given to the appropriate ward committee member in the case where nominated agenda items are not reflected in the official agenda of the forthcoming meeting.	Ward Councilors approve agenda items and therefore able to provide required clarity
Ward 7 R Roberts Ward Committee Rule Review workshop minutes	<p>Mr R Roberts indicated that he is unsure as to how the new rules will be implemented and that if no operational issues may be listed on the agenda, how will it appear on the IDP.</p> <p>The Executive Mayor indicated that she requires strategic input from the Ward Committees and clarified that minor operational issues that can be reported and completed before the next Ward Committee should not appear on the agenda.</p> <p>The Executive Mayor also indicated that should the new system not work, it will be reviewed.</p>	
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 13. RESPONSIBILITIES OF THE MUNICIPAL ADMINISTRATION</p> <p>13.1 Provide administrative support to Ward Councilors and Ward Committees to arrange official ward committee meeting by:</p> <p>13.1.3 Communicating of notices of public meetings to residents in respective Wards on a quarterly basis.</p> <p>This needs to improve as most residents are unaware of the meeting schedule.</p> <p>This needs to improve and should be posted on social media and in the press.</p>	Public meetings are indeed advertised in local newspapers and the Municipal Facebook page

18/24

Date: 2 December 2022

18

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
<p>Refer to Rules: 13. RESPONSIBILITIES OF THE MUNICIPAL ADMINISTRATION 13.1 Provide administrative support to Ward Councillors and Ward Committees to arrange official ward committee meeting by: 13.1.4 Recording minutes ward committee meeting, including meetings with the public and circulating with agendas to Ward Councillors, Ward Committees, and other affected parties. The time taken to produce minutes following WC meetings is too long. Five (5) working days is more than adequate and this will give us time to deal with relevant items.</p>	<p>Ward 3 Hermanus Rate Payers Association</p>	<p>Minutes are only a draft document until approved at the next meeting and therefore distributed with agenda</p>
<p>Minutes are often circulated at the last minute, immediately prior to a meeting, which prejudices those who may not have attended the previous meeting but do need to be informed of progress or particular issues. Minutes should highlight key issues that are discussed, motions proposed or voted on, and activities to be undertaken, to provide an accurate record of what transpired during the meeting. Meeting minutes are important because they are a contemporaneous record of proceedings to document issues raised during a meeting. For example, effective minutes can state the approaches that were proposed to solve a particular problem and the main reason members choose one method over the other. The minutes should include discussions about key ethics and compliance issues. Minutes may be used to show that the committee was taking due care to meet its obligations to oversee the Ward functions. It is irresponsible to remove items featured on the agenda which were discussed. It is illegal to misrepresent the facts or amend minutes after they have been approved by the committee. Proposal:</p> <p>The minutes of ward committee meetings should be circulated within 10 calendar days following a meeting. This applies to notes from any informal meetings too. All documents associated with the agenda and minutes of the previous meeting must accompany the minutes.</p>	<p>Ward 3 Hermanus Baboon Action Group (HBAG)</p>	<p>Minutes are only a draft document until approved at the next meeting and therefore distributed with agenda Where possible, documentation associated with agendas can be distributed Printing of information can be a costly exercise</p>

19/24

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 4 Mr De Kock WESTCLIFF RESIDENTS' ASSOCIATION (WRA)	The minutes of the previous ward committee meeting are not received well in advance of a meeting. Again, committee members are denied the opportunity to further investigate or address an item, prior to the following meeting. Minutes (or draft minutes) should be distributed within at least five (5) working days of the meeting, as is normal organisational practice.	Minutes are only a draft document until approved at the next meeting and therefore distributed with agenda
Ward 2 T Martins Ward Committee Rule Review workshop minutes	Ms T Martins, Ward 2 indicated that when they attend public meetings, the Ward Councillor informs the public that the Ward Committee members will be able to answer all their questions. Thuli indicated that they are not always aware of what is happening in the other sectors and blocks and feel that they as Ward Committee members should not be the only ones to provide feedback. Councillor Nutt stated that it is the responsibility of the Ward Councillor to give feedback. The Ward Councillors should be held accountable, and if there are problems with the Ward Councillors, feedback should be given to the Speaker.	Noted
Ward 3 Hermanus Rate Payers Association	Refer to Rules: 13. RESPONSIBILITIES OF THE MUNICIPAL ADMINISTRATION 13.2 Provide technical support to Ward Councillors and Ward Committee Members in their official capacity, relating to municipal services. How is it envisaged that this would take place in the light of the memo by the MM with regard to members of the public communicating directly with employees of the OM. Not being sarcastic here, just need clarification on what we can ask for and from whom?	Refer to revision of the Rules

Date: 2 December 2022

20/24
20

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>Refer to Rules: 13. RESPONSIBILITIES OF THE MUNICIPAL ADMINISTRATION</p> <p>13.6 Implement or assist with projects directly affecting Ward Committees. How is it envisaged that this would take place in the light of the memo by the MM with regard to members of the public communicating directly with employees of the OM. Not being sarcastic here, just need clarification on what we can ask for and from whom?</p>	Refer to the revision of the Rules.
Ward 3 Hermanus Baboon Action Group (HBAG)	<p>Refer to Rules: 14. DISSOLUTION OF WARD COMMITTEES</p> <p>14.1 The Council may dissolve a ward committee if the committee fails to fulfil its object, based on the following indications:</p> <p>14.1.1 A ward committee fails to convene three (3) consecutive official meetings in terms of Council's meeting cycle.</p> <p>Who is actually determining this calendar procedure is correctly scheduled to avoid dissolution?</p> <p>Given the following RULES, it may easily appear as if there is some obscure motivation by OM to dissolve the Ward Committee system? If not, surely the rules indicated above should be an absolute last resort, subject to a serious investigation into the failure or lack of performance and its causes.</p> <p>Proposal: The functionality of the Ward Committees is dependent on timeous administration, meeting schedules, responsiveness and procedural correctness conducted by the administration. This requires urgent review.</p>	Executive Mayor/Spaker Disagree with statement. A ward committee is a statutory structure, to enhance participatory democracy in local government.
Ward 3 BOTSOC	<p>The ward committee does not convene these meetings, notice of meetings is given by the Area Manager's office. There is also a responsibility of the OM to schedule, call and provide documentation for ward committee meetings. This does not seem to have been taken into account in this section.</p>	Formal Committee meetings to be scheduled by Executive Mayor/Spaker. A ward committee is a statutory structure, to enhance participatory democracy in local government.

21/24

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>SCHEDULE 1 ELECTION (VOTING) PROCESS AT ELECTION VENUES</p> <p>8. Eligible voters will be issued with two ballot papers in order to vote for an organisation and a geographical block in the event of electing a ward committee and only one ballot paper in the event of electing one Ward Committee member.</p> <p>This section needs to be revised based on any amendments which may come about regarding the number of organisations voters may vote for. It is as easy to have three or more ballot papers</p> <p>This will have reference to point 9.1 as well.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>
Ward 3 Hermanus Rate Payers Association	<p>SCHEDULE 1 ELECTION (VOTING) PROCESS AT ELECTION VENUES</p> <p>9. Eligible voters will be directed to an empty ballot booth to exercise their vote(s) by: 9.1 making a mark(s) on the ballot paper(s) next to the organisation/sector and geographical blocks with its respective candidates of his/her choice.</p> <p>Comment as in 8. Above.</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>
Ward 3 Hermanus Rate Payers Association	<p>SCHEDULE 1 ELECTION (VOTING) PROCESS AT ELECTION VENUES</p> <p>18. If the same number of votes is cast during election for organisations/sectors or geographical blocks the result will be determined by way of casting the lot in instances where it is required to finalise the ten (10) Ward Committee Members and the order of the rating on the possible replacement list.</p> <p>Is this the best way of resolving this issue?</p>	<p>Election of ward committees to be further discussed with all ward committees to consider amendment of the Rules</p>

22/24

Date: 2 December 2022

22

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>SCHEDULE 1 ELECTION (VOTING) PROCESS AT ELECTION VENUES 19. The Election Officer must prepare the list of the ten (10) elected Ward Committee Members, taking into consideration the agreed ratio between organisations/sector and geographical blocks for the Ward Committee and ensure that preference be given to at least three (3) women representatives and where possible, at least one (1) organisation representing the interest of the youth, disabled and elderly.</p> <p>If there are no women represented in the nominated geographical blocks or the organisations, then what mechanism will be followed in appointing members of the Ward Committee? This needs resolution.</p>	Election committees to be further discussed with all ward committees to consider amendment of the Rules
Ward 3 Hermanus Baboon Action Group (HBAG)	<p>SCHEDULE 2 CODE OF CONDUCT FOR WARD COMMITTEE MEMBERS 2. General: Ward Committee Members must at all times: 2.1 Perform their responsibilities/obligations with integrity, honesty and in a transparent manner.</p> <p>The above rule is reasonable, however when applied equally to the Administration, some principles are lacking and there seems no recourse to have poor administration addressed. The Speaker has a responsibility to ensure procedure to ensure procedural correctness, which should be relied upon. Locals hesitate to run to Province every time we feel aggrieved by delays and a dismissive approach.</p> <p>The Performance Management Framework supports regular assessments and Ward Committees note the responsibilities and associated KPI's of various managers. The KPI's include a 20% proportion to Good Governance, Public Participation, Accountability and Transparency.</p> <p>Proposal: The Current management service agreements indicate extremely low KPI's and should be reviewed to encourage better administrative, managerial and director accountability.</p>	Noted

Date: 2 December 2022

REVISION OF WARD COMMITTEE RULES: COMMENTS/INPUTS RECEIVED FROM WARD COMMITTEE MEMBERS

COMMENTS BY:	COMMENT	RESPONSE
Ward 3 Hermanus Rate Payers Association	<p>SCHEDULE 2 CODE OF CONDUCT FOR WARD COMMITTEE MEMBERS</p> <p>6. Intervention in administration: A Ward Committee Member must not: 6.3 Obstruct or attempt to obstruct the implementation of any decision of Council or administration</p> <p>Unless there is prima facie evidence that any such decision is perceived to be either illegal or unconstitutional.</p>	Noted

24/24

4.4**MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM) POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR NOVEMBER 2022**

8/2/2

C Le Roux

Deputy Director: Finance & SCM

05 December 2022

(028) 313 8107

1. Executive Summary

The purpose of this report is to inform Council of all deviations from the Supply Chain Management Policy, approved by the delegated authority in terms of Paragraph 36 of the Supply Chain Management Policy, approvals in terms of Paragraph 16(1)(b) and 17(1)(c) for November 2022.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance

Department: Supply Chain Management

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance

Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)

Local Government: Municipal Systems Act 2000, (Act 32 of 2000)

Overstrand Municipality Supply Chain Management Policy dated 25 June 2008, as amended.

6. Background/Discussion/Evaluation/Conclusion**Background**

The purpose of this report is to ensure that Council maintains oversight over the implementation of the Supply Chain Management Policy. In terms of Paragraph 36(2) of the said policy, the Accounting Officer must record the reasons for any deviations in terms of Paragraph 36(1) of the policy and report same to council.

Discussion**A. Deviations - Paragraph 36(1)(a)**

Paragraph 36(1)(a) of Council's Supply Chain Management (SCM) Policy allows circumstances for deviations from the procurement processes. Furthermore, the policy requires in Paragraph 36(2), that the reasons for any deviations from the procurement processes must be recorded and be reported to Council.

Deviations approved in terms of Paragraph 36(1)(a) for November 2022 is attached as **Annexure A**.

B. Awards in terms of Paragraph 16(1)(b) and 17(1)(c)

In terms of Paragraph 16(1)(b) and 17(1)(c) of the SCM Policy, where the Written or Formal Written Price Quotation process has been followed for procurement and it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer (CFO) or an official designated by the CFO.

In terms of Paragraph 16(1)(b) and 17(2) of the said policy, the designated official must report all such approvals made by the official in terms of their sub-delegation to the Chief Financial Officer.

A schedule of all such approvals for November 2022 is attached as per **Annexure B**.

C. Value of all Awards (Procurement transactions)

All procurement transactions undertaken with regards to tenders and formal written price quotations (in excess of R30 000) and written price quotations (below R30 000) awarded in terms of the Supply Chain Management Policy for November 2022.

A schedule of these awards for November 2022 is attached as **Annexures C1 and C2**.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Schedule of deviations from the procurement processes approved in terms of sub-delegations

Annexure B: Schedule of approvals in terms of Paragraph 16(1)(b) and 17(1)(c)

Annexure C: Schedule of awards made through the Bid Committee system, and formal written price quotations in excess of R30 000 and all price quotations below R30 000

RECOMMENDATION TO THE COUNCIL:

1. that the deviations from the procurement processes, approved in terms of the delegated authority for November 2022, **be noted**;
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for November 2022, **be noted**; and
3. that the awards made through the Bid Committee system, and formal written price quotations in excess of R30 000 and all price quotations below R30 000 for November 2022, **be noted**.

RESPONSIBLE OFFICIAL :

C LE ROUX

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED



SCHEDULE OF DEVIATIONS IN TERMS OF CLAUSE 36(1)(v) OF THE SCM POLICY - OVERSTRAND MUNICIPALITY - NOVEMBER 2022

#	Request	Supplier	Approved Date	Deviation in terms of Clause 36(1)(v)	Amount Operational	Amount Capital	VAT	Value of the Deviation	Comments / Line description
1	S/O 3417/2022	ROHE Elevators South Africa (Pty) Ltd	2022/11/04	R 36(0)000(V)	R 46 842,80	-	R 7 032,27	R 53 914,07	Repair of Elevator
2	S/O 3412/2022	Secorral Poles (Pty) Ltd	2022/11/07	R 36(0)000(V)	R 304 347,83	-	R 47 652,17	R 390 000,00	Lowering and Raising and Conducting of Essential Repair Work to two (2) High-Mast lights in Zwelithe, Hermanus
3	S/O 3435/2022	HV Test Academy (Pty) Ltd	2022/11/06	R 36(0)000(V)	R 543 750,20	-	R 21 568,83	R 165 361,03	Tests, Diagnosing, and Locating a Fault on a High & Low Voltage Electrical Cable. (Unit Standard Z08033)
4	S/O 3438/2022	Outshine - The on Alzarmys (Hermanus)	2022/11/30	R 36(0)000(V)	R 4 234,35	-	R 723,65	R 5 548,00	Application for Certificate of Registered Title - 67110773 (A Person of Id 572 Hermanus)
5	S/O 3454/2022	Cobek Media CC	2022/11/09	R 36(0)000(V)	R 7 043,48	-	R 1 096,52	R 8 300,00	Digital Marketing Conference
6	S/O 3451/A/2022	Jubilee Generators CC	2022/11/04	R 36(0)000(V)	R 88 675,00	-	R 13 301,25	R 105 976,25	Repair Generator Radiator at the Municipal Head Office, Hermanus
7	S/O 3455/2022	Georgie's Auto Electrical CC	2022/11/22	R 36(0)000(V)	R 9 050,00	-	R 1 367,50	R 10 407,50	Spares for Generator at the Municipal Head Office
8	S/O 3453/2022	CT Lab (Pty) Ltd	2022/11/22	R 36(0)000(V)	R 260 849,57	-	R 39 130,43	R 300 000,00	Supply of Web based Power Monitoring System and Maintenance of Related Instruments

TOTAL R 865 814,22 R - R 129 822,83 R 995 306,35



Schedule of approvals in terms of Clause 17(2) of the SOM Policy - Overstrand Municipality - November 2022										
Received only one quote by closing time and date of submission of quotation										
Received only two quotes at closing time and date of submission of quotation										
#	Order #	Supplier	Dtnb	Value (Excl. VAT)	VAT	Value (incl. VAT)	Reason Code	Comments / Line description		
1	260604	CONNOR REE CIVILS AND ENGINE	20220916	R 28 500,00	R -	R 28 500,00	10	UNDER WATER PRESSURE DRILL MACHINE 220/5MM		
2	260633	SIHERHODI FURNITURES TOP CAR	20220926	R 8 996,53	R 1 343,47	R 10 300,00	10	SUPPLY AND INSTALLATION OF BUNDS		
3	260652	EMWBO WILDFIRE (PTY) LTD	20222003	R 23 100,00	R 3 465,00	R 26 565,00	10	ALL INCLUSIVE PRELIMINARY WILDFIRE INVESTIGATION		
4	260654	RIBBING OFFICE NATIONAL	20220913	R 24 250,00	R 3 637,50	R 27 887,50	11	SUPPLY AND DELIVERY OF OFFICE FURNITURE		
5	260671	BUCO HERMANUS	20222007	R 36 879,34	R 2 571,96	R 39 451,30	10	DELIVERY OF POLE CYLINDERS AND REELS		
6	260676	RUSTIC LIVING TRADING 155 (PTY)	20220928	R 39 832,00	R 2 974,80	R 42 806,80	10	1091 DOUBLE BUNK MAT		
7	260734	GEBERT'S CATERING	20221103	R 4 580,00	R -	R 4 580,00	11	LUNCH PACKS FOR JAN SKUTS SEGMENT POPPY DAY		
8	260737	HANBOM SE	20221028	R 25 680,24	R -	R 25 680,24	10	REGISTERED NURSES - WELLNESS DAY		
9	260753	MCINJANA TOURS	20221103	R 6 150,00	R -	R 6 150,00	11	RETURN TRIP TRANSPORT AROUND QHAYIYA HIGH SCHOOL - KHAYELITSHA		
10	260796	SIHERHODI FURNITURES TOP CAR	20222007	R 8 695,66	R 1 304,34	R 10 000,00	11	BLOCK OUT ROLLERS - STONE		
11	260777	DE VILLIERS D	20222003	R 24 000,00	R -	R 24 000,00	11	TRACK AND WELDING OF METAL AT SEWERAGE PLANT AND INSTALLING OF GATE RUNNERS		
12	260782	FLO-RITE IRRIGATION CC	20221013	R 2 800,00	R 400,00	R 3 200,00	11	500 X IRRIGATION MARKER FLAGS		
13	260798	HERMANUS BUILD IT (PTY) LTD	20222013	R 5 189,14	R 770,86	R 5 910,00	11	ROCK WEAR STONE PANELS (20MM THICK)		
14	260807	LEBRANDT TRAINING ACADEMY CC	20222010	R 38 850,00	R 2 827,50	R 41 677,50	11	CHERRY PICKER (350KG) UNIT STANDARD 241272 REFRESHER TRAINING		
15	260830	DIBEUZE PRINTING	20221103	R 2 590,00	R -	R 2 590,00	11	PRINTING OF ID CARDS - PEACE OFFICERS		
16	260851	BLOVIST WATONS	20221013	R 12 267,07	R 1 839,95	R 14 107,02	11	STATIONERY		
17	260856	BUILDERS TRADE DEPOT BUILDERS	20220920	R 8 935,94	R 1 340,31	R 10 276,25	11	RIVET BOND ALUMINUM STEEL MANDRELS 48 X 12,50		
18	260862	KAAP AGRIMARK ELDORADABAK	20221010	R 2 738,05	R 450,70	R 3 148,75	11	PROTECTIVE CLOTHES		
19	260956	GEBERT'S CATERING	20221103	R 5 860,00	R -	R 5 860,00	11	CATERING FOR THUSONG MOBILE		
20	260990	HS METALWORKS	20221025	R 26 456,00	R -	R 26 456,00	11	REMOVE AND INSTALL CUSTOM MADE WOODEN RAMPES AND DOORS - VOELKUP BEACH		
21	260993	NETWIN PROJECTS (PTY) LTD	20221104	R 36 580,00	R -	R 36 580,00	10	PAINTING OF VOELKUP STRAND ABLUTION FACILITIES -		
22	261002	AGR LOUW OCCUPATIONAL MEDICINE	20221021	R 7 100,00	R -	R 7 100,00	10	EVALUATION AND REPORT FOR PERSONNEL		
23	261035	PETER BUTTNER SPORTSWEAR (PTY)	20221025	R 37 800,00	R 2 670,00	R 40 470,00	11	SUPPLY AND DELIVERY OF SOCCER BALLS		
24	261038	HENDRICKS M	20222005	R 36 300,00	R -	R 36 300,00	11	MAINTENANCE WORK AT KLEINMOND BLUE FLAG BEACH ABLUTION FACILITIES		
25	261040	GANSBAM BUILD IT (PTY) LTD	20221021	R 2 347,80	R 352,17	R 2 699,97	11	SUPPLY AND DELIVERY OF PAINT		
26	261048	42021314618 (SOUTH AFRICA)	20221019	R 9 390,00	R -	R 9 390,00	11	HARDWARE ITEMS		
27	261055	OVERBERG AGRIBEDRYWE (PTY) LT	20221027	R 8 930,40	R 1 339,56	R 10 269,96	11	PROTECTIVE CLOTHES		
28	261056	OVERBERG AGRIBEDRYWE (PTY) LT	20221028	R 4 000,00	R 600,00	R 4 600,00	11	SHOOTING RANGE PRACTICE FOR LAW ENFORCEMENT OFFICERS		
29	261057	NOLADA B (PTY) LTD	20220922	R 2 320,00	R 348,00	R 2 668,00	11	KARCHER WD 4 WET & DRY VACUUM CLEANER 20L		
30	261059	A AND L WELDING SOLUTIONS (PTY)	20221013	R 33 500,00	R -	R 33 500,00	11	UPGRADING OF ENVIRONMENTAL ANIMAL HOLDING FACILITY		
31	261088	AMAYO DYNAMICS (PTY) LTD	20221026	R 3 250,00	R -	R 3 250,00	11	PERSONNEL CODE 10 DRIVING LESSONS		

#	Order #	Supplier	Date	Value (Excl. VAT)	VAT	Value (incl. VAT)	Reason Code	Comments / Line description
32	261101	BE SAFE PARAMEDICAL CC	20221012	R 8 566,96	R 1 285,04	R 9 852,00	11	1L MEDICAL GRADE OXYGEN CYLINDERS (FILLED)
33	261108	FOOD @ HAND	20221123	R 4 750,00	-	R 4 750,00	10	CATERING FOR WELLNESS DAY
34	261165	BUCO HERMANUS	20221108	R 21 208,82	R 3 181,02	R 24 387,84	10	PAVER GREY NOV SLIP 600X600MM
35	261166	LOCO ELECTRICAL WHOLESALES (P)	20221108	R 2 966,70	R 445,01	R 3 411,71	11	3 WHIRL POWER CORD 2METER
36	261167	HOME MADE FOODS	20221111	R 3 650,00	-	R 3 650,00	10	CATERING FOR PEACE OFFICER TRAINING
37	261174	HERMANUS EXTINGUISHER SERVICES	20221012	R 7 508,00	R 1 126,20	R 8 634,20	11	SUPPLY AND INSTALLATION OF 2 FIRE HOSE REELS WITH CABINETS
38	261181	ROTHNER BOREMARK	20221109	R 4 207,08	R 640,06	R 4 807,14	11	SUPPLY OF ALUMINIUM WINDOW - WHITE - 48MM SAFETY GLASS - W- 975 & H- 900

TOTAL

38

R 430 794,23 R 34 853,39 R 465 647,62

OVERSTRAND

SUPPLY CHAIN MANAGEMENT REPORT IN TERMS OF CLAUSE 5(1) OF THE RFP POLICY

TENDERS & FORMAL WRITTEN QUOTATIONS AWARDED TO THE BIDDER SCORING THE HIGHEST POINTS AS WELL AS TENDERS CANCELLED IN TERMS OF CLAUSE 5(1) OF THE RFP POLICY - NOVEMBER 2022

#	Tender #	Description	Electronic	BEC	Adjudication	Awarded to	RIBBE Level Awarded	Duration of contract	Completion Period	Tender Amount Type	Amount Operational	Amount Capital	VAT @ 13%	Total / Not Awarded Amount (incl. VAT)
1	SC2180C/2022	Services of Contract: SC2180C/2022: Water and Waste Water RMA Works Operation and Maintenance	Infrastructure & Planning	23 Nov-22	25-Nov-22	Weka Services South Africa (Pty) Ltd	N/A	11 years or part thereof	07-Dec-31	Fixed rates	R 950 215,433,01	R -	R 142 532 315,09	R 1 092 747 748,00
2	SC2180A/2022	Arrangements of Contract: SC2180A/2022: Operation of New Material Recovery Facility (MRF), Hermanus	Infrastructure & Planning	18 Nov-22	25-Nov-22	Hermanus Recycling CC	N/A	36 months	31-Oct-24	Fixed rates	R 6 057 705,36	R -	R 1 002 855,79	R 7 060 561,15
3	SC2287/2022	Snow, Management and Maintenance of B1179 Snowton Situated on the corner of Widdowson Road and 508 Street, Westport as a Community Facility for a Contract Period of 9 (Nine) Years and 11 (Eleven) Months	Infrastructure & Planning	17 Nov-22	25-Nov-22	Cancelled - no acceptable bids received	N/A	N/A	N/A	N/A	R -	R -	R -	Cancelled
4	SC2359/2022	Supply, Delivery and Installation of Calling	Infrastructure & Planning	03 Nov-22	04-Nov-22	Cancelled due to irregularity in tender process	N/A	N/A	N/A	N/A	R -	R -	R -	Cancelled
5	SC2387/2022	Fit and Level 1, Safety Flip Training and Risk Management Services	Management Services	23 Nov-22	24-Nov-22	Performance Development Institute (PDI) Ltd	0	8 months or part thereof	30-Jan-23	Fixed rates	R 134 475,95	R -	R -	R 134 475,95
6	SC2386/2022	Supply, Delivery and Install Outdoor Gym Equipment in the ground	Community Services	23 Nov-22	24-Nov-22	Black Mountain (Pty) Ltd	0	On-site	30-Nov from start of fiscal order	Fixed rates	R -	R 1 670,00	R -	R 1 670,00
7	SC2359/2022	Snow, Management, Maintenance and Sub-lease of a Portion of Erf 9515 Zweilve Buissonnes, Westport for a Contract Period of 9 (Nine) Years and 11 (Eleven) Months	Infrastructure & Planning	21 Nov-22	25-Nov-22	Cancelled - no acceptable bids received	N/A	N/A	N/A	N/A	R -	R -	R -	Cancelled
8	SC2389/2022	Training Supervisor Work Unit to Address Work Unit Objectives	Management Services	23 Nov-22	28-Nov-22	Performance Development Institute (PDI) Ltd	0	7 months or part thereof	30-Jan-23	Fixed rates	R 128 811,72	R -	R -	R 128 811,72
9	SC2388/2022	Snow, Management and Maintenance of B11959 Snowton Situated in Zwilve Buissonnes, Westport for a Contract Period of 9 (Nine) Years and 11 (Eleven) Months	Infrastructure & Planning	17 Nov-22	25-Nov-22	Cancelled - no acceptable bids received	N/A	N/A	N/A	N/A	R -	R -	R -	Cancelled
Total											R 62 990,00	R 143 525 170,88	R 1 002 762 577,75	



PROCUREMENT BELOW R30 000 WRITTEN QUOTATIONS IN TERMS OF COUNCIL'S PREFERENTIAL PROCUREMENT POLICY - NOVEMBER 2022

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
1	127620	246464	31/11/2022	HERMANUS OFFICE NATIONAL	509,52	R 139,43	R 648,95	STATIONERY
2	127621	246465	31/11/2022	GANSBAAU BUILD IT (PT) LTD	591,22	R 88,68	R 679,90	SMALL TOOLS
3	127622	246467	31/11/2022	HERMANUS JARDINS	367,29	R 55,17	R 422,46	VEHICLE REPAIRS & PARTS
4	127623	246468	31/11/2022	ADDC SERVICES HERMANUS	1 710,80	R 259,56	R 1 970,36	BATTERY 12V
5	127643	246469	31/11/2022	BOSVIST WALTONS	1 212,20	R 187,66	R 1 400,86	STATIONERY
6	127644	246470	31/11/2022	HERMANUS JARDINS CENTRE	2 295,84	R 344,37	R 2 640,21	NOVEMBER SPARES
7	127645	246921	31/11/2022	AJ BANGTODIENS GANSBAAU	1 610,00	R 240,50	R 1 850,50	VEHICLE REPAIRS & PARTS
8	127663	246934	31/11/2022	HERMANUS JARDINS CENTRE	1 511,13	R 226,67	R 1 737,80	NOVEMBER SPARES
9	127665	246935	31/11/2022	HERMANUS JARDINS	1 599,24	R 239,89	R 1 839,13	VEHICLE REPAIRS & PARTS
10	127672	246936	31/11/2022	HERMANUS JARDINS CENTRE	1 104,85	R 169,63	R 1 274,48	NOVEMBER SPARES
11	127684	246938	31/11/2022	REERAMOND BUILD IT	3 119,89	R 467,98	R 3 587,87	BRIGADION ACCESSORIES
12	127686	246939	31/11/2022	LOURE GUEST LODGE	30 043,48	R 4 506,52	R 34 550,00	ACCOMMODATION
13	127687	246940	31/11/2022	ZONDRY AND RITCHENS (PTY) LTD	2 000,00	R 300,00	R 2 300,00	INSTALL BENCH
14	127693	246951	31/11/2022	BT FURNISHINGS KLERENKIND CC	882,65	R 132,39	R 1 015,04	STATIONERY
15	127698	246958	31/11/2022	DYER ISLAND CONVERSATION	1 595,13	R 239,27	R 1 834,40	TORN WATER SOCKS & SWS MOUNT
16	127699	246959	31/11/2022	GANSBAAU BUILD IT (PT) LTD	1 652,09	R 247,81	R 1 899,90	CRACK FILLER
17	127699	246951	31/11/2022	SABALVAOKS JAGT (PT) LTD	1 640,00	R 246,00	R 1 886,00	NEW CAR BRIDGE
18	127699	246951	31/11/2022	GANSBAAU BUILD IT (PT) LTD	382,50	R 57,38	R 439,88	PAPS
19	127699	246954	31/11/2022	REERAMOND BUILD IT	1 074,07	R 161,11	R 1 235,18	HARDWARE ITEMS
20	127664	246933	31/11/2022	SUPA CHECK REERAMOND	280,00	R 42,00	R 322,00	VEHICLE REPAIRS & PARTS
21	127662	246926	31/11/2022	AJ BANGTODIENS GANSBAAU	985,00	R 147,75	R 1 132,75	VEHICLE REPAIRS & PARTS
22	127612	246937	31/11/2022	RHC BOOKER PROMOTIONS (PTY) LTD	1 653,17	R 247,83	R 1 901,00	GENS
23	127694	246928	31/11/2022	H5 METALWORKS	2 000,00	R 300,00	R 2 300,00	BEAMA GATE
24	127693	246933	31/11/2022	BULLWANGS TRADING CC	1 833,00	R 274,95	R 2 107,95	CLEANING ACCESSORIES
25	128314	246930	31/11/2022	ENGELBRECHT ROOFING CC	29 528,00	R 4 429,20	R 34 957,20	ROOFRAK
26	128417	246933	31/11/2022	OVER THE HILL BICYCLES (PT	2 142,58	R 321,38	R 2 463,97	CLOTHING
27	127613	246932	31/11/2022	COLOURPAC GRAPHIC DESIGN	1 700,00	R 255,00	R 1 955,00	BAGS
28	127672	246933	31/11/2022	REERAMOND BOUHANDIE	3 337,95	R 500,69	R 3 838,64	HARDWARE ITEMS
29	127694	246934	31/11/2022	SPARIS AND BELLS	13 170,00	R 1 975,50	R 15 145,50	HOSES
30	128365	246933	31/11/2022	NET SUPPLIES (PT) LTD	4 705,00	R 705,75	R 5 410,75	BOOKS/BROCHURE DISPLAY
31	127316	246936	31/11/2022	HERMANUS OFFICE NATIONAL	1 081,95	R 162,29	R 1 244,24	STATIONERY
32	127445	246931	31/11/2022	BUILDERS TRADE DEPOT	1 693,04	R 253,96	R 1 947,00	SHUTTERBURY
33	127354	246938	31/11/2022	TECHRON DISTRIBUTORS CC	21 343,00	R 3 201,45	R 24 544,45	FLUE CUT BAG AND CARRIER
34	127200	246939	31/11/2022	PROLUNGA OFFICE FURNITURE	3 000,87	R 450,13	R 3 451,00	CHAIR TROLLEY
35	127193	246940	31/11/2022	PROLUNGA OFFICE FURNITURE	30 000,00	R 4 500,00	R 34 500,00	STACKING CHAIRS
36	127324	246941	31/11/2022	LORE CATERING HERMANUS	2 398,88	R 359,83	R 2 758,71	SUITEB
37	127773	246945	31/11/2022	HERMANUS OFFICE NATIONAL	1 973,28	R 290,98	R 2 264,26	OFFICE FURNITURE
38	127047	246946	31/11/2022	MOLAG AGRARIUM CC	26 085,00	R 3 912,75	R 29 997,75	TRAINING
39	127469	246946	31/11/2022	GANSBAAU BUILD IT (PT) LTD	695,57	R 104,33	R 799,90	2 BRASS GUN
40	128427	246960	31/11/2022	KAMP AGR. AGRIMARK LOUISO	1 700,00	R 255,00	R 1 955,00	CLEANING ACCESSORIES
41	127732	246951	31/11/2022	GANSBAAU GAS (PT) LTD	1 486,94	R 223,04	R 1 710,98	GAS REBOLL

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
42	127710	249562	3/11/2022	MAIP AGR. AGRIMARK LIQUOR	1,664.37	2,491.65	1,916.02	HARDWARE ITEMS
43	127715	249562	3/11/2022	ANTONS CONCRETE AND STEEL	3,500.00	-	3,500.00	NETBALL POSTS
44	127783	249540	3/11/2022	ALEX GIBART TRADE DEPOT	404.48	69.67	474.15	PAINT
45	127822	249595	3/11/2022	BUILDERS TRADE DEPOT	4,913.50	64.88	4,978.38	PAINT
46	127298	249566	3/11/2022	BUILDERS TRADE DEPOT	1,425.22	13.78	1,439.00	RIDGE PILETOR
47	127264	249567	3/11/2022	BOVEST WALTONS	4,200.00	63.00	4,263.00	CARPET PROTECTOR
48	127353	249568	3/11/2022	CEILING INDUSTRIES	41,700.00	625.50	42,325.50	PLUMBING ROPS
49	127323	249569	3/11/2022	HERMANUS OFFICE NATIONAL	1,663.48	249.23	1,912.71	LABLING TOOL
50	127760	249570	3/11/2022	HERMANUS HARDWARE ITEMS	4,702.41	69.57	4,771.98	CUTTING BLADES
51	127252	249572	3/11/2022	DFRICE TECH	3,935.00	587.25	4,522.25	SHELVING
52	127115	249573	3/11/2022	WALWOOD MARKETING (PROMOTE)	12,050.30	1,807.57	13,857.87	PAINT
53	127753	249574	3/11/2022	KOMRANGIE ROADS	6,000.00	-	6,000.00	LOWERS
54	126533	249591	3/11/2022	BST RODS CIVILS AND PROJECT	30,000.00	-	30,000.00	MAINTENANCE OF PLAYPARK EQUIPMENT
55	127760	249572	3/11/2022	GANSBAAK BUILD IT (PTY) LTD	474.26	71.24	545.50	LANDING DISC
56	127228	249598	3/11/2022	VALTEC (PTY) LTD - GRESIT	2,132.21	1,052.8	3,185.01	ELECTRICAL RELAY
57	127150	249600	3/11/2022	DRELEDE PRINTING	5,200.00	-	5,200.00	BANNERS
58	127347	249603	3/11/2022	HERMANUS FACTORY SHOP - 0	1,384.57	209.43	1,594.00	CURTAINS
59	126482	249604	3/11/2022	CONRAD REECE CIVILS	28,000.00	-	28,000.00	UNDERWATER PRESSURE DRILL
60	127003	249605	3/11/2022	GANSBAAK BUILD IT (PTY) LTD	1,686.78	253.02	1,939.80	HARDWARE ITEMS
61	127795	249606	3/11/2022	HUNRAY ENTERPRISES	36,000.00	7,489.00	43,489.00	ROAD SIGNS
62	126962	249607	3/11/2022	BOVEST WALTONS	3,106.51	465.98	3,572.49	STATIONERY
63	127792	249608	3/11/2022	BUILDERS TRADE DEPOT	365.22	54.28	419.50	CEANING SUPPLIES
64	127693	249609	3/11/2022	HITELWAY WHOLFS PROPERTIES	1,408.70	2,11.20	1,620.00	ACCOMMODATION
65	127833	249614	3/11/2022	EARLYNOR 282 (PTY) LTD	1,084.35	163.25	1,247.60	FRAMING LICENCE
66	122285	249615	3/11/2022	ONE HERING STAYS & BIRGATEL	1,020.00	460.50	1,480.50	STEEL
67	127824	249616	3/11/2022	HERMANUS ROAD RECENTRE	1,232.72	258.24	1,490.96	NOZZLE HEAD
68	127779	249617	3/11/2022	BUILDERS TRADE DEPOT	740.87	111.13	852.00	REP (EVL) SCRIBED
69	127210	249618	3/11/2022	DRELEDE PRINTING	4,820.00	-	4,820.00	BUSHS
70	127825	249619	3/11/2022	OK FOODS GANSBAAK	1,390.43	209.57	1,599.00	NOZZLES
71	127834	249620	3/11/2022	OVERBERG AGR. BODYWAVE (PT	1,477.38	224.63	1,702.01	HARDWARE ITEMS
72	127852	249621	3/11/2022	HERMANUS VAGONS	1,420.77	213.11	1,633.88	VEHICLE REPAIRS/GAMES
73	127766	249622	3/11/2022	GANSBAAK BUILD IT (PTY) LTD	522.65	78.25	600.90	DIAMOND BLADE
74	127783	249623	3/11/2022	AMAROU WIMARCS (PTY) LTD	500.00	-	500.00	POWERS
75	127280	249624	3/11/2022	DRELEDE PRINTING	10,100.00	-	10,100.00	WREST BANDS
76	127216	249625	3/11/2022	WIMWOOD PRODUCTS	38,695.05	2,504.35	41,199.40	BENCHES
77	127175	249626	3/11/2022	JOYCE RODDAMS SOLUTIONS (PTY)	30,615.00	1,592.25	32,207.25	ELECTRICAL TRIM KIT
78	126330	249627	3/11/2022	BST RODS CIVILS AND PROJECT	5,000.00	-	5,000.00	INSTALLATION OF WINDOWS
79	126834	249628	3/11/2022	GOONSA SERVICE 5 COM (PT	4,600.00	-	4,600.00	INSTALLATION OF ROOT BARRIER
80	127555	249629	3/11/2022	DRELEDE PRINTING	13,270.00	-	13,270.00	FOUR
81	127668	249630	3/11/2022	ONE HERING AGR. BODYWAVE (PT	19,226.54	588.92	19,815.46	HARDWARE ITEMS
82	127171	249631	3/11/2022	OTTO 51676 (PTY) LTD	7,600.00	3,900.00	11,500.00	5 FINE
83	127766	249632	3/11/2022	420213 34618 (SOUTH AFRICA	20,700.00	-	20,700.00	GARDEN MAINTENANCE
84	126200	249633	3/11/2022	SI HERA QDOT FURNITURES TO	8,956.52	1,341.48	10,298.00	BUNDS
85	127680	249634	3/11/2022	BUC GOODER PRODUCTIONS (PTY) LTD	4,800.00	720.00	5,520.00	SCANS
86	127872	249642	3/11/2022	HERMANUS FOOTWEAR CENTRE	1,043.86	159.52	1,203.38	FOOTWEAR SPARES
87	127873	249643	3/11/2022	SIPA CHECK KLEINMOED	85.96	13.04	99.00	VEHICLE REPAIRS/GAMES
88	127874	249644	3/11/2022	SIPA CHECK HERMANUS	817.38	122.61	940.00	VEHICLE REPAIRS/GAMES
89	127893	249645	3/11/2022	HERMANUS OFFICE NATIONAL	624.09	93.11	717.20	PLASTIC CHAIRS
90	127716	249646	3/11/2022	OVERBERG AGR. BODYWAVE (PTY) LTD	341.90	51.29	393.19	HOSE FITTING

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
91	127085	260547	20/11/2022	EVELYN'S PAINTING SERVICE	2,000.00	-	2,000.00	PAINTING OF WALL
92	127085	260548	20/11/2022	BOVEST WATONS	311.65	46.75	358.40	DIARIES
93	127102	260549	20/11/2022	STARS AND BARS	50,633.00	3,334.80	53,967.80	SCOTLAND
94	127123	260550	20/11/2022	CUSTOM DEK (PTY) LTD	2,900.00	-	2,900.00	DOOR MAINTENANCE
95	127054	260551	20/11/2022	AUTUMN WINE TRADING #81	1,978.00	-	1,978.00	REPAIR GATE
96	126912	260552	20/11/2022	ENVIRO WILDRIFE (PTY) LTD	23,100.00	3,465.00	26,565.00	RE INVESTIGATION
97	127072	260553	20/11/2022	VMS MEDICAL SUPPLIES (PTY) LTD	2,922.90	1,188.17	4,111.07	RECEDEGATION
98	126170	260554	20/11/2022	BBB&G OFFICE NATIONAL	24,210.00	1,617.00	25,827.00	OFFICE FURNITURE
99	127002	260555	20/11/2022	GT METALWORKS	2,000.00	-	2,000.00	TOURNA WATER BASKET
100	127284	260556	20/11/2022	SUC BOOPER PROMASTIONS (PTY) LTD	1,624.07	247.83	1,871.90	200000 200000
101	127785	260557	20/11/2022	BUILDERS TRADE DEPOT	1,736.00	260.41	1,996.41	SMALL TOOLS
102	127073	260558	20/11/2022	BUCO HERMANNUS	38,873.34	2,511.40	41,384.74	PAPE POLES
103	126359	260559	20/11/2022	BENAR BROTTHERS (PTY) LTD	38,702.50	2,805.48	41,507.98	CLOTHING
104	127086	260560	20/11/2022	ELFMANOHO BOUHMADIS	1,035.83	159.37	1,195.20	LEA CREAMANT
105	127484	260561	20/11/2022	UNIBESAL BASING	25,100.00	1,025.00	26,125.00	LECTURA RIDE
106	126813	260562	20/11/2022	SAAT AGRI AGRIMARKET LIQUOR	39,275.00	2,475.75	41,750.75	SPURT POLES
107	126775	260563	20/11/2022	JUSTICELIVING TRADING LSS	5,833.00	2,916.40	8,749.40	FURNITURE
108	127030	260564	20/11/2022	MUGEL AND BUGHMALT TOR	5,231.00	697.40	5,928.40	WEAVING TRANSPER
109	127033	260565	20/11/2022	OVERBERG AGRI BODRYAK (PTY) LTD	1,683.57	203.43	1,887.00	WOOD CROPPERS
110	127360	260566	20/11/2022	HERMANNUS LIVING SUPPLIES S&B	1,710.00	2,965.40	4,675.40	SAFETY SIGNS
111	127044	260567	20/11/2022	BOVEST WATONS	584.72	347.21	931.93	DIARIES
112	127070	260568	20/11/2022	CONSTANTINOR BUILDINGS	39,337.00	2,900.55	42,237.55	DECORING
113	126103	260569	20/11/2022	BARAGAN BOOKS	6,810.37	1,024.56	7,834.93	READING BOOKS
114	127053	260570	20/11/2022	METWIN PROJECTS (PTY) LTD	2,000.00	-	2,000.00	DEMOLISH BUILDING
115	127257	260571	20/11/2022	MOJADA (PTY) LTD	5,085.00	762.00	5,847.00	RANGER COUPLING
116	127044	260572	20/11/2022	SOJA AND ENGINEERING DISTRIBUTIONS	1,028.28	258.93	1,287.21	SMALL TOOLS
117	127710	260573	20/11/2022	VES CLEANING SOLUTIONS	1,940.00	-	1,940.00	PAINTING
118	127703	260574	20/11/2022	SUC BOOPER PROMASTIONS (PTY) LTD	1,217.57	257.83	1,475.40	ADAPTABLE ITEMS
119	127066	260575	20/11/2022	HERMANNUS POWER CENTRE	1,737.39	257.61	1,995.00	MOVING SPANES
120	127183	260576	20/11/2022	REZIMANO BUILD IT	1,408.40	211.27	1,619.67	CABLE TIES
121	127934	260577	20/11/2022	ELFMANOHO BOUHMADIS	3,33.57	20.03	3,536.00	GLUE GUM
122	127592	260578	20/11/2022	GANSAAL BUILD IT (PTY) LTD	9,544.36	1,416.60	10,960.96	PAINT
123	126111	260579	20/11/2022	BARAGAN BOOKS	4,323.08	688.58	5,011.66	READING BOOKS
124	127910	260580	20/11/2022	VOLTER (PTY) LTD - OVERSEAS	378.48	50.92	429.40	HOLE SAW
125	128003	260581	20/11/2022	HERMANNUS BUILD IT (PTY) LTD	1,077.38	161.61	1,238.99	WHEELBARROW
126	127716	260582	20/11/2022	ENC PRINT SOLUTIONS	37,340.00	2,605.00	39,945.00	WIREST MARKS
127	127086	260583	20/11/2022	EVEHISLAND CONVERSATION	1,678.30	251.80	1,930.10	STORM WATER NETTING
128	127251	260584	20/11/2022	GUTE INVEST HOLD (PTY) LTD	34,965.69	2,248.95	37,214.64	HOSSES AND FITTINGS
129	127723	260585	20/11/2022	GILBERT'S CATERING	4,580.00	-	4,580.00	CATERING
130	127203	260586	20/11/2022	WALKER BAY CONCRETE PRODUCTS	7,431.00	1,133.95	8,564.95	SMART PAVERS
131	127640	260587	20/11/2022	HANRYOM SE	29,680.24	-	29,680.24	REGISTERED MARKS
132	128002	260588	20/11/2022	HERMANNUS OFFICE NATIONAL	1,504.00	276.40	1,780.40	STATIONERY
133	128003	260589	20/11/2022	OPICA INDUSTRIES CC	747.30	132.10	879.40	SERVICE OXIGEN CYLINDER
134	128005	260590	20/11/2022	CONCORP GRAPHIC SOLUTIONS	1,719.00	260.95	1,979.95	URINE COLLECTOR
135	127137	260591	20/11/2022	AMROCC DOORIS	4,870.40	780.57	5,650.97	WASTE MOTOR
136	128005	260592	20/11/2022	HERMANNUS OFFICE NATIONAL	782.52	117.38	900.00	PLAQUE TABLES
137	127410	260593	20/11/2022	BUILDERS TRADE DEPOT	4,315.65	647.35	4,963.00	SPYDER
138	127063	260594	20/11/2022	HERMANNUS OFFICE NATIONAL	1,401.50	249.21	1,650.71	STATIONERY
139	127487	260595	20/11/2022	AGDC EXPRESS HERMANNUS	2,411.00	364.05	2,775.05	ELECTRICAL COIL

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
140	127663	260760	30/11/2022	THE TORBUS AND JULIA DAVID SO	R 2,217.30	R 332.66	R 2,550.00	COUNTERTOP
141	127663	260761	30/11/2022	SUI DOBS TRADE DEPOT	R 50,121.76	R 1,528.76	R 51,650.52	CEMENT BRICKS
142	127663	260762	30/11/2022	GAMBIRAN BUILD IT (PTY) LTD	R 428.00	R 64.20	R 492.20	DIAPHRAGM ITEMS
143	127663	260763	30/11/2022	NOTRE DAME BOENBOM	R 3,157.50	R 473.63	R 3,631.13	SUNSAFE
144	127724	260763	30/11/2022	MONJANA TOURS	R 6,150.00	-	R 6,150.00	TRANSPORT PEOPLE
145	127915	260764	30/11/2022	GATEWAY SUPERSPAR & TOPS	R 735.91	-	R 735.91	FRESHMENTS
146	128023	260764	30/11/2022	GATEWAY SUPERSPAR & TOPS	R 1,163.86	-	R 1,163.86	REFRESHMENTS
147	128023	260765	30/11/2022	HERMANUS AND JULIA DAVID SO	R 1,645.00	R 246.75	R 1,891.75	DIAPHRAGM ITEMS
148	127378	260766	30/11/2022	SUI DOBS TRADE DEPOT	R 7,162.71	R 1,074.41	R 8,237.12	STEEL
149	128023	260766	30/11/2022	ANTONIE PH	R 2,000.00	-	R 2,000.00	GENERAL MAINTENANCE
150	127622	260766	30/11/2022	MAMA TONGE	R 8,500.00	-	R 8,500.00	CHANGE DOOR
151	127622	260766	30/11/2022	LINDA JACOBS PROMOTIONS	R 4,955.30	R 689.33	R 5,644.63	GOLF SHIRTS
152	127921	260766	30/11/2022	GEET GROENE ELECTRICAL	R 1,952.17	R 187.63	R 2,139.80	BALANCE GENERATOR
153	127626	260766	30/11/2022	SI HENKHOED FURNITURES	R 8,935.60	R 3,309.13	R 12,244.73	BUNDS
154	127800	260767	30/11/2022	DE FOOD GANG BAAI	R 1,218.00	R 257.71	R 1,475.71	SATIRING
155	128009	260768	30/11/2022	LITTLE DAVEY PROJECTS (PTY) LTD	R 6,524.78	-	R 6,524.78	SATIRING
156	128071	260772	30/11/2022	HERMANUS BUILD IT (PTY) LTD	R 782.60	R 117.39	R 900.00	ROOF PAINT
157	128064	260772	30/11/2022	ADDC EXPRESS HERMANUS	R 1,662.74	R 249.46	R 1,912.20	ELECTRICAL ITEMS
158	128107	260772	30/11/2022	DE VALLEURS D	R 34,000.00	-	R 34,000.00	BEACH GATE
159	128107	260778	30/11/2022	COLUBROW GRAPHIC DESIGN	R 1,687.50	R 253.13	R 1,940.63	PRINT POSTERS
160	127986	260779	30/11/2022	WPE ELECTRICAL WHOLESALER	R 1,250.00	-	R 1,250.00	WEATHER PROOF PILING
161	127862	260780	30/11/2022	DE FICE FOR YOU (Pty) Ltd	R 2,216.00	-	R 2,216.00	WATTOPLS
162	127772	260781	30/11/2022	BAVIE LIME INDUSTRIES (PTY) LTD	R 1,896.70	R 186.70	R 2,083.40	HANDHELD GPS
163	128329	260782	30/11/2022	WISSER PAINTERIES	R 23,800.00	-	R 23,800.00	RENOVATE BATHROOM
164	127963	260782	30/11/2022	HERMANUS BUILD IT (PTY) LTD	R 934.43	R 140.27	R 1,074.70	PAINT
165	127240	260783	30/11/2022	LO-BITE INNOVATION CC	R 2,805.00	R 420.75	R 3,225.75	IRIGATION BARBES
166	128070	260791	30/11/2022	HERMANUS GAS CC	R 1,046.96	R 169.04	R 1,216.00	GAS REPL
167	127988	260792	30/11/2022	OVERBERG AGRIC BEERYWE (PTY) LTD	R 708.57	R 106.43	R 815.00	DOOR
168	127802	260792	30/11/2022	THE TORBUS AND JULIA DAVID SO	R 7,122.04	R 1,078.11	R 8,200.15	SMPENTRY BORDERS
169	127570	260794	30/11/2022	OVERBERG WHOLESALE ASSOC	R 2,000.00	-	R 2,000.00	CIGARETTE BUTT HOLDERS
170	127930	260795	30/11/2022	DE FICE TECH	R 495.96	R 73.64	R 569.60	DATE STAMP
171	127863	260796	30/11/2022	SO WEST WATONS	R 1,223.00	R 258.45	R 1,481.45	TATTOOERY
172	127213	260798	30/11/2022	HERMANUS BUILD IT (PTY) LTD	R 3,134.33	R 470.17	R 3,604.50	SAVES
173	127728	260799	30/11/2022	HOWEMADE FOODS	R 4,100.00	-	R 4,100.00	SATIRING
174	128029	260800	30/11/2022	HERMANUS AND JULIA DAVID SO	R 1,738.13	R 260.72	R 2,000.00	WOMEN SPARES
175	128122	260802	30/11/2022	GILBERT'S CATERING	R 1,960.00	-	R 1,960.00	SATIRING
176	127831	260803	30/11/2022	BAKOLA AND JULIA DAVID SO	R 2,850.00	R 427.50	R 3,277.50	ON THE GO GLASS
177	127803	260804	30/11/2022	SO WEST WATONS	R 2,382.60	R 357.39	R 2,740.00	TATTOOERY
178	127987	260806	30/11/2022	DE FOOD GANG BAAI	R 206.58	R 30.97	R 237.55	FRESHMENTS
179	127608	260807	30/11/2022	LEBRANDT TRAINING ACADEMY	R 38,850.00	R 5,827.50	R 44,677.50	CHEERY PICKER TRAINING
180	127543	260809	30/11/2022	DE FICE TECH	R 6,990.00	R 1,048.50	R 8,038.50	OUTDOOR CHAIRS AND TABLES
181	128143	260813	30/11/2022	GAMBIRAN BUILD IT (PTY) LTD	R 1,150.30	R 172.53	R 1,322.83	CHARHANE
182	128143	260813	30/11/2022	GAMBIRAN BUILD IT (PTY) LTD	R 266.82	R 40.03	R 306.85	DOOR LOCKS
183	128023	260814	30/11/2022	GAMBIRAN AND JULIA DAVID SO	R 618.00	R 92.70	R 710.70	SEAS BRIDGE
184	128023	260815	30/11/2022	SUPA QUICK RENTIMOND	R 3,951.30	R 592.70	R 4,544.00	VEHICLE REPAIRS SPARES
185	128052	260825	30/11/2022	SUPA QUICK HERMANUS	R 6,654.78	R 1,004.22	R 7,659.00	CONCRETE SPALLS CLEANER
186	127428	260827	30/11/2022	BUILDERS TRADE DEPOT	R 1,004.22	-	R 1,004.22	CONCRETE SPALLS CLEANER
187	127761	260832	30/11/2022	DE FICE PRINTING	R 2,985.00	-	R 2,985.00	BUMT ID CARDS
188	128153	260833	30/11/2022	OVERBERG WEST CONTROL CC	R 1,983.00	-	R 1,983.00	POST CONTROL

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
180	128305	260804	3/11/2022	GILBERT'S CATERING	R 1 950.00	R -	R 1 950.00	CATERING
180	127905	260805	3/11/2022	GANSRAAM BUILD IT (PTY) LTD	R 3 234.43	R 485.17	R 3 719.60	HARDWARE ITEMS
191	128000	260816	3/11/2022	KUOZI HERMANUS	R 2 562.83	R -	R 2 562.83	CORDELS SDRILL
192	127110	260817	3/11/2022	82102133463 SOUTH AFRICA	R 14 624.00	R -	R 14 624.00	REPAIR HILT
193	128124	260844	3/11/2022	ERIC BOOKER PROMOTIONS (PTY) LTD	R 1 669.57	R 292.43	R 1 962.00	PRINT STICKERS
194	128125	260845	3/11/2022	GASSAEN HERMANUS (PTY) LTD	R 408.70	R 61.30	R 470.00	SHROOFS
195	128126	260846	3/11/2022	HERMANUS MIDAS	R 648.48	R 97.27	R 745.75	VEHICLE REPAIRS, SPARES
196	127051	260847	3/11/2022	WARDARD ING TALLATIONS	R 565.22	R 84.78	R 650.00	REPAIR GATE MOTOR
197	127948	260848	3/11/2022	LOGO ELECTRICAL WHOLESALE	R 6 272.30	R 940.85	R 7 213.15	SERVICE GENERATOR
198	127941	260849	3/11/2022	BOVEST WALTONS	R 2 323.24	R 348.49	R 2 671.73	STATIONERY
199	127407	260850	3/11/2022	SINGLE SALES HERMANUS SCARE	R 3 000.00	R -	R 3 000.00	LABOURARY
200	127207	260851	3/11/2022	BOVEST WALTONS	R 2 266.97	R 3 840.05	R 6 107.02	STATIONERY
201	127915	260852	3/11/2022	VEES CLEANING SOLUTIONS	R 11 300.00	R -	R 11 300.00	PAINTING
202	128942	260853	3/11/2022	JAN DICKRE & COMPANY (PTY)	R 20 585.00	R 3 087.75	R 23 672.75	SUBMERSIBLE PUMP
203	127473	260855	3/11/2022	KE SUPPLIERS	R 1 310.43	R 1 693.37	R 3 003.80	STATIONERY
204	126962	260856	3/11/2022	BUILDERS TRADE DEPOT	R 4 935.87	R 1 340.38	R 6 276.25	HARDWARE ITEMS
205	128157	260857	3/11/2022	ALEX GRANT PHARMACY	R 149.46	R 22.42	R 171.88	MEDICATION
206	128140	260858	3/11/2022	HERMANUS BOKWEL CENTRE	R 1 684.94	R 252.74	R 1 937.68	MOBILE SPARES
207	127545	260862	3/11/2022	ANTON'S CONCRETE AND STEEL	R 1 975.00	R -	R 1 975.00	CONCRETE POLES
208	127504	260863	3/11/2022	KAAP AGRI AGRIMARK LIQUOR	R 2 738.04	R 430.71	R 3 168.75	CLOTHING
209	128109	260863	3/11/2022	GANSRAAM BUILD IT (PTY) LTD	R 961.65	R 144.25	R 1 105.90	WOODEN BOARDS
210	127619	260864	3/11/2022	MOLEDA B (PTY) LTD	R 2 245.50	R 336.83	R 2 582.33	WOODEN BOARDS
211	126493	260865	3/11/2022	NETMAN PROJECTS (PTY) LTD	R 10 000.00	R -	R 10 000.00	BULDO BOARDWALK
212	127980	260866	3/11/2022	KAAP AGRI AGRIMARK LIQUOR	R 1 574.96	R 229.04	R 1 794.00	CLOTHING
213	127800	260868	3/11/2022	OFFICE FOR YOU (PTY) LTD	R 20 953.66	R 3 140.05	R 24 093.71	STATIONERY
214	127946	260869	3/11/2022	OVERBERG AGRI BODENWAT (PT	R 4 360.00	R 654.00	R 5 014.00	CORDELS SHINDLER
215	128100	260871	3/11/2022	KAAP AGRI AGRIMARK LIQUOR	R 791.00	R 112.40	R 903.40	CABLE TIES
216	127260	260872	3/11/2022	LUMBER & LAWIN	R 6 695.22	R 1 004.43	R 7 700.65	MOBILE SPARES
217	127990	260874	3/11/2022	LUMBER & LAWIN	R 3 469.20	R 505.38	R 3 974.58	MOBILE SPARES
218	128000	260875	3/11/2022	AI BANOUDING GANBAAI	R 940.00	R 141.00	R 1 081.00	VEHICLE REPAIRS, SPARES
219	128148	260882	3/11/2022	SUPA QUICK HERMANUS	R 1 671.61	R 251.04	R 1 922.65	VEHICLE REPAIRS, SPARES
220	128095	260884	3/11/2022	VEES CLEANING SOLUTIONS	R 1 900.00	R -	R 1 900.00	REPAIR FENCE
221	128135	260885	3/11/2022	GANSRAAM APTEK	R 126.42	R 18.96	R 145.38	MEDICINE
222	128131	260886	3/11/2022	BATHROK INSTALLATIONS (PT	R 1 500.00	R -	R 1 500.00	REPAIR TV
223	128053	260887	3/11/2022	BUILDERS TRADE DEPOT	R 867.88	R 130.17	R 998.05	BATTERY PACK
224	128193	260897	3/11/2022	SIC BOOKER PROMOTIONS (PTY) LTD	R 1 612.29	R 242.61	R 1 854.90	PRINT STICKERS
225	128160	260898	3/11/2022	HERMANUS BOKWEL CENTRE	R 767.87	R 115.58	R 883.45	MOBILE SPARES
226	128187	260899	3/11/2022	HERMANUS MIDAS	R 763.31	R 114.50	R 877.81	VEHICLE REPAIRS, SPARES
227	128194	260900	3/11/2022	HERMANUS BUILD IT (PTY) LTD	R 686.87	R 103.03	R 789.90	SMALL TOOLS
228	128177	260901	3/11/2022	AGRIC EXPRESSES HERMANUS	R 1 683.23	R 249.49	R 1 932.72	LED LIGHTS
229	128152	260903	3/11/2022	SUPA QUICK HERMANUS	R 1 033.08	R 151.95	R 1 185.03	VEHICLE REPAIRS, SPARES
230	128190	260907	3/11/2022	HERMANUS HARDWARE ITEMS	R 844.76	R 126.65	R 971.41	HARDWARE ITEMS
231	128190	260908	3/11/2022	KEVINHONG BUILD IT	R 527.63	R 686.77	R 1 214.40	HOSE AND FITTINGS
232	128176	260907	3/11/2022	HERMANUS BOKWEL CENTRE	R 313.08	R 46.96	R 360.04	SMALL TOOLS
233	128177	260908	3/11/2022	KEVINHONG BOKWEL	R 794.96	R 119.24	R 914.20	HOSE AND FITTINGS
234	127980	260909	3/11/2022	GOLOUBFX GRAPHIC DISKING	R 3 000.00	R 570.00	R 3 570.00	PRINT BROCHURES
235	126577	260910	3/11/2022	MOLEDA B (PTY) LTD	R 1 036.67	R 150.66	R 1 187.33	DOUBLE SINK CABINET
236	127777	260911	3/11/2022	GAS HUB (PTY) LTD	R 1 008.08	R -	R 1 008.08	GAS SUPPLY
237	128148	260918	3/11/2022	THE AFRICAN GIPSY (PTY) LTD	R 30 500.00	R -	R 30 500.00	DECORATIONS

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
238	127280	205915	18/11/2022	ELG SPECIALIZED PRODUCTS	R 22 000.00	R 3 100.00	R 25 100.00	WATERMETER SEALS
239	128253	205920	18/11/2022	HOMERANGE GOODS	R 18 775.00	-	R 18 775.00	SATBIRNS
240	128783	205921	13/11/2022	SC SUPPLIERS	R 3 910.26	R 2 086.54	R 5 996.80	STATIONERY
241	128033	205922	13/11/2022	BLEIT BEACHMONT ACCOMMOD	R 2 408.20	R 316.30	R 2 724.50	ACCOMMODATION
242	127803	205924	17/11/2022	NOTFRER BOIRBARMARK	R 984.00	R 147.75	R 1 131.75	SEALERS
243	127543	205925	12/11/2022	NOTFRER BOIRBARMARK	R 3 874.00	R 581.41	R 4 455.41	STATIONERY
244	127493	205926	13/11/2022	OFFICE FOR YOU (PTY) LTD	R 5 812.88	R 841.93	R 6 654.81	STATIONERY
245	128273	205931	13/11/2022	GILBERT'S CATERING	R 1 500.00	-	R 1 500.00	SATBIRNS
246	128153	205932	13/11/2022	SLEMANO BOURMARDI	R 517.39	R 77.61	R 595.00	TELE CEMENT
247	128207	205933	13/11/2022	HERMANUS MOEWER CENTRE	R 1 734.54	R 260.78	R 1 995.32	POWER SPARES
248	127233	205954	12/11/2022	GILBERT'S CATERING	R 5 460.00	-	R 5 460.00	SATBIRNS
249	127763	205960	12/11/2022	BRENTON BEACH HOUSE	R 8 200.00	-	R 8 200.00	ACCOMMODATION
250	127965	205962	13/11/2022	SUIDERB TRADE DEPOT	R 24 734.28	R 3 730.23	R 28 464.51	HARDWARE ITEMS
251	127733	205963	13/11/2022	DU PLESSIS AA	R 11 400.00	-	R 11 400.00	SATBIRNS
252	127633	205964	13/11/2022	ADIC E WPRES SHERMANUS	R 3 993.32	R 598.70	R 4 592.02	WOOD LIGHT
253	128208	205964	12/11/2022	SLEMANO GLASS AND ALUM	R 1 042.00	-	R 1 042.00	GLASS
254	128112	205965	22/11/2022	OK FOODS G465444	R 774.55	R 136.72	R 911.27	REFRESHMENTS
255	128223	205970	22/11/2022	NOTFRER BOIRBARMARK	R 583.32	R 88.40	R 671.72	STATIONERY
256	128212	205971	22/11/2022	GATEWAY SUPPLIERS & TOPS	R 751.71	R 131.06	R 882.77	KITCHEN ITEMS
257	128222	205972	22/11/2022	SUIDERB TRADE DEPOT	R 1 034.78	R 135.23	R 1 170.01	HARDWARE ITEMS
258	128333	205974	22/11/2022	HERMANUS OFFICE NATIONAL	R 702.78	R 105.42	R 808.20	STATIONERY
259	127983	205975	22/11/2022	SUCO HERMANUS	R 15 410.04	R 2 311.51	R 17 721.55	HARDWARE ITEMS
260	127754	205976	22/11/2022	NOTFRER BOIRBARMARK	R 6 074.95	R 911.43	R 6 986.38	BOOK
261	128330	205978	22/11/2022	RIBBENS OFFICE NATIONAL	R 34 335.00	R 2 130.40	R 36 465.40	OFFICE FURNITURE
262	128265	205980	22/11/2022	ALEX GRANT PHARMACY	R 90.30	R 13.51	R 103.81	MEICATION
263	128197	205987	22/11/2022	GILBERT'S CATERING	R 1 030.00	-	R 1 030.00	SATBIRNS
264	128272	205989	22/11/2022	CUSTOM DEN (PTY) LTD	R 1 999.00	-	R 1 999.00	VEHICLE REPAIRS/PARTS
265	128276	205990	22/11/2022	HERMANUS BUILD IT (PTY) LTD	R 1 716.00	R 257.41	R 1 973.41	HARDWARE ITEMS
266	128325	205991	22/11/2022	MAROCOC DOORS	R 583.61	R 89.38	R 673.00	SATBIRNS
267	127980	205992	13/11/2022	16 METALWORKS	R 28 456.00	-	R 28 456.00	CUSTOM MADE DOORS
268	127941	205993	13/11/2022	NET WIN PROJECTS (PTY) LTD	R 36 590.00	-	R 36 590.00	PAINTING
269	126672	205994	13/11/2022	SC SUPPLIERS	R 6 347.83	R 952.17	R 7 300.00	VACUUM CLEANER
270	127959	205995	13/11/2022	NOTFRER BOIRBARMARK	R 3 997.80	R 599.67	R 4 597.47	HARDWARE ITEMS
271	127825	205996	13/11/2022	NOTFRER BOIRBARMARK	R 4 620.00	R 693.00	R 5 313.00	PAINT
272	127969	205998	13/11/2022	NOTFRER BOIRBARMARK	R 2 873.45	R 431.02	R 3 304.47	PAINT
273	127603	261000	13/11/2022	SUIDERB TRADE DEPOT	R 24 037.39	R 3 605.61	R 27 643.00	REFSARS
274	128298	261001	13/11/2022	MAROCOC DOORS	R 1 554.28	R 233.23	R 1 787.51	LED CONTROLLER
275	127782	261002	13/11/2022	SUIDERB TRADE DEPOT	R 646.26	R 96.94	R 743.20	SMALL TOOLS
276	127962	261003	13/11/2022	SUCO HERMANUS	R 6 016.93	R 902.54	R 6 919.47	PAINT
277	127763	261004	13/11/2022	SUIDERB TRADE DEPOT	R 36 254.00	R 2 513.10	R 38 767.10	BOOK
278	128027	261005	13/11/2022	SUIDERB TRADE DEPOT	R 1 124.90	R 409.05	R 1 533.95	PAINT
279	127961	261006	13/11/2022	BICE BOOKER PROMOTIONS (PTY) LTD	R 2 465.00	R 369.75	R 2 834.75	INFORMATION SIGNS
280	127461	261007	13/11/2022	ADM LOUW OCCUPATIONAL M&E	R 7 100.00	-	R 7 100.00	SCOPATIONAL EVALUATION
281	127676	261008	13/11/2022	KUMBLAK SA (PTY) LTD	R 5 633.00	R 848.04	R 6 481.04	PLUMBING ITEMS
282	128277	261009	13/11/2022	ADIC E WPRES SHERMANUS	R 1 097.90	R 164.69	R 1 262.59	ELECTRICAL ITEMS
283	127278	261010	13/11/2022	RIBBENS OFFICE NATIONAL	R 24 476.09	R 3 671.43	R 28 147.52	STATIONERY
284	128225	261011	13/11/2022	16 GIGAWATT BOOKS	R 1 515.48	R 230.32	R 1 745.80	REFRESHING BOOKS
285	128200	261012	13/11/2022	NCUTU AND SON (PTY) LTD	R 2 000.00	-	R 2 000.00	PAINTING
286	128343	261013	13/11/2022	GILBERT'S CATERING	R 1 825.00	-	R 1 825.00	SATBIRNS

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
287	128129	261014	24/11/2022	MAAP AGRICULTURE LIQUOR	R 1,269.70	R 192.46	R 1,462.16	PLASTIC CONTAINERS
288	127941	261015	24/11/2022	PETER BUTTNER SPORTSWEAR	R 17,800.00	R 2,670.00	R 20,470.00	SPORT EQUIPMENT
289	128124	261016	24/11/2022	OK4 FOODS GAMES/AAH	R 1,211.94	R 181.78	R 1,393.72	MIRIAM
290	127963	261017	24/11/2022	LOGSHERES (PTY) LTD -46	R 3,317.00	R 497.55	R 3,814.55	GOVERNMENT BOOKS
291	128198	261018	24/11/2022	METWIN PROJECTS (PTY) LTD	R 2,000.00	R -	R 2,000.00	SERVICE DOOR
292	128369	261019	24/11/2022	DAUNWAN ALEXANDER	R 1,980.00	R -	R 1,980.00	TELEPHONE GADGETS
293	128110	261020	24/11/2022	ALENKONG BOHANG/EL	R 1,421.46	R 186.47	R 1,607.93	HARDWARE ITEMS
294	128110	261021	24/11/2022	AI BANDOENG GA NGBAAI	R 660.00	R 90.00	R 750.00	VEHICLE REPAIRS/PARTS
295	128110	261022	24/11/2022	SIPA OLACK KUE ANAKO	R 110.40	R 14.38	R 124.78	VEHICLE REPAIRS/PARTS
296	128110	261023	24/11/2022	HERMANUS SMOORER CENTRE	R 1,677.80	R 251.67	R 1,929.47	POWER SPARES
297	128110	261024	24/11/2022	CUSTOM DEN (PTY) LTD	R 1,993.00	R -	R 1,993.00	DUST REPAIR
298	128113	261025	24/11/2022	ENDLESS JOURNEY MEDIA AND	R 2,300.00	R -	R 2,300.00	PA SYSTEM
299	127881	261026	24/11/2022	BOVEST WALTONS	R 2,482.20	R 372.33	R 2,854.53	STATIONERY
300	128113	261027	24/11/2022	SAVOY HOTELS	R 1,702.00	R 250.33	R 1,952.33	ACCOMMODATION
301	127966	261028	24/11/2022	PIFF HERMANUS	R 4,522.40	R 678.36	R 5,200.76	SYSTEM
302	127902	261029	24/11/2022	ANDROC DOORS	R 12,782.00	R 1,917.33	R 14,699.33	REPAIR ROLLER SHUTTER DOOR
303	127007	261030	24/11/2022	HERNORICS M	R 36,300.00	R -	R 36,300.00	MAINTENANCE WORK
304	128362	261031	24/11/2022	SIPA CHECK KUE ANKHO	R 1,721.34	R 258.26	R 1,979.60	BATTERY
305	127906	261032	24/11/2022	NOLADA 8 (PTY) LTD	R 1,515.89	R 230.38	R 1,746.27	POWER TOOLS
306	127919	261033	24/11/2022	DE VILLERS D	R 4,800.00	R -	R 4,800.00	PAINT WALLS
307	128366	261034	24/11/2022	GANSBAAI BUILD IT (PTY) LTD	R 1,156.40	R 173.47	R 1,329.87	HEDGE CLIPPER
308	128310	261035	24/11/2022	GANSBAAI BUILD IT (PTY) LTD	R 2,233.24	R 340.00	R 2,573.24	HARDWARE ITEMS
309	128314	261036	24/11/2022	HERMANUS OFFICE NATIONAL	R 718.00	R 107.78	R 825.78	DIARIES
310	127459	261037	24/11/2022	GANSBAAI BUILD IT (PTY) LTD	R 2,347.80	R 352.17	R 2,699.97	PAINT
311	127176	261038	24/11/2022	K202 03 346 28 (SOUTH AFRICA	R 9,390.00	R -	R 9,390.00	INSTALLATION OF GUTTERS
312	127916	261039	24/11/2022	OFFICE FOR YOU (PTY) LTD	R 5,195.00	R 779.23	R 5,974.23	MEGAPHONE
313	127492	261040	24/11/2022	MANKOO MARKETING PROMANIE	R 1,618.90	R 242.72	R 1,861.62	PAINT
314	127957	261041	24/11/2022	ONEBERG AGRIBODYWAE (PT	R 2,713.04	R 406.90	R 3,119.94	PAINT POLES
315	127853	261042	24/11/2022	BOET AND ENGINEERING DISTRIBUTORS	R 3,104.30	R 465.63	R 3,569.93	HARDWARE ITEMS
316	127910	261043	24/11/2022	REBBERING OFFICE NATIONAL	R 2,910.25	R 436.54	R 3,346.79	STATIONERY
317	128181	261044	24/11/2022	MOGAMATA TOURS	R 360.00	R -	R 360.00	TRANSPORT PEOPLE
318	127624	261045	24/11/2022	ONEBERG AGRIBODYWAE (PTY) LTD	R 8,910.40	R 1,339.56	R 10,249.96	CLOTHING
319	127612	261046	24/11/2022	ONEBERG ANAKO	R 4,000.00	R 600.00	R 4,600.00	HOSEING PACKAGE
320	128010	261047	24/11/2022	NOLADA 8 (PTY) LTD	R 2,320.00	R 348.00	R 2,668.00	VACUUM CLEANER
321	127213	261048	24/11/2022	A AND WELDING SOLUTIONS	R 26,070.00	R 3,910.50	R 29,980.50	COPIY PAPER
322	128317	261049	24/11/2022	PIFF HERMANUS	R 13,900.00	R -	R 13,900.00	ANIMAL HOLDING FACILITY
323	128110	261050	24/11/2022	HERMANUS HARDWARE ITEMS	R 1,557.36	R 233.60	R 1,790.96	ZIPPOR TUBING
324	128316	261051	24/11/2022	MAAP AGRICULTURE LIQUOR	R 585.96	R 88.04	R 674.00	SMALL TOOLS
325	128316	261052	24/11/2022	BUC DOCKER AND MONGOTON (PTY) LTD	R 1,695.77	R 254.17	R 1,949.94	BRIGATIONS/PARTS
326	128313	261053	24/11/2022	WILKOO MARKETING PROMANIE	R 1,113.04	R 166.90	R 1,279.94	SIGN BOARDS
327	127916	261054	24/11/2022	BUILDERS TRADE DEPOT	R 2,774.20	R 411.13	R 3,185.33	PAINT
328	128192	261055	24/11/2022	HERMANUS MIDAS	R 104.05	R 15.61	R 119.66	VEHICLE REPAIRS/PARTS
329	128178	261056	24/11/2022	STARTLINE (PTY) LTD	R 34,634.28	R 5,195.22	R 39,829.50	CLOTHING
330	128292	261057	24/11/2022	BOVEST WALTONS	R 317.28	R 47.03	R 364.31	CLEANING ITEMS
331	127441	261058	24/11/2022	NCUTHU AND SON (PTY) LTD	R 11,500.00	R -	R 11,500.00	PAINTING OF BUILDING
332	128316	261059	24/11/2022	HERMANUS HARDWARE ITEMS	R 1,613.00	R 242.09	R 1,855.09	HARDWARE ITEMS
333	128175	261060	24/11/2022	MAAP AGRICULTURE LIQUOR	R 794.30	R 119.87	R 914.17	PLASTIC BUCKETS
334	127963	261061	24/11/2022	YELLOW MANGO TRADING CC	R 6,354.00	R 951.10	R 7,305.10	OFFICE EQUIPMENT

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
336	138344	261082	25/11/2022	HERMANUS BUILD IT (PTY) LTD	695,57	104,31	800,00	NEW PLANKS
337	128411	261083	25/11/2022	ANDSON HOTEL	1704,25	259,65	1963,90	ACCOMMODATION
338	127951	261083	25/11/2022	REITERER BROSWARE	3133,75	470,06	3603,81	GOOD LIGHTS
339	127951	261083	25/11/2022	GANSBAAL BUILD IT (PTY) LTD	3393,15	508,97	3902,12	WOODING ROOFS
340	127811	261082	25/11/2022	ROAT AND ENGINEERING DISTRIBUTORS	2350,00	352,50	2702,50	SAFETY SPECS
341	127965	261087	25/11/2022	YELLOW MANGO TRADING CC	2319,20	347,88	2667,08	MEGAPHONE
342	122281	261082	25/11/2022	MANKOLLO PEARLS (PTY) LTD	2424,00	363,60	2787,60	COSE 10 DRINKING LESSONS
343	128111	261083	25/11/2022	DAAP AGRI AGRIMARKET UGANDA	1005,20	150,78	1155,98	WATER SPRAYER
344	127981	261082	25/11/2022	HERMANUS BUILD IT (PTY) LTD	1043,30	156,50	1200,00	COCKET
345	127979	261081	25/11/2022	BICO HERMANUS	1312,22	196,84	1509,06	SECURITY GATE
346	128350	261082	25/11/2022	HERMANUS OFFICE NATIONAL	643,83	96,57	740,40	STATIONERY
347	128416	261081	25/11/2022	FUNCTION HERE COME	1043,90	156,58	1200,48	SET OF CATERING EQUIPMENT
348	128421	261082	25/11/2022	WAPACHANG (PTY) LTD	156,52	23,48	180,00	SATBUNG EQUIPMENT
349	128321	261083	25/11/2022	SAFODIC DOORS	217,30	32,59	250,00	DOOR LOCK
350	127961	261083	25/11/2022	DE SARE FARMERICAL CC	8396,96	1259,54	9656,50	8 BICYCLES
351	127985	261082	25/11/2022	WAG PRINTMEDIA (PTY) LTD	1150,00	172,50	1322,50	PRINT ID CARDS
352	128341	261083	25/11/2022	FOOD @ HAND	4750,00	-	4750,00	CATERING
353	128402	261082	25/11/2022	BOVEST WALDORF	1685,51	252,83	1938,34	STATIONERY
354	128421	261082	25/11/2022	HERMANUS MAROAS	1948,00	292,20	2240,20	REFLECTIVE TAPE
355	127982	261082	25/11/2022	ADIC EPHESI PARAMANUS	4052,31	607,85	4660,16	SUGS AND PERALLES
356	127925	261081	28/11/2022	BICO HERMANUS	5177,80	776,67	5954,47	PAINT
357	127934	261110	28/11/2022	LOCO ELECTRICAL WHOLESALE	1039,00	155,84	1194,84	LED FITTING
358	128460	261111	28/11/2022	HERMANUS WASH ARWARE ITEMS	763,04	114,46	877,50	HARDWARE ITEMS
359	128411	261117	28/11/2022	HERMANUS BUILD IT (PTY) LTD	1393,22	208,98	1602,20	TOILET ROLL HOLDER
360	127952	261110	28/11/2022	REINAKHO BUILD IT	1210,31	181,55	1391,86	HARDWARE ITEMS
361	127929	261121	28/11/2022	RUBBERG OFFICE NATIONAL	2880,25	432,04	3312,29	TABLES
362	128111	261121	28/11/2022	REFRIMOND BUILD IT	1242,36	186,37	1428,73	HANDWARE ITEMS
363	127947	261126	28/11/2022	QOQ2 13346 18 SOUTH AFRICA	14850,00	-	14850,00	GENERAL BUILDING
364	128304	261127	28/11/2022	GANSBAAL BUILD IT (PTY) LTD	1792,43	268,87	2061,30	SMALL TOOLS
365	128411	261128	28/11/2022	CUSTOM DEN (PTY) LTD	1993,00	-	1993,00	BUST REPAIR
366	128415	261128	28/11/2022	SIFA OLUCKE HANDBAG	402,50	60,38	462,88	TRUCKLE REPAIR/SPARES
367	128464	261130	29/11/2022	HERMANUS OFFICE NATIONAL	1698,07	254,71	1952,78	TABLET CASE
368	128458	261131	29/11/2022	HERMANUS OFFICE NATIONAL	246,17	36,93	283,10	TABLETS
369	127919	261140	29/11/2022	BICO HERMANUS	3100,90	465,14	3566,04	PAINT
370	128459	261141	29/11/2022	GANSBAAL BUILD IT (PTY) LTD	953,91	143,09	1097,00	SEWER VALVE
371	127088	261148	29/11/2022	HERIBICOM SA	9300,00	-	9300,00	GENERAL MAINTENANCE
372	128020	261150	29/11/2022	GAS BUILD (PTY) LTD	22130,20	3319,54	25449,74	AS-BUILD
373	128111	261160	29/11/2022	HERMANUS BUILD IT (PTY) LTD	260,78	39,12	299,90	GALLEY
374	128310	261163	29/11/2022	DOUGLASS STEEL PROJECTS (PTY) LTD	21930,00	-	21930,00	TYRE SWIVELS
375	128308	261164	29/11/2022	GRUOT BOS GREEN FUTURES F O	1725,00	258,75	1983,75	PLANTS
376	127953	261165	29/11/2022	BICO HERMANUS	21206,82	3180,02	24386,84	PAPERS
377	127967	261166	29/11/2022	LOCO ELECTRICAL WHOLESALE	2166,40	324,96	2491,36	POWER CORDS
378	128047	261167	29/11/2022	HOMEMADE GOODS	3650,00	547,50	4197,50	SATBUNG
379	128329	261168	29/11/2022	BUVEST WALDORF	1943,81	291,57	2235,38	TABLES
380	128046	261169	29/11/2022	HERMANUS LOCKSMITHS AND S	3716,40	557,46	4273,86	EMERGENCY PUSH LEVER
381	128323	261170	29/11/2022	OFFICE FOR YOU (PW) LAM	17849,00	2677,35	20526,35	OFFICE SUPPLIES
382	128363	261171	29/11/2022	GANSBAAL BUILD IT (PTY) LTD	28491,80	4273,70	32765,50	PAPERS
383	128369	261172	29/11/2022	DOANRIB REECE OVALS	1350,00	-	1350,00	TABLE FOR PRESSURE DRILL
384	128391	261173	29/11/2022	BIC BOOKER PROMOTIONS (PTY) LTD	817,30	122,61	940,00	TABLETS

#	Requisition #	Order #	Order Date	Creditor Name	Amount (Excl VAT)	VAT	Amount (Incl VAT)	Description of goods/service
385	127556	261174	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 7,504.00	R 1,126.20	R 8,630.20	FREE HOLE RING
386	127965	261175	10/11/2022	DE FACIT OH	R 2,090.00	R 313.51	R 2,403.51	DIABRES
387	128131	261176	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 105.96	R 16.14	R 122.10	LAGNERBET
388	128131	261177	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 20,374.81	R 3,116.41	R 23,491.22	HEMIDODE
389	128138	261178	10/11/2022	MINOTEK TRADING CC	R 2,417.36	R 362.57	R 2,779.93	SHALEY SWIVEL
390	127756	261179	10/11/2022	BERGHEZ PRINTING	R 3,550.00	R -	R 3,550.00	PRINTING
391	127923	261181	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 4,907.14	R 640.05	R 5,547.19	ALUMINIUM WINDOW
392	128136	261182	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 474.30	R 70.76	R 545.06	SOLE MARKING STAMP
393	128171	261183	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 3,499.19	R 524.88	R 4,024.07	ELECTRICAL APPLIANCES
394	128216	261184	10/11/2022	SIEMENS ELECTRICAL SUPPLIES	R 1,882.85	R 282.35	R 2,165.20	ELECTRICAL ITEMS
TOTALS					R 198,753.04	R 21,278.69	R 219,991.73	

4.5**AMENDMENT TO THE SUPPLY CHAIN MANAGEMENT POLICY****8/2/2****C Le Roux****Deputy Director: Finance & SCM****05 December 2022****(028) 313 8107**

1. Executive Summary

The purpose of the item is to approve the Draft Preferential Procurement Policy and amendments to the Supply Chain Management (SCM) Policy to give effect to the Preferential Procurement Regulations, 2022.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance
Department: Supply Chain Management

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
Preferential Procurement Framework Act, 2000: Preferential Procurement Regulations, 2022.

6. Background/Discussion/Evaluation/Conclusion**Background**

On 2 November 2020, the Supreme Court of Appeal (SCA), in the case of Afribusines NPC v The Minister of Finance, declared the Preferential Procurement Regulation, 2017 invalid and set it aside. The SCA suspended the declaration of invalidity for 12 months. The Minister of Finance appealed to the Constitutional Court against the SCA judgement. By operation of section 18(1), the operation and execution of a decision of the SCA were automatically suspended pending the appeal.

On 16 February 2022, the Constitutional Court dismissed the appeal against the SCA judgement. The Constitutional Court did not pronounce on the suspension of the SCA order nor on retrospectivity or prospectively.

Discussion

On 10 March 2022, the Minister of Finance issued new draft Preferential Procurement Regulations for public comment. The deadline for public comments was 11 April 2022. The draft regulations deal with the following matters:

1. Definitions
2. Application
3. Identification of preference point system
4. 80/20 preference point system for acquisition of goods or services with Rand value equal to or above R30 000 and up to R50 million
5. 90/10 preference point system for acquisition of goods or services with Rand value above R50 million
6. 80/20 preference points system for tenders to generate income or to dispose of or lease assets with Rand value equal to or above R30 000 and up to Rand value of R50 million
7. 90/10 preference point system for tenders to generate income or to dispose of or lease assets with Rand value equal to or above R50 million
8. Criteria for breaking deadlock in scoring
9. Award of contracts to tenderers not scoring highest points
10. Remedies
11. Repeal of regulations
12. Short title and commencement

The new draft regulations deleted the unconstitutional provisions on pre-qualifying criteria, sub-contracting, and local content.

A new item introduced in the regulations is the preference point system for tenders to generate income or to dispose of or lease assets. These provisions were inserted due to the judgement of the SCA in *Airports Company South Africa SOC Ltd v Imperial Group Ltd & Others* where the court held that s217 of the Constitution and therefore the supply chain management prescripts are applicable when organs of state contracts for goods or services even where the organ of state is not incurring an expenditure, like when it leases or disposes of assets.

On 30 May 2022, the Constitutional Court in *Minister of Finance v Sakeliga NPC* confirmed the legal position. It held:

“ For the reasons I have given, there is no need for this clear legal position to be confirmed

- [17] As at 16 February 2022, of the 12-month period of suspension, less than a month had elapsed.
- [18] With the legal position as plain as it is, I do not understand how the confusion we hear about from the Minister could have arisen. It could have arisen only if the Minister and the interest groups to which he refers interpreted the order without due regard to the law; that is, the provisions of section 18(1). Of course, there is no justification for interpreting the order in a vacuum.”

On 4 November 2022, The Minister of Finance issued the new Preferential Procurement Regulations 2022, effective from 16 January 2023.

The municipality therefore has until 15 January 2023 to approve its Preferential Procurement Policy and to amend its Supply Chain Management Policy in line with the new regulations and the court judgements.

The objective of the Preferential Procurement Policy is to comply with the provisions of section 217(2) of the Constitution and section 2 of the Preferential Procurement Framework Act.

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)-[PPPFA] was promulgated in compliance with section 217(3) of the Constitution to create the framework within which the Municipality may develop its preferential procurement policy.

Section 2 (1) (d) (i) and (ii) of the Preferential Procurement Policy Framework Act, 2000 refers to specific goals which may include:

- (i) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability;
- (ii) implementing the programmes of the Reconstruction and Development Programme (RDP) as published in Government Gazette 16085 dated 23 November 1994.

The Minister of Finance has, in terms of section 5, read with sections 2(1)(b)(i) and (ii) and 2(1)(c), of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), and with effect from 16 January 2023, issued the Preferential Procurement Regulations, 2022 to provide for the preference point system that must be followed by organs of state in their preferential procurement policies.

In addition to adhering to the peremptory prescribed preference point system as set out in the Preferential Procurement Regulations, 2022 the municipality must add to this preference points system its 10 or 20 points for specific goals as set out in section 2(1)(d)(i) and (ii) of the Act.

Section 10 of the B-BBEE Act instruct in obligatory terms that every organ of state must apply any relevant code of good practice issued in terms of the Act in developing and implementing a preferential procurement policy.

The proposed points for B-BBEE and locality as contemplated in the Preferential Procurement Policy is as follows:

B-BBEE Status Level of Contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	10	5
2	8	4
3	6	3
4	4	2
5	2	1
6	2	1
7	2	1
8	2	1
Non-compliant contributor	0	0

Local area of supplier	Number of Points for Preference	
	80/20	90/10
Within the boundaries of the Overstrand municipality	10	5
Within the boundaries of Overberg District	6	3
Within the boundaries of the Western Cape	4	2
Outside of the boundaries of the Western Cape	0	0

The amendments to the Supply Chain Management Policy will also have the effect that Part B of the Policy is now a separate policy, namely the Preferential Procurement Policy (Annexure B).

AMENDMENTS TO THE SUPPLY CHAIN MANAGEMENT POLICY:

- 10(3) All user departments are required to submit their Demand Management [procurement] plans to the Supply Chain Management Unit by 31 December in terms of the IDP and Budget processes.
- 15 Written or verbal quotations [**below**] up to R2,000 (Incl. VAT)
- 21(3) Tenders to be evaluated on functionality:
- a) The Municipality must indicate in the tender documents if the tender will be evaluated on functionality.
 - b) The evaluation criteria for measuring functionality must be objective.

- c) The tender documents must specify-
 (i) evaluation criteria for measuring functionality.
 (ii) the points for each criterion and, if any, each sub-criterion; and
 (iii) minimum qualifying score for functionality.
- d) The minimum qualifying score for functionality for a tender to be considered further-
 (i) must be determined separately for each tender; and
 (ii) may not be so-
 (a) low that it may jeopardise the quality of the required goods or services; or
 (b) high that it is unreasonably restrictive.
- e) Points scored for functionality must be rounded off to the nearest two decimal places.
- f) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
- g) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged.
- 23 Procedure for handling, opening, **[and]** recording and cancellation of bids
- 23(5) Cancellation of tender/s:
 a) The Municipality may, before the award of a tender, cancel a tender invitation if-
 (i) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation.
 (ii) funds are no longer available to cover the total envisaged expenditure.
 (iii) no acceptable tender is received; or
 (iv) there is a material irregularity in the tender process.
- 29(9) The Accounting Officer must comply with Section 114 of the Act within working 10 days-
- 40(b) Disposal Management does not per se represent a procurement process, although the pre-scribed procurement processes are followed in the disposal of assets and is thus exempt from the prohibitions of paragraph 44 of this policy in relation to the disposal of immovable assets for residential purposes only. As a result, the municipality is not prohibited from selling/disposing of immovable assets to persons in the service of the state where such sale/disposal is to be used for primary residential occupation.

AMENDED VERSION OF POLICY:

- 10(3) All user departments are required to submit their Demand Management plans to the Supply Chain Management Unit by 31 December in terms of the IDP and Budget processes.
- 15 Written or verbal quotations up to R2,000 (Incl. VAT)
- 21(3) Tenders to be evaluated on functionality:
- a) The Municipality must indicate in the tender documents if the tender will be evaluated on functionality.
 - b) The evaluation criteria for measuring functionality must be objective.
 - c) The tender documents must specify-
 - (i) evaluation criteria for measuring functionality.
 - (ii) the points for each criterion and, if any, each sub-criterion; and
 - (iii) minimum qualifying score for functionality,
 - d) The minimum qualifying score for functionality for a tender to be considered further-
 - (i) must be determined separately for each tender; and
 - (ii) may not be so-
 - (a) low that it may jeopardise the quality of the required goods or services; or
 - (b) high that it is unreasonably restrictive.
 - e) Points scored for functionality must be rounded off to the nearest two decimal places.
 - f) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
 - g) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged.
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 - (ii) funds are no longer available to cover the total envisaged expenditure.
 - (iii) no acceptable tender is received; or
 - (iv) there is a material irregularity in the tender process.

- 29(9) The Accounting Officer must comply with Section 114 of the Act within working 10 days–
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7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

- Annexure A: Amended 2022/23 Overstrand Municipality Supply Chain Management Policy.
- Annexure B: Overstrand Municipality Draft Preferential Procurement Policy
- Annexure C: Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2022

RECOMMENDATION TO THE COUNCIL:

1. that the amended Supply Chain Management policy for 2022/2023 **be approved;**
2. that the draft Preferential Procurement Policy for 2022/2023 **be approved;**
3. that the amended Supply Chain Management Policy and the Draft Preferential Procurement Policy be advertised for public participation;
4. that any comments received related to the implementation of the Policy, will be reported to Council; and

5. that the policies be implemented with effect from 16 January 2023 if no comments are received.


RESPONSIBLE OFFICIAL :

C LE ROUX

TARGET DATE FOR IMPLEMENTATION :

16 JANUARY 2023


OVERSTRAND
MUNICIPALITY



[PART A]
SUPPLY CHAIN MANAGEMENT POLICY,
adopted in terms of section 111 of the
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF
2003
and the
MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS, NOTICE 868 OF 30
MAY 2005

Annexure A1 | 27

OVERSTRAND
MUNICIPALITY



SUPPLY CHAIN
MANAGEMENT POLICY

[This Policy consists of two parts:

Part A is the Supply Chain Management Policy, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations, Notice 969 of 26 May 2005;

Part B is the Preferential Procurement Policy, adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2017.]

[PART A]

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003

The Council of the Overstrand Municipality resolved on 26 June 2008 in terms of Section 111 of the Local Government: Municipal Finance Management Act (No. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the Municipality.

Ad/27

A3/27

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY [- PART A]

TABLE OF CONTENTS [- PART A]

POLICY STATEMENT AND OBJECTIVES

- 1. Definitions

CHAPTER 1:

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

- 2. Supply Chain Management Policy
- 3. Adoption, amendment and implementation of the Supply Chain Management Policy
- 4. Delegation of Supply Chain Management powers and duties
- 5. Sub-delegations
- 6. Oversight role of council
- 7. Supply Chain Management Unit
- 8. Training of Supply Chain Management officials

CHAPTER 2:

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT POLICY

- 9. Format of Supply Chain Management Policy

Part 1: DEMAND MANAGEMENT

- 10. System of demand management

Part 2: ACQUISITION MANAGEMENT

- 11. System of Acquisition Management
- 12. Range of procurement processes
- 13. General preconditions for consideration of written quotations or bids
- 14. Lists of accredited prospective providers
- 15. Written quotations below R2,000
- 16. Written quotations above R2,000
- 17. Formal written price quotations
- 18. Procedures for procuring goods or services through written quotations and formal written price quotations
- 19. Competitive bids
- 20. Process for competitive bidding
- 21. Bid documentation for competitive bids
- 22. Public invitation for competitive bids
- 23. Procedure for handling, opening, and recording and cancellation of bids
- 24. Negotiations with preferred bidders and communication with prospective providers and bidders
- 25. Two-stage bidding process
- 26. Committee system for competitive bids
- 27. Bid Specification Committees
- 28. Bid Evaluation Committees
- 29. Bid Adjudication Committees
- 30. Procurement of Banking Services
- 31. Procurement of Information- and Communication Technology (ICT) related goods or services
- 32. Procurement of goods and services under contracts secured by other organs of state

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY [- PART A]

- 33. Procurement of goods necessitating special safety arrangements
- 34. Proudly SA Campaign
- 35. Appointment of consultants
- 36. Deviation form, and mitigation of minor breaches of procurement processes
- 37. Unsolicited bids
- 38. Combating of abuse of supply chain management system

Part 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

- 39. Logistics management
- 40. Disposal management
- 41. Risk management
- 42. Performance management

Part 4: OTHER MATTERS

- 43. Prohibition on awards to persons whose tax matters are not in order
- 44. Prohibition on awards to persons in the service of the state
- 45. Awards to close family members of persons in the service of the state
- 46. Ethical standards
- 47. Incentives, rewards, gifts and favours to municipal officials and other role players
- 48. Sponsorships
- 49. Objections and complaints
- 50. Resolution of disputes, objections, complaints and queries
- 51. Contract management
- 52. Public Private Partnerships
- 53. Contract Management
- 54. Transversal Contracts
- 55. Framework for Infrastructure Delivery
- 56. Framework for Infrastructure Procurement
- 57. Infrastructure Procurement Guide
- 58. Gateway Reviews
- 59. Short bids and commencement

Annexures

ANNEXURE A - Delegations

ANNEXURE B - Code of Conduct

1 Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) has the same meaning as in the Act, and –

'Accounting Officer'	means a person appointed by the Municipality in terms of Section 82 of the Local Government Municipal Finance Management Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager of the Municipality.
'AF' or 'MFM'	means the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
'Budget holder'	means the person or persons responsible for expenditure, and known to the accounting officer, who is responsible for the control of the expenditure and for the proper financial administration of such part of the budget. The Budget holder is responsible to submit expenditure reports, and from which their economic benefit can be derived, such as plant, machinery and vehicles etc.
'Business day'	means any day of the week except Saturdays, Sundays and public holidays as determined in the Public Holidays Act, 1994 (Act No. 94 of 1994)
'Capital Asset'	means: a) any immovable asset such as land, property or buildings or b) any movable asset such as plant, machinery or vehicles or any other asset which is used in the production or supply of goods or services, for which the purchase price is more than the value of the asset less any economic benefit can be derived, such as plant, machinery and vehicles etc.
'COO'	means Chief Financial Officer of the Municipality or Director of Finance in the province.
'COOP'	means Co-operative Industry Development Board
'State family member'	means a person's spouse, whether in a stable or in a customary union, according to indigenous law, customs, practices or traditions, or child, parent, brother, sister, whether such relationship results from birth, marriage or adoption.
'Strong sale'	means the sale and delivery specified in the bid documents in a sale or advertisement of the goods of the bid.
'Supply chain management'	means a comprehensive leading process referred to in paragraph 12(1)(a) of this Policy.
'Supplier's bid'	means a bid in terms of a competitive bidding process;
'Construction Motor'	means any vehicle in connection with: a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; b) the installation, erection, dismantling or maintenance of a hoist plant; c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or other infrastructure system or any similar civil engineering structure; or d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
'Contract'	means a person or entity providing services requiring knowledge based expertise.
'Contract Owner'	means the agreement that results from the acceptance of a bid by the Municipality.
'Contract Owner'	means the client, director, senior manager or manager, as the case may be, that is ultimately accountable for all activities during the life cycle of the contract. The Contract Owner can also be seen as the budget holder.
'Mayo'	Means a member who unless the context indicates otherwise:
'Supplier'	in relation to a bid, includes an individual a recipient to perform, or to assist in performing the bid;
'Bidder'	means a manager referred to in section 81 of the Municipal Systems Act.
'Emergency'	an emergency is an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.
'Emergency response'	means an emergency which is caused, managed and controlled by previously disadvantaged persons in any form which is overcoming business impediments arising from the legacy of apartheid.
'General community services'	means the Local Government contract as stipulated in Government Gazette number 18153 of 21 June 1997; Government Gazette number 18275 of 12 September 1997; Government Gazette number 18430 of 21 November 1997; Government Gazette number 18521 of 21 March 1998; Government Gazette number 20072 of 21 September 2001; Government Gazette number 27164 of 26 December 2004; Government Gazette number 28216 of 28 July 2008; Government Gazette number 28667 of 24 December 2008; Government Gazette number 31093 of 19 February 2010;
'Municipal Council'	means the Council of the Municipality.

A4/27

POLICY STATEMENT AND OBJECTIVES

- 1) Section 111 of the Local Government Municipal Finance Management Act, 56 (MFMA) requires each municipality and municipal entity to adopt and implement a Supply chain Management Policy, which give effect to the requirements of the Act.
- 2) In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.
- 3) The objectives of this Policy are:
 - 1) to give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;
 - 2) to comply with applicable provisions of the Municipal Finance Management Act including Municipal Supply Chain Management Regulations published under GN688 in Government Gazette 27616, 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA and regulations pertaining thereto; and
 - 3) to acknowledge the provisions of:
 - a) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - b) The Competition Act 1998 (Act No. 89 of 1998)
 - c) the Construction Industry Development Board Act, 2001 (Act No.38 of 2001);
 - d) the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - e) the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998);
 - f) the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000);
 - g) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - h) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);
 - i) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A)**

- c) select contractors to provide assistance in the provision of municipal services including circumstances where Chapter 3 of the Municipal Systems Act applies.
- d) Select external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of the Act.
- 3) This policy, except where provided otherwise, does not apply in respect of:
- the procurement of goods and services contemplated in section 110(d) of the Act, including –
 - water from the Department of Water Affairs or a public entity, another municipality or a municipal entity;
 - electricity from Eskom or another public entity, another municipality or a municipal entity; and
 - any other such entities.
3. **Adoption, Amendment and Implementation of the Supply Chain Management Policy**
- The Accounting Officer must –
 - at least annually review the implementation of this Policy; and
 - when the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to Council.
 - If the Accounting Officer submits proposed amendments to Council that differ from the model policy issued by the National Treasury, the Accounting Officer must –
 - ensure that such proposed amendments comply with the Regulations; and
 - report any deviation from the model policy to the National Treasury and the Provincial Treasury.
 - When amending this supply chain management policy the need for uniformity in supply chain processes, procedures and terms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
 - The Accounting Officer must in terms of section 80(1)(iv) of the Act, take all reasonable steps to ensure that the municipality implements the supply chain management policy.
4. **Delegation of supply chain management powers and duties**
- Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –
 - to discharge the supply chain management responsibilities conferred on Accounting Officers in terms of –
 - Chapter 8 or 10 of the Act; and
 - this Policy;
 - to maximize administrative and operational efficiency in the implementation of this Policy;
 - to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.
 - Section 70 of the Act applies to the sub-delegation of powers and duties delegated to the Accounting Officer in terms of sub-paragraph (1).
 - The Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an officer of the Municipality or to a committee which is not exclusively composed of officials of the Municipality.
 - This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A)**

5. **Sub-delegations**
- The Accounting Officer may in terms of section 75 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent with sub-paragraph (2) of this paragraph and paragraph 4 of this Policy.
 - The power to make a final award –
 - above R10 million (incl. VAT), may not be sub-delegated by the Accounting Officer;
 - above R200,000 (incl. VAT), but not exceeding R10 million (incl. VAT) may be sub-delegated but only to a bid adjudication committee of which the Chief Financial Officer is the chairperson and directors are members;
 - below R200,000 (incl. VAT) may be sub-delegated as per Council's delegations, attached as Annexure A, pertaining to the procurement of goods and services.
 - An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with sub-paragraph (2) must, within three (3) business days of the end of the month referred to in sub-paragraph (4) a written report containing particulars of each final award made by such official or committee during that month, including –
 - contract numbers and description of goods, services or infrastructure projects;
 - the name of the person to whom the award was made;
 - the B/BBEE level of contribution claimed;
 - the amount of the award; and
 - the reason why the award was made to that person.
 - A written report referred to in sub-paragraph (3) must be submitted to the Accounting Officer, in the case of an award by a bid adjudication committee of which the Chief Financial Officer and directors are members.
 - The awards schedule must be published on Council's website in terms of Section 75(g) of the Act.
 - Sub-paragraph (3) and (4) of this policy do not apply to procurement out of petty cash or written quotations below R2,000 (incl. VAT).
 - This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy. Also refer to paragraph 4(f) and 5(2)(a) of this Policy.
 - No supply chain management decision-making powers may be delegated to an adviser or consultant.
6. **Oversight role of council**
- Council must maintain oversight over the implementation of this Policy.
 - For the purposes of such oversight the Accounting Officer must –
 - within 22 business days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the role or shared control of the municipality, to the council of the municipality; and
 - whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
 - The Accounting Officer must, within six (6) business days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.
 - The reports must be made public in accordance with section 21A of the Local Government Municipal Systems Act 32, 2002.
7. **Supply Chain Management Unit**
- The Overstrand Municipality has established a Supply Chain Management Unit to implement this Policy.

A6/27

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – (PART A)

2) The Chief Financial Officer is administratively in charge of the supply chain management unit which operates under the direct supervision of the Head, Supply Chain Management, to whom this duty has been sub-delegated in terms of Section 42 of the Act.

8. Training of Supply Chain Management officials

The training of officials involved in implementing this Policy should be in accordance with relevant legislation, including Treasury guidelines on supply chain management.

CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of Supply Chain Management system

- 1) This Policy provides systems for –
- demand management;
 - acquisition management;
 - logistics management;
 - disposal management;
 - risk management; and
 - performance management.

Part 1: DEMAND MANAGEMENT

10. System of Demand Management

- The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Municipality support its operational control needs and its strategic goals outlined in the Integrated Development Plan, the Budget and the Service Delivery and Budget Implementation Plan.
- The Demand Management Plan must be developed in conjunction with the IDP, Service Delivery and Budget Implementation Plan (SDIP) and annual budget.
- All user departments are required to submit their Demand Management (procurement) plans to the Supply Chain Management Unit by 31 December in terms of the IDP and Budget annexures.
- The Demand Management Plan must be submitted to and approved by the Accounting Officer or his or her delegate before 30 June of each year.
- The Demand Management Plan must be reviewed regularly and submitted to the Accounting Officer or his delegate on a monthly basis.
- Demand management must be co-ordinated by SCM officials of the Municipality in consultation with budget holders.
- The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

Part 2: ACQUISITION MANAGEMENT

11. System of Acquisition Management

- The Accounting Officer must implement the system of acquisition management set out in this Part in order to ensure –
 - that goods and services are procured by the Municipality in accordance with authorized processes only;
 - that expenditure on goods and services is incurred in terms of an approved budget; in terms of section 15 of the Act;
 - that the threshold values for the different procurement processes are complied with;
 - that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - that any Treasury guidelines on acquisition management are properly taken into account.

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – (PART A)

2) When procuring goods or services contemplated in section 110(2) of the Act, the Accounting Officer must, subject to paragraph 2(3), make public the fact that such goods or services are procured otherwise than through the Municipality's supply chain management system, including –

- the kind of goods or services; and
- the name of the supplier.

12. Range of procurement processes

- Goods and services may only be procured by way of –
 - perfy cash purchases in terms of Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (incl. VAT);
 - one written or verbal quotation for procurement transactions with a value up to R2 000 (incl. VAT);
 - three written quotations for procurement transactions with a value over R2 000 (incl. VAT) up to R10 000 (incl. VAT);
 - formal written price quotations for procurement transactions valued over R10 000 (incl. VAT) up to R200 000 (incl. VAT); and
 - a competitive bidding process for –
 - procurement transactions with a value above R200 000 (incl. VAT); and
 - the procurement of long-term contracts.
- The Accounting Officer may, in writing –
 - lower, but not increase, the different threshold values specified in sub-paragraph (1); or
 - direct that –
 - written or verbal quotations be obtained for any specific procurement of a transaction value below R2 000 (incl. VAT);
 - formal written price quotations be obtained for any specific procurement of a transaction value lower than R200 000 (incl. VAT); or
 - a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (incl. VAT).
- Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of this policy. Where tendering transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

13. General preconditions for consideration of written quotations or bids

- A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
 - has furnished that provider's –
 - full name;
 - identification number or company or other registration number; and
 - tax reference number and VAT registration number, if any;
 - has authorized the Municipality to verify any of the documentation referred to in sub-paragraph (a) above; and
 - has indicated –
 - whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - if the provider is not a natural person, whether any of its directors, managers, principal shareholders or subsidiaries are in the service of the state, or has been in the service of the state in the previous twelve months; or

A7/27

(ii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (i) is in the service of the state or has been in the service of the state in the previous twelve months.

14 List of accredited prospective providers

- 1) The Accounting Officer must –
 - a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - b) at least once a year through newspapers conspicuously circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers; and
 - c) The listing criteria for prospective suppliers are:
 - (i) Name of supplier / service provider;
 - (ii) Street and postal address;
 - (iii) Contact person for quotations/enquiries;
 - (iv) Contact numbers for quotations / enquiries;
 - (v) Contact details for quotations/enquiries;
 - (vi) VAT registration year(s);
 - (vii) VAT registration number;
 - (viii) Banking details in the name of the entity;
 - (ix) Type of industry;
 - (x) Valid certification for specialised services;
 - (xi) Valid tax clearance certificate or pit;
 - (xii) CIDB registration if applicable;
 - (xiii) Valid certification in respect of Exempted Micro Enterprise or B-BBEE Status Level of Contributor;
 - (xiv) Renewed identification numbers and certified copies of identity documents of all members, directors and partners;
- d) Delete the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- e) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

15 Written or verbal quotations (below) up to R2,000 (incl. VAT)

- 1) The conditions for the procurement of goods or services referred to in paragraph 15A(1)(b) of this Policy for minor items that are purchased for up to R2,000 (incl. VAT), are as follows:
 - a) written quotations for transactions must be obtained from at least one prospective supplier or service provider (not limited to, suppliers or service providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, each provider must meet the listing criteria set out in paragraph 14(1)(b), (c) and (d) of this Policy;
 - b) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

16 Written quotations above R2,000 (incl. VAT)

- 1) The conditions for the procurement of goods or services through written quotations for amounts above R2,000 (incl. VAT) up to R10,000 (incl. VAT) are as follows:

- a) quotations must be obtained from at least three different providers (preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b), (c) and (d) of this Policy;
- b) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer; and
- c) the Accounting Officer must accept the names of the potential providers requested to provide such quotations with their contact prices.

17 Formal written price quotations

- 1) The conditions for the procurement of goods or services through formal written price quotations for amounts above R10,000 (incl. VAT) up to R200,000 (incl. VAT) are as follows:
 - a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Municipality;
 - b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(c) and (d) of this Policy;
 - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer; and
 - d) the Accounting Officer must record the names of the potential providers and their written quotations.
- 2) A designated official referred to in paragraph 16(1)(b) and sub-paragraph (1)(c) must by the 3rd of each month report to the Chief Financial Officer on any approvals given during the preceding month by that official in terms of that sub-delegation.

18 Procedures for procuring goods or services through written quotations and formal written price quotations

- 1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
 - a) when using the list of accredited prospective providers the Accounting Officer must complete ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - b) all requirements in excess of R30,000 (incl. VAT) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least five business days on the website and an official notice board of the Municipality;
 - c) quotations received must be evaluated on a comparative basis taking into account unconditional discounts;
 - d) the Accounting Officer or Chief Financial Officer used on a monthly basis to confirm in writing all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
 - e) quotations must be awarded based on compliance to specifications, conditions of contract, ability and capability to do the goods and services and lowest price for quotations up to R30,000 (incl. VAT) and the preference points system will apply for all quotations in excess of R30,000 (incl. VAT);
 - f) the Chief Financial Officer must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality;

19 Competitive bids

- 1) Goods or services above a transaction value of R200,000 (incl. VAT) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- 2) No requirement for goods or services above an estimated transaction value of R200,000 (incl. VAT) may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

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OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)

20 Process for competitive bidding

- 1) The procedures for the following stages of a competitive bidding process are as follows:
 - a) Completion of bidding documentation is detailed in paragraph 21;
 - b) Public invitation of bids is detailed in paragraph 22;
 - c) Site meetings or bidding sessions are detailed in paragraph 22;
 - d) Handing of bids submitted in response to public invitation is detailed in paragraph 23;
 - e) Evaluation of bids is detailed in paragraph 26;
 - f) Award of contracts is detailed in paragraph 29;
 - g) Administration of contracts is detailed in paragraph 6 of Council's Contract Management Policy
 - h) Proper record keeping: Original and legal copies of all tender documentation must be kept in a secure place for reference purposes.

21 Bid documentation for competitive bids

- 1) The criteria to which bid documentation for a competitive bidding process must comply, must –
 - a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure.
 - b) include the preference points system to be used as contemplated in the Preference Procurement Regulations, 2017, evaluation and selection criteria, including any criteria required by other applicable legislation;
 - c) compel bidders to disclose any conflict of interest they may have in the transaction for which the bid is submitted;
 - d) if the value of the transaction is expected to exceed R10 million (incl. VAT) –
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, its audited annual financial statements –
 - (a) for the past three years; or
 - (b) since its establishment if established during the past three years;
 - (ii) certificate signed by the bidder certifying that the bidder has no undischarged commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 calendar days;
 - (iii) particulars of any contracts awarded to the bidder by the municipality during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
 - e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law;
- 2) A fee shall be raised for bid forms, plans, specifications, samples and any other bid documentation depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000 (incl. VAT).

- 3) Tenders to be awarded on functionality.
 - a) The Municipality must indicate in the tender documents if the tender will be awarded on this basis.
 - b) The evaluation criteria for measuring functionality must be objective.
 - c) The tender documents must specify:
 - i) evaluation criteria for measuring functionality;

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)

- (k) the periods for each criterion and, if any, each sub-criterion; and
 - (l) minimum qualification requirements for responsibility.
- 4) The minimum experience should be necessary for a bidder to be considered further:
 - (a) must be determined separately for each criterion;
 - (b) may not be zero;
 - (c) low that it may jeopardise the quality of the awarded goods or services; or
 - (d) high that it is unreasonably restrictive.
 - 5) Points scored for functionality must be marked off to the nearest two decimal places.
 - 6) A tender that fails to obtain the minimum qualitative score for functionality as detailed in the tender documents is not an acceptable bid.
 - 7) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the reference-point system and any objective criteria mentioned.

22 Public invitation for competitive bids

- 1) The procedure for the invitation of competitive bids is as follows:
 - a) Any invitation to prospective providers to submit bids must be by means of a public advertisement:
 - (i) in newspapers commonly circulating locally;
 - (ii) on the notice boards at selected offices of the Municipality;
 - (iii) on the website of the Municipality;
 - (iv) on the e-Tender Publication Portal of the National Treasury;
 - (v) on the e-Tender website of the CIDB for construction procurement related transactions or (vi) any other appropriate ways (which may include an advertisement in the Government Tender Bulletin);
 - b) The information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 22 business days in the case of transactions over R10 million (incl. VAT), or which are of a long term nature (in excess of three years), or 10 business days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality;
 - (iii) a statement that bids will only be considered if it was deposited into the bid box indicated in the bid invitation;
 - (iv) date, time and venue of any proposed site meetings or bidding sessions, provided that site meetings / information sessions may not be conducted within 5 business days of the date on which a bid advertisement is placed; and
 - (v) the required CIDB contractor category and grading designation for construction procurements.
 - (vi) that only locally produced goods, works or services or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered for selection as granted by the Department of Trade and Industry.
- 2) The Accounting Officer may determine a closure date for the submission of bids which is less than the required 22 or 10 business days, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional cases where it is impractical or impossible to follow the official procurement process.
- 3) The notice and further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
- 4) The period for which bids are to remain valid, irrevocable and open for acceptance must be indicated in the bid documents and must not exceed 180 days.
- 5) The validity period of a bid may be extended by the accounting officer, or his/her delegates, prior to the expiry of the validity period indicated in the bid document.
- 6) Communication with bidders before the closing date:

A9/27

- a) The budget holder must approach the Bid Specification Committee, if necessary, to consider authorisation in writing, of communication with bidders prior to bids closing.
- b) The Municipality is entitled to amend any bid conditions, specify sealed, specification or bids, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or where possible, the bid to whom the documents have been issued, are added in writing per email or by fax of such, officials and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.
- c) All amendments must be approved by the Accounting Officer or the relevant delegated director prior to the closing date of the bid in form. The communication of the minutes of the meetings is not subject to this requirement.

23 Procedure for handling, opening, [and] recording and recording of bids, are as follows:

- a) Bids—
 - (i) must be opened only in public;
 - (ii) must be opened on the same date and as soon as possible after the period for the submission of bids has expired; and
 - b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - c) No information, except the provisions in sub-paragraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - d) The Accounting Officer must—
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.
- 2) Stamping of bids and reading out of names:**
- a) As each bid is opened the name of the bidder and the amount – if practical – shall be read out.
 - b) An official shall date-stamp the bid or quotation and all envelopes related to prices, delivery periods and special conditions.
 - c) Bids and quotations shall be numbered in the sequence in which they have been opened and the words "and last" shall be entered on the bid or quotation.
 - d) In instances where only one bid has been received the words "and only" shall be entered on such bid.
 - e) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped "no price" by the employee who opens the bids or quotations.
 - f) A bid will not be invalidated if the amount in words and the amount in figures do not correspond, unless there is a discrepancy, the amount in words shall be read out at the bid opening and shall be deemed to be the bid amount.

3) Late Bids

- a) Bids or quotations arriving after the specified closing time shall not be considered and where acceptable and, can effective shall be returned to the bidder unopened with a letter explaining the circumstances.
 - b) Where it is necessary to open a bid or quotation to check the name and address of the bidder, each page of the document shall be stamped "late bid" before the bid is returned to the bidder. The envelope must be stamped and initialed in like manner and must be retained for record purposes.
- 4) Dealing with bids and quotations if the closing date thereof has been extended.**

- a) Where the closing date of a bid or quotation is extended, bids or quotations already received, will be deemed concerned in the bidding box and be duly considered after the expiry of the extended period, unless the bidder carries it by submitting a later dated bid or quotation before the extended closing date.

5) Cancellation of Bids:

- a) The Municipality may, before the award of a bidder, cancel a bidder's invitation if:
 - (i) due to clerical circumstances, there is no longer a need for the goods or services specified in the invitation;
 - (ii) bids are no longer available to cover the total envisaged expenditure;
 - (iii) an acceptable tender is received; or
 - (iv) there is a material irregularity in the tender process.

24 Negotiations with preferred bidders and communication with prospective providers and bidders

- 1) The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation—
 - a) does not allow any preferred bidder a second or further opportunity;
 - b) is not to the detriment of any other bidder; and
 - c) does not lead to a higher price than the bid as submitted;
- 2) Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.
- 3) No unauthorised communication with bidders and prospective providers:
 - a) where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor, official, or authorised service provider or any other person regarding his bid, quotation or other offer than a notice of withdrawal;
 - b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or the withdrawal of an offer), and the date of notification of the successful bidder of acceptance of this bid, quotation or offer, except as provided for in paragraph (c) below. Every such case of unauthorised communication with a bidder will be reported to the Supply Chain Management Unit, as well as the chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.
- c) The budget holder must approach the Bid Evaluation Committee, as determined in paragraph 26(2), to consider authorising an employee or authorised consulting service provider, in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:
 - (i) Obtaining an explanation and verification of declarations made in the bid response;
 - (ii) confirming technical particulars and the compliance thereof with specifications;
 - (iii) clarifying delivery timeframes;
 - (iv) extending the validity period of a bid;
 - (v) clarifying any other commercial aspect;
 - (vi) for the submission of substantiating documents;(with any other clarifications)

- d) In all cases where authority has been granted to communicate with bidders in terms of paragraph (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.

25 Two-stage bidding process

- 1) A two-stage bidding process is allowed for—
 - a) large complex projects; or

A10/27

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY [PART A]

- b) projects where it may be undesirable to program complete detailed technical specifications, or
 - c) long term projects with a duration period exceeding three years.
- 2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- 3) In the second stage final technical proposals and priced bids should be invited.
- 26 Committee system for competitive bids**
- 1) A committee system for competitive bids is hereby established, consisting of the following committees for each transaction or cluster of transactions as the Accounting Officer may determine:
 - a) a bid specification committee;
 - b) a bid evaluation committee; and
 - c) a bid adjudication committee;
 - 2) The Accounting Officer appoints the members of each committee, taking into account section 117 of the Act, and
 - 3) The Accounting Officer may appoint a neutral or independent observer, to attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
 - 4) The committee system must be consistent with:
 - a) paragraphs 27, 28 and 29 of this Policy; and
 - b) any other applicable legislation.
 - 5) The Accounting Officer may apply the committee system to formal written price quotations.

27 Bid Specification Committees

- 1) The appropriate bid specification committee must compile the specifications for such procurement transaction for goods or services by the Municipality, depending on the department involved.
- 2) Specifications –
 - a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - c) must, where possible, be described in terms of performance required and / or in terms of definitive characteristics for design;
 - d) may not create trade barriers in contract requirements in the form of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
 - f) must indicate the preference points system for which points may be awarded as set out in the prevailing Preferential Procurement Regulations; and
 - g) must be approved by the Accounting Officer or the relevant delegated director prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- 3) A Bid Specification Committee must be composed of one or more officials of the municipality, including but not limited to:
 - a) a designated supply chain management practitioner;
 - b) the budget holder from the Directorate for whom the bid is called; and
 - c) the chairperson to be appointed by the Accounting Officer.

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY [PART A]

- 4) The Committee may, when appropriate, include external specialist advisers.
- 5) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28 Bid Evaluation Committees

- 1) A Bid Evaluation Committee must –
 - a) evaluate all bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of the Preferential Procurement Policy;
 - b) evaluate each bidder's ability to execute the contract;
 - c) check in respect of the recommended bidder whether municipal rules and taxes and municipal services charges are not in arrears for more than three months;
 - d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter; and
- 2) A Bid Evaluation Committee must as far as possible be composed of:
 - a) the budget holder or officials from departments requiring the goods or services
 - b) at least one delegated supply chain management practitioner and
 - c) the chairperson to be appointed by the Accounting Officer.

29 Bid Adjudication Committees

- 1) A bid adjudication committee must –
 - a) consider the report and recommendations of the bid evaluation committee; and
 - b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award; or
 - (ii) make another recommendation to the Accounting Officer how to proceed with the relevant procurement.
- 2) The bid adjudication committee must be composed of at least four directors of the municipality which must include –
 - a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - b) a senior supply chain management practitioner.
- 3) The Accounting Officer must appoint the chairperson of the committee. If the Chairperson is unable to chair the meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- 4) A quorum for the Adjudication Committee shall be four members.
 - a) In the event of an equality of votes the chairperson shall have a casting vote over and above a deliberative vote.
 - b) The Director of the department that called for the tender must be present at the meeting where the particular tender is considered.
- 5) The members of the Bid Evaluation Committee, or their delegates, must be present at the Bid Adjudication Committee meetings to clarify issues that arise with the Bid Evaluation Committee meetings without voting rights.
- 6) A technical expert in the relevant field, who is an official, if such an expert exists, may attend the meeting as an advisor for clarification purposes. This official will not have voting rights at the Bid Adjudication Committee meeting. Neither a member of a bid evaluation committee, nor an advisor or person assisting the bid evaluation committee, may be a member of a bid adjudication committee.

A=11
b7

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)

- 7) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee -
- the bid adjudication committee must prior to awarding the bid -
 - check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears for more than three months, and;
 - notify the Accounting Officer;
 - after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - if the decision of the bid adjudication committee is rejected, make the decision of the adjudication committee back to that committee for reconsideration.
 - The Accounting Officer may, at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
 - The Accounting Officer must comply with Section 14 of the Act within 20 days -
 - if a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the Accounting Officer must, in writing, notify the Auditor-General, the Provincial Treasury and the National Treasury of the reasons for deviating from such recommendation;
 - Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

30 Procurement of Banking Services

- A contract for banking services -
 - must be procured through competitive bids;
 - must be consistent with section 7 of the Act; and
 - may not be for a period of more than five years at a time.
- The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- The closure date for the submission of bids may not be less than 46 business days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- Bids must be restricted to banks registered in terms of the Banks Act, 1980 (Act No. 94 of 1980).

31 Procurement of Information- and Communication Technology (ICT) related goods or services

- The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of ICT related goods or services through a competitive bidding process.
- Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- The Accounting Officer must notify SITA together with a notification of the ICT needs if -
 - the transaction value of ICT related goods or services required in any financial year will exceed R50 million; or
 - the transaction value of a contract to be procured whether for one or more years exceeds R50 million.
- If SITA comments on the submission and the Municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to Council, the National Treasury, the Provincial Treasury and the Auditor-General.
- The Municipality is required to follow the following process before inviting proposals for a new financial management system:
 - National and Provincial Treasury should immediately be informed of any intention to replace the accounting or billing system currently operating at the municipality;

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)

- The submission should include a comprehensive justification with specific reasons for why it is deemed necessary to replace the existing financial system;
 - A copy of the service level agreement with members of the municipality and the current service provider (financial system vendor) during the previous twelve months must be made available;
 - The organisational structure, specifically for the IT department/function, clearly indicating management capacity and responsibility for operating the financial system, must be submitted;
 - An assessment should be done to determine which modules of the existing financial system are being utilised by the municipality and reasons must be provided for modules not in operation, in cases where an existing system is not an ERP system the municipality must provide details of any other systems utilised by the municipality;
 - The date on which the existing financial system was implemented, the procurement and implementation costs and the current operational costs thereof must be disclosed;
 - A technical assessment must be undertaken on the server and network requirements of the new financial system and a copy of such report should be submitted; and
 - Copies of all IT strategies, policies and procedural documents including the IT disaster recovery plan must be made available.
- 32 Procurement of goods and services under contracts secured by other organs of state
- The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if -
 - the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - there is no reason to believe that such contract was not validly procured;
 - there are demonstrable discounts or benefits to do so; and
 - the other organ of state and the provider have consented to such procurement in writing.

33 Procurement of goods necessitating special safety arrangements

- The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasholders and fuel, should be avoided where ever possible.
- When the storage of goods in bulk is justified, such justification must be based on sound reasons, including the ability to ensure, cost-benefit and environmental impact and must be approved by the official duly authorised in terms of the Occupational Health and Safety Act, 1983 (Act No. 85 of 1983).

34 Proudly SA Campaign

- The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services as per Council's Preferential Procurement Policy.

35 Appointment of consultants

- The Accounting Officer may procure consulting services provided that any National Treasury guidelines and COB requirements in respect of consulting services are taken into account when such services are procured.
- Consultancy services must be procured through competitive bids if
 - the value of the contract exceeds R200 000 (incl. VAT); or
 - the duration period of the contract exceeds one year.
- In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -

A10/b7

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A

- a) all consultancy services provided to an organ of state in the last five years; and
 - b) any similar consultancy services provided to an organ of state in the last five years.
- 4) The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.
- 5) A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full-time employ to perform the function.
- 6) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the costs:
- a) determined in the "Guidelines on Fees for Audit Undertaken on Behalf of the Auditor - General of South Africa", issued by the South African Institute of Chartered Accountants;
 - b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration; or
 - c) as prescribed by the body regulating the profession of the consultant.
- 7) The tender documentation for the appointment of consultants must include a paragraph that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).
- 8) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.
- 9) When consultants are appointed, an accounting officer must:
- a) appoint consultants on a time and cost basis with specific start and end dates;
 - b) where practical, appoint consultants on an outside-specified basis, subject to specific measurement objectives and associated remuneration;
 - c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
 - d) ensure the transfer of skills by consultants to the relevant officials of a municipality or municipal entity;
 - e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality or municipal entity's supply chain management policy; and
 - f) develop consultancy reduction plans to reduce the reliance on consultants.
- 10) All contracts with consultants must include a fee reduction or penalty paragraph for poor performance.
- 11) A municipality or municipal entity must ensure that the specifications and performance are used as a benchmark for the work to be undertaken and are appropriately recorded and monitored.
- 12) The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.
- 13) The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are included from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

36 Deviation from, and ratification of, minor breaches of procurement processes

- 1) The Accounting Officer may:
 - a) dispense with the official procurement processes stipulated by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:
 - (i) in an emergency;
 - (ii) in an emergency;
 - (iii) Circumstances that warrant emergency dispensation, includes but are not limited to:
 - (a) the possibility of human injury or death;

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A

- (i) the possibility of damage to property;
 - (ii) failure to take necessary action may result in the municipality not being able to render an essential community service;
 - (iii) the interruption of services related to communication facilities or support services critical to the effective functioning of the municipality as a whole; or
 - (iv) the eminent possibility of serious damage occurring to the natural environment.
- (b) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.
- (c) Procurement in the case of emergencies must be tacitly approved by the relevant director or his delegate prior to incurring the expenditure (before issuing an instruction to the supplier) and must be reported in writing to the Accounting Officer or delegated official within three business days.
- (i) If such goods or services are produced or available from a single provider only;
 - (ii) for the acquisition of special works of art or historical objects whose specifications are difficult to complete;
 - (iii) acquisition of animals for zoos and/or nature and game reserves; or
 - (iv) in any other exceptional cases where it is impractical or impossible to follow the official procurement processes including, but not limited to:
 - (a) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids;
 - (b) carry any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature; and
 - (c) may combine any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this Policy and which is not also a contravention of the Municipal Supply Chain Management Regulations (GG 29036 of 30 May 2005), provided that such contravention and the reasons therefor shall be reported to Council at the next ensuing meeting.
- 2) The Accounting Officer must record the reasons for any deviations in terms of sub-paragraph (1)(a) and (b) of this policy and report them to the next Council Meeting and include as a note to the annual financial statements.
- 3) Sub-paragraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

37 Unolicited bids

- 1) In accordance with Section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- 2) The Accounting Officer may decide in terms of Section 113(2) of the Act to consider an unsolicited bid, only if:
 - a) the product or services offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - b) the product or services will be exceptionally beneficial to, or have exceptional cost advantages;
 - c) the person who made the bid is the sole provider of the product or service; and
 - d) the reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer.
- 3) If the Accounting Officer decides to consider an unsolicited bid that complies with sub-paragraph (2) of this policy, the decision must be made public in accordance with Section 21A of the Municipal Systems Act, together with:
 - a) reasons as to why the bid should not be open to other competitors;
 - b) an explanation of the potential benefits if the unsolicited bid was to be accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 22 business days of the notice.

A13/27

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (- PART A)**

- 4) The Accounting Officer must submit all written comments received pursuant to sub-paragraph (3), together with responses from the unsolicited bidder, to the National Treasury and the Provincial Treasury for comment.
- 5) The bid adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer, depending on its deliberations.
- 6) A meeting of the bid adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account –
- any comments submitted by the public; and
 - any written comments and recommendations of the National Treasury or the Provincial Treasury.
- 8) If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Accounting Officer must submit to the Auditor General, the Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within five business days after the decision on the award of the unsolicited bid is taken, but no contract committing the Municipality to the bid may be entered into or signed within 22 business days of the submission.

38 Combating of abuse of the supply chain management system

- The Accounting Officer is hereby enabled to –
 - take all reasonable steps to prevent abuse of the supply chain management system;
 - investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - take appropriate steps against such official or other role player; or
 - report any alleged criminal conduct to the South African Police Service;
 - check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - reject any bid from a bidder –
 - if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other municipality or municipal entity are in arrears for more than three months; or
 - who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - cancel a contract awarded to a person if –
 - the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - reject the bid of any bidder if that bidder or any of its directors –
 - has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
 - has been convicted for fraud or corruption during the past five years;
 - has wilfully neglected, neglected or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (- PART A)**

- 2) The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of sub-paragraphs (1)(c)-(f), (e) or (f) of this policy.

Part 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

39 Logistics management

- The Accounting Officer must establish and implement an effective system of logistics management, which must include –
 - the monitoring of shipping patterns on vessels or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - the setting of inventory levels that include minimum and maximum levels and lead times whenever goods are placed in stock;
 - the placing of manual or electronic orders for all acquisitions other than those from petty cash prior to the receipt of goods and/or services. Orders must be issued by 31 July or within one month of contracts (excluding one-off contracts) becoming active, where possible;
 - before an order is approved, confirmation by the responsible officer that the goods and services are needed or required on time and in accordance with the general conditions of contract and specifications where applicable and that the price charged is in line with the market; orders may be amended/adjusted where advisable and used as a basis for milestone based contracts when it is considered to determine the final amount agreed;
 - appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
 - regular checking to ensure that all stores are properly managed and maintained in terms of Council's Asset Management Policy; and
 - monitoring and review of the supply tender performance to ensure compliance with specifications and contract conditions for particular goods or services.
- Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council's Contract Management Policy.

40 Disposal management

- Assets must be disposed of in terms of the Municipal Asset Transfer Regulations, Overstrand Municipality's Asset Management Policy and Administration of Immovable Property Policy respectively.
- Disposal Management does not apply to procurement process, although the job described in paragraph 40 of this policy is related to the disposal of immovable assets for residential purposes only. As a result, the municipality is not prohibited from selling/disposing of immovable assets to persons in the service of the state where such disposals are to be used for ordinary residential construction.
- Granting of Rights
The granting of rights (lease sections 14 and 9) of the MPA do not apply to the Overstrand Municipality shall be executed strictly in accordance with Chapter 4 of the Municipal Asset Transfer Regulations and the Administration of Immovable Property Policy, as amended from time to time.

41 Risk management

- The Accounting Officer must implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system as per Council's Risk Management Policy.

42 Performance management

- The Accounting Officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of the Policy were achieved in terms of the Performance Management System Implementation Policy.

A14/27

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A)

Part 4: OTHER MATTERS

43. Prohibition on awards to persons whose tax matters are not in order
1) Inoperative of the procurement process followed, the municipality may not make any award above R20 000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

2) Before making an award to a person, the Municipality must first check with SARS whether that person's tax matters are in order.

3) If SARS does not respond within seven days, such person's tax matters may, for purposes of sub-paragraph (1) be presumed to be in order.

44. Prohibition on awards to persons in the service of the state

1) Inoperative of the procurement process followed, no award may be made to a person in terms of this Policy –

- a) who is in the service of the state;
- b) that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- c) a person who is an advisor or consultant contracted with the Municipality in respect of a contract that would cause a conflict of interest.

45. Awards to close family members of persons in the service of the state

1) The Accounting Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (incl. VAT) to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- a) the name of that person;
- b) the capacity in which that person is in the service of the state; and
- c) the amount of the award.

46. Ethical standards

1) A code of ethical standards for supply chain management practitioners and other role players involved in supply chain management is hereby established in accordance with sub-paragraph (2) in order to promote –

- a) mutual trust and respect; and
- b) an environment where business can be conducted with integrity and in a fair and sustainable manner.

2) An official or other role player involved in the implementation of the supply chain management policy

- a) must treat all providers and potential providers equitably;
- b) may not use his or her position for private gain or to improperly benefit another person;
- c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R250;
- d) notwithstanding sub-paragraph (2)(c), must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit provided, offered or granted to that person or to any close family member, partner or associate of that person;
- e) must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
- f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- g) must be scrupulous in his or her use of property belonging to the municipality.

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A)

- h) must assist the Accounting Officer in combating fraud, corruption, favouritism and other and irregular practices in the supply chain management system; and
- i) must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.

3) Declarations in terms of sub-paragraphs (2)(g) and (h) –

a) must be recorded in a register which the Accounting Officer must keep for this purpose;

b) by the Accounting Officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.

4) A breach of the code of ethics must be dealt with as follows –

a) In the case of an employee, in terms of the disciplinary procedures of the Municipality envisaged in section 67(1)(b) of the Municipal Systems Act;

b) in the case a councillor, in terms of Schedule 7 of the Systems Act;

c) in the case a role player who is not an employee, or a councillor through other appropriate means in recognition of the severity of the breach; and

d) in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

47. Inducements, rewards, gifts and favours to municipal officials and other role players

1) The person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of a contract, must not be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- a) any inducement or reward to the Municipality for or in connection with the award of a contract; or
- b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

2) The Accounting Officer must promptly report any alleged contravention of sub-paragraph (1) to the National Treasury for monitoring purposes, and any representative or intermediary through which contravention is alleged to have taken place, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

3) Sub-paragraph (1) does not apply to gifts less than R250 (incl. VAT) in value.

48. Sponsorships

1) The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed of or to be disposed.

49. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 10 business days of the decision or action, a written objection or complaint against the decision or action subject to the payment of applicable appeal deposit as per Council's approved terms.

50. Resolution of disputes, objections, complaints and queries

1) The Accounting Officer must appoint an independent and impartial person or persons, not directly involved in the supply chain management processes –

A15/b7

- a) to assist in the resolution of disputes between the Municipality and other persons regarding -
- (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system;
- b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 2) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- 3) The person appointed must –
- a) strive to resolve amicably all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.
- 4) A dispute, objection, complaint or query may be referred to the Provincial Treasury if –
- a) the dispute, objection, complaint or query is not resolved within 45 business days; or
 - b) no response is forthcoming within 45 business days.
- 5) If the Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query will be referred to the National Treasury for resolution.
- 6) This paragraph must not be read as affecting a person's rights to approach a court at any time.
- 51 **Contracts providing for compensation based on turnover**
- 1) If a service provider acts on behalf of the Municipality to provide any service or act as a collector of fees, a card charger or issuer and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the services or the amount collected, the contract between the service provider and the Municipality must stipulate:
 - a) A cap on the compensation payable to the service provider; and
 - b) That such compensation must be performance based.
- 52 **Public-Private Partnerships**
Public-Private Partnerships will be procured in terms of Part 2 of Chapter 11 of the Act.
- 53 **Contract Management**
Contracts will be implemented in terms of the requirements of Section 116 of the Act and Council's Contract Management Policy.
- 54 **Transversal Contracts**
All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- 55 **Framework for Infrastructure Delivery**
- 1) **The Infrastructure Delivery Management Project Processes**
The project process of infrastructure delivery management contains control stage deliverables at the end of each stage. Table 1 outlines the stage deliverables that must be approved. The control stages are specific to project management processes; and outline and describe the stages in the life of a project from start to end. The specific stages are determined by the specific project's governance and control needs. The stages follow a logical sequence with a specified start and end. The deliverable is considered to have passed through the relevant stage when it is approved and signed off. The project then moves on to the next sequential stage. It is expected that the municipality's process reflects an engagement between the Budget & Treasury Office, Engineers and Planners when developing and approving projects. It is also expected that there should be engagements with the National and Provincial Treasury where appropriate or where projects relate to:

Table 1: Project stage deliverables

Stage No	Name	Project Stage Deliverables End of Stage Deliverables
1	Initiation	<p>Initiation Report or Pre-Feasibility Report</p> <p>(i) The Initiation Report defines project objectives, needs, acceptance criteria, organisational's priorities and aspirations, and procurement strategies, which set out the basis for the development of the Concept Report.</p> <p>Or</p> <p>(ii) A Pre-Feasibility Report is returned on Mega Capital Projects, to determine whether to proceed to the Feasibility Stage, where sufficient information is presented to enable a final project implementation decision to be made. Mega capital projects should be determined in the municipality's policy approved by the Municipal Council.</p>
2	Concept	<p>Stage 1 is complete when the Initiation Report or Pre-Feasibility Report is approved.</p> <p>Concept Report or Feasibility Report</p> <p>(i) The Concept Report presents an opportunity for the development of different design concepts to satisfy the project requirements developed in Stage 1. This stage presents alternative approaches and an opportunity to select a particular conceptual approach.</p> <p>The objective of this stage is to determine whether it is viable to proceed with the project, presented on evaluation budget, technical solutions, time frame and other information that may be required.</p> <p>(ii) The Concept Report should provide the following minimum information:</p> <ol style="list-style-type: none"> a) Document the initial design criteria, cost plan, design options and the selection of the preferred design option; or the methods and procedures required to maintain the condition of infrastructure, or the project. b) Establish the detailed brief, scope, scale, form and cost plan for the project, including, where necessary, the obtaining of site studies and construction and specialist advice. c) Provide an indicative schedule for documentation and construction, or maintenance services, associated with the project. d) Include a site development plan, or other suitable schematic layouts, of the works. e) Describe the statutory permissions, funding approvals and utility approvals required with the works associated with the project. f) Include a baseline assessment for the project and a health and safety plan, which is a requirement of Occupational Regulations issued in terms of the Occupational Health and Safety Act. g) Contain a risk report, read for further surveys, tests, investigations, assessments and approvals, if any, during subsequent stages. <p>(iii) A Feasibility Report must provide the following minimum information:</p> <ol style="list-style-type: none"> a) Details regarding the preliminary work covering: <ul style="list-style-type: none"> • A needs and demand analysis with output specifications. • An options analysis. • A viability evaluation covering: <ul style="list-style-type: none"> • A financial analysis. • An economic analysis, if necessary. • A risk assessment and sensitivity analysis; • A professional analysis covering: <ul style="list-style-type: none"> • A technology options assessment. • An environmental impact assessment. • A regulatory due diligence. • An implementation readiness assessment covering: <ul style="list-style-type: none"> • Institutional capacity. • A procurement plan.

16/27

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY [PART A]

3	Design Development	<p>Design Development Report must, as necessary:</p> <ul style="list-style-type: none"> (i) Develop, in detail, the approved concept to finalise the design and definition criteria; (ii) Establish the detailed form, character, function and coding; (iii) Define the overall size, layout details, performance and outline specification for all components; (iv) Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, be commissioned and be maintained; (v) Confirm that the project scope can be completed within the budget or propose a revision to the budget. <p>Stage 3 is complete when the Design Development Report is approved.</p> <p>Design Documentation</p> <ul style="list-style-type: none"> (i) Design documentation provides: (ii) the production information that details performance definition, specification, sizing and positioning of all systems and components that will enable construction; (iii) the manufacture, installation and construction information for specific components of the works, informed by the production information. <p>Stage 4 is complete when the Design Documentation Report is approved.</p> <p>Works</p> <ul style="list-style-type: none"> (i) Completed Works capable of being used or occupied (ii) Completion of the Works Stage requirements (iii) Certification of the completion of the works in accordance with the provisions of the contract; or (iv) Certification of the delivery of the goods and associated services in accordance with the provisions of the contract. <p>Stage 5 is complete when the Works Completion Report is approved.</p> <p>Handover</p> <p>Works which have been taken over by the user or owner. Completed Training/Record Information</p> <ul style="list-style-type: none"> (i) The handover stage requires the following activities to be undertaken: (ii) Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained; (iii) Hand over the works and record information to the user organisation and, if necessary, train end user staff in the operation of the works. <p>Stage 6 is complete when the Handover/Record Information Report is approved.</p> <p>Close-Out</p> <p>Close-Out Report/ Certificate of Final Completion/ Final Account;</p> <ul style="list-style-type: none"> (i) The Close-Out Stage commences when the end user accepts liability for the works, it is complete when: (ii) Record information is archived; (iii) Defects certificates and certificates of final completion are issued in terms of the contract; (iv) Final amount due to the contractor is certified in terms of the contract; (v) Close-Out Report is prepared by the Inspector and approved by the Municipality. <p>Stage 7 is complete when the Close-Out Report is approved.</p>
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56. Framework for Infrastructure Procurement

1) Introduction

The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for municipal planning and investment. The strategic direction set in the Integrated Development Plan (IDP) informs the framework for infrastructure procurement. Strategic, procurement strategies must be aligned to the municipality's developmental and internal transformational needs, as specified in the IDP.

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY [PART A]

2)	<p>Minimum requirements for infrastructure procurement</p> <ul style="list-style-type: none"> (i) Infrastructure procurement must be undertaken in accordance with the Local Government Framework for Infrastructure Delivery and Procurement Management and all applicable infrastructure procurement related legislation. (ii) Infrastructure procurement must be implemented in accordance with the Institutional Supply Chain Management System, which promotes differentiated procurement for infrastructure. (iii) Infrastructure procurement must be implemented in accordance with the procurement rules prescribed in paragraph 56 below. (iv) The accounting officer must ensure that a budget is available for the duration of the project, in line with MFMA provisions for capital and operating budgets. (v) The accounting officer must ensure that cash flow management processes are in place to meet payment obligations within the time periods specified in the contract. (vi) Procurement gates provided in paragraph 56 below must be used as appropriate, to: <ul style="list-style-type: none"> (i) Authorise commencement of activities that lead to the next control gate; (ii) Confirm conformity with requirements; and/or (iii) Provide information to eliminate any cause of non-conformity and to prevent recurrence. (vii) The authorisation to proceed to the next procurement gate must be given by a delegated person or body. The delegated person or body must be able to apply relevant local environment knowledge and skill to achieve the intended results required at the relevant procurement gate. The level of detail contained in the documentation on which a decision to proceed to the next procurement gate is made, must be sufficient to enable an informed decision. (viii) The accounting officer must develop and implement effective and efficient emergency procurement procedures, including relevant approval delegation, in compliance with relevant legislation. (ix) The accounting officer must develop and implement an effective and efficient infrastructure delivery strategy in line with the Municipal Assets Transfer Regulations. The institution may consider disposal strategies aligned to their internal disposal policy, prior to commencing with the procurement strategy. (x) The accounting officer must keep records of Procurement Gate Approvals, in a manual or electronic format, with the following minimum requirements: <ul style="list-style-type: none"> (i) Procurement gate; (ii) Delegated persons or body; (iii) Date on which the approval request was received; (iv) Date on which the approval was actioned; and (v) Signature of the delegated person or body. (xi) All assets must be recorded in the municipal asset register as required by the GRAP standards. <p>57 Infrastructure Procurement Gates (16)</p> <ul style="list-style-type: none"> 1) Procurement Gate 1 <ul style="list-style-type: none"> a) Initiate a procurement process b) Minimum Requirement for Gate 1 <ul style="list-style-type: none"> (i) Establish and clarify the procurement need, aligned to the municipality's development and transformation priorities specified in the IDP; (ii) Determine a suitable bill for the procurement, to be applied as the project description; (iii) Prepare the broad scope of work for the procurement; (iv) Perform market analysis; (v) Estimate the financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work.
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OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)

- (vi) Confirm the budget.
 - (vii) Compliance with section 33 of the MFMA with respect to community and stakeholder participation.
- c) PG 1 is complete when a delegated person or body makes the decision to proceed or to proceed to proceed to proceed with the procurement of the infrastructure.
- 2) Procurement Gate 2
- a) Approve procurement strategy to be adopted.
 - b) Minimum Requirement for Gate 2
 - (i) Develop a procurement strategy aligned to the institutional procurement strategy.
 - (ii) Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks, and the methodology for contractor payments.
 - (iii) Identify services required for works.
 - (iv) Decide on contracting strategy.
 - (v) Decide on form of contract.
 - (vi) Establish opportunities for promoting provincial procurement in compliance with legislative provisions and the Construction Sector Code.
- c) PG 2 is complete when a delegated person or body approves the procurement strategy that is to be adopted.
- 3) Procurement Gate 3
- a) Approve procurement documents
 - b) Minimum Requirements for Gate 3
 - (i) Prepare procurement documents that are complete with:
 - (ii) Approved procurement strategies
 - (iii) Project management design documentation.
- d) PG 3 is complete when the bid specification committee approves the procurement document.
- 4) Procurement Gate 4
- a) Confirm that cash flow processes are in place to meet projected contractual obligations.
 - b) Minimum Requirement for Gate 4:
 - (i) Confirm that cash flow processes are in place to meet contractual obligations.
 - (ii) Establish control measures for settlement of payment within the time period specified in the contract.
- c) PG 4 is complete when a delegated person or body confirms in writing that cash flow processes are in place, and control measures are established for the procurement to take place.
- 5) Procurement Gate 5
- a) Solicit tender offers.
 - b) Minimum Requirements for Gate 5
 - (i) Invite contractors to submit tender offers.
 - (ii) Receive tender offers.
 - (iii) Record tender offers.
 - (iv) Safeguard tender offers.
- c) PG 5 is complete when tender offers received are recorded and safeguarded by a delegated person from the SCS unit.
- 6) Procurement Gate 6
- a) Evaluate tender offers provided on understandings and parameters established in procurement documents.

OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)

- b) Minimum Requirement for Gate 6
 - (i) Determine whether tender offers are complete.
 - (ii) Determine whether tender offers are responsive.
 - (iii) Evaluate tender submissions.
 - (iv) Review minimum compliance requirements for each tender.
 - (v) Perform a risk analysis.
 - (vi) Prepare a report on tender offers received, and on their achievement of minimum compliance.
- c) PG 6 is complete when the chairperson of the Bid Evaluation Committee approves the BEC report.
- 7) Procurement Gate 7
- a) Award the contract.
 - b) Minimum Requirement for Gate 7
 - (i) Bid adjudication committee review of the BEC evaluation report.
 - (ii) Bid adjudication committee makes a recommendation of an award.
 - (iii) Accounting Officer approval of the tender process.
 - (iv) Notify successful tenders and unsuccessful tenderers of the outcome.
 - (v) Sign contract document.
 - (vi) Formally accept tender offer.
- c) PG 7 is complete when the Accounting Officer, or the Bid Adjudication Committee, where delegated, confirms that the tender has received the required evidence of complying with all the requirements as stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.
- 8) Procurement Gate 8
- a) Administer and monitor the contract.
 - b) Minimum Requirements for Gate 8:
 - (i) Contract Management to:
 - (a) Capture contract award data.
 - (b) Administer contract in accordance with the terms and provisions of the contract.
 - (c) Financial Services to:
 - (d) Manage cash flow projection.
 - (e) User Department to:
 - (i) Ensure compliance with contractual requirements.
 - (ii) Ensure compliance with contract completion requirements (close out reports and relevant documents), including payment certificates etc.
- c) PG 8 is complete when a delegated person captures the contract completion information data (close out reports and relevant documents), including payment certificates etc.
- 8) Gateway Reviews
- 1) Gateway reviews for mega capital projects
 - a) The MFMA (Act 95 of 2003), section 10 (2) states: "before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider the projected cost covering all financial years from the start until the project is completed, including the full operational costs and revenue on the project, including municipal tax and tariff implications."
 - b) The LGTFPM prescribes the Gateway Review at the end of stage 2, as the minimum requirement to comply with section (i) above.
 - c) The focus of such a review must be on the quality of the documentation in the first instance, and thereafter on:

A18/27

A19/27

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY (PART A)**

- (i) Deliverability: the extent to which a project is deemed likely to deliver;
 - (ii) Expected benefits: within the declared cost, time and performance area;
 - (iii) Affordability: the extent to which the project's level of expenditure and financial risk can be accepted, given the organisation's overall financial position, both singly, and when considering its other current and projected commitments; and
 - (iv) Value for money: The optimum combination of value for costs and quality (or fitness of purpose), to meet the user's requirements.
- (f) A gateway review team must comprise of not less than three persons who are neither involved nor associated with the project, but have a broad understanding of the subject matter.
- (g) A gateway review must be led by a person who has experience in the planning of infrastructure projects and is registered as a professional with a statutory council under the built environment professions. The members of the team must, as relevant, have expertise in the key technical areas, cost estimating, scheduling and implementation of similar projects.
- (h) It is the duty of the institution's Accounting Officer or Authority to appoint a team responsible for the gateway review of his or her institution.
- (i) The gateway review team must base its findings primarily on:
- (i) The information contained in the end-of-stage deliverable;
 - (ii) Supplementary documentation, if any, provided by key staff and obtained during an in-review process; and
 - (iii) Interviews with key staff members and stakeholders.
- (j) The gateway review team must issue a report at the conclusion of a gateway review, which reflects the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work should be undertaken to improve such risk-mitigation.
- (k) The gateway review findings must be classified by the gateway review team as:
- (i) Critical: Findings that pose adverse effect to the project or package. Critical findings are findings related to the stage deliverable that are wholly unacceptable.
 - (ii) Major: Findings that pose a potentially adverse effect to the project or package. Major findings are serious findings and in discussion with the institution, e.g. The Constitution of the Republic of South Africa, the NEMA or the POPPA.
 - (iii) Minor: Findings that do not pose any adverse effect to the project or package. Minor findings indicate the need for improvement of practices and processes.
- (l) A Stage 2 deliverable must not be approved until such time that all findings have been resolved.

59. Short title and commencement

This part of the policy is called the Overstrand Municipality Supply Chain Management Policy. This policy will come into effect on 1 July 2022 and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION	HEAD	SUPPLY CHAIN MANAGEMENT	PREVIOUS REVIEW	PREVIOUS REVIEW
CURRENT UPDATE	2022/2024		2017/01/05	PREVIOUS REVIEW: 2012/11/28
PREVIOUS REVIEW	2022/2021		2017/05/01	PREVIOUS REVIEW: 2012/09/26
PREVIOUS REVIEW	2017/04/28		2017/01/05	PREVIOUS REVIEW: 2012/09/26
PREVIOUS REVIEW	2020/05/27		2016/09/28	PREVIOUS REVIEW: 2011/11/30
PREVIOUS REVIEW	2020/05/28		2016/02/04	PREVIOUS REVIEW: 2011/09/04
PREVIOUS REVIEW	2018/06/28		2016/05/28	PREVIOUS REVIEW: 2010/09/26
PREVIOUS REVIEW	2018/06/28		2016/05/28	PREVIOUS REVIEW: 2009/09/27
PREVIOUS REVIEW	2018/06/28		2016/05/28	APPROVAL: 2009/09/27

**OVERSTRAND
MUNICIPALITY**



**PART-B
PREFERENTIAL-PROCUREMENT POLICY**

PART B

PREFERENTIAL PROCUREMENT POLICY, adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2017

PREAMBLE

WHEREAS the Overstrand Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement;

AND WHEREAS local economic development plays a pivotal role in creating a prosperous, equitable, stable and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities;

NOW THEREFORE the Council of the Overstrand Municipality resolves in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles contained in the Preferential Procurement Regulations, 2017 are hereby adopted into the Overstrand Municipality's Supply Chain Management Policy to form the basis of the evaluation criteria for quotations and competitive tenders.

TABLE OF CONTENTS

1. Definitions
2. Application
3. Identification of preference-point system-designated sector, pre-qualification criteria, objectives, criteria and subcontracting
4. Prequalification criteria for preferential procurement
5. Goods to be evaluated on functionality
6. Goods to be evaluated on price
7. RDP, preference-point system for acquisition of goods or services for Rand value equal to or above R1 000 and up to R50 million
8. RDP, preference-point system for acquisition of goods or services with Rand value above R10 million
9. Local production and content
10. Subcontracting as condition of tender
11. Criteria for awarding contracts to tenderers not scoring highest points
12. Award of contracts to tenderers not scoring highest points
13. Subcontracting after award of tender
14. Cancellation of tender
15. Remedies
16. Circulars and guidelines
17. Short title and commencement

A20/07

LOVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY - PART B)

Issuance?	Has the issuing authority in its section 1 of the Public Finance Management Act, 1997 (as amended) written the arrangements through which the property of one person is made over or transferred to another to administer such property for the benefit of another person, and in any event, to administer such property for the benefit of another person, for such property to be administered for the benefit of another person.
Transfer?	Has the issuing authority in its section 1 of the National Financial Management Act, 2003 (as amended) written the arrangements through which the property of one person is made over or transferred to another to administer such property for the benefit of another person, and in any event, to administer such property for the benefit of another person.
Transfer?	Has the issuing authority in its section 1 of the National Financial Management Act, 2003 (as amended) written the arrangements through which the property of one person is made over or transferred to another to administer such property for the benefit of another person, and in any event, to administer such property for the benefit of another person.
Year?	

2. Application
These Regulations apply to organs of state as envisaged in the definition of organ of state in section 1 of the Act.
3. Identification of preference point system, designated sector, pre-qualification criteria, objective criteria and subcontracting

1. The Municipality must:
- determine and stipulate in the tender documents:
 - the preference point system applicable to the tender as envisaged in paragraph 6 or 7; or
 - if it is unclear which preference point system will be applicable, that either the 2020 or 2019 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.
 - determine whether pre-qualification criteria are applicable to the tender as envisaged in paragraph 4;
 - determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in paragraph 6;
 - determine whether compulsory subcontracting is applicable to the tender as envisaged in paragraph 6; and
 - determine whether objective criteria are applicable to the tender as envisaged in paragraph 11.

4. Pre-qualification criteria for preferential procurement
- If the Municipality decides to apply pre-qualifying criteria to advance certain designated groups, then the criteria to be applied will be defined with a specific tendering condition that only one or more of the following tenderers may respond:
 - an EME or QSE;
 - an EME or QSE;
 - a tenderer subcontracting a minimum of 35% to:
 - an EME or QSE which is at least 51% owned by black people;
 - an EME or QSE which is at least 51% owned by black people who are youth;
 - an EME or QSE which is at least 51% owned by black people who are women;
 - an EME or QSE which is at least 51% owned by black people with disabilities; or
 - an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - a cooperative which is at least 51% owned by black people;
 - an EME or QSE which is at least 51% owned by black people who are military veterans; or
 - an EME or QSE.

LOVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY - PART B)

- A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

- The Municipality must indicate in the tender documents if the tender will be evaluated on functionality.

- The evaluation criteria for measuring functionality must be objective.

- The tender documents must specify:
 - evaluation criteria for measuring functionality;
 - the points for each criteria and, if any, each sub-criteria; and
 - minimum qualifying score for functionality.
- The minimum qualifying score for functionality for a tender to be considered further:
 - may not be set;
 - may not be set;
 - low that it may jeopardize the quality of the required goods or services; or
 - high that it is unreasonably restrictive.

- Points scored for functionality must be rounded off to the nearest two decimal places.

- A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.

- Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in paragraph 11.

- 2020 preference point system for acquisitions of goods or services for fixed value equal to or above R30 000 and up to R50 million

- The following formula must be used to calculate the points out of 30 for price in respect of a tender (including price quotations) with a fixed value equal to, or above R 30 000 and up to a fixed value of R50 million inclusive of all applicable taxes:

$$P_s = 30 \left(1 - \frac{(P - P_{min})}{(P_{max} - P_{min})} \right)$$

Where:

- P_s = Points scored for price of tender under consideration;
- P = Price of tender under consideration; and
- P_{min} = Price of lowest acceptable tender.

- The following table must be used to calculate the score out of 20 for B-BBEE:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	16
4	14
5	12
6	10
7	8
8	6
9	4
10	2
Non-compliant contributor	0

- A tenderer must submit proof of his or her B-BBEE status level of contributor.
- A tenderer fails to submit proof of B-BBEE status level of contributor or a non-compliant contributor to B-BBEE may not be disqualified, but:

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- a) may only score points out of 80 for price; and
 - b) scores 8 points out of 20 for B-BBEE.
- 5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an SME that has the capability to execute the subcontract.
- 6) The points scored by a tenderer for B-BBEE in terms of sub-paragraph (3) must be added to the points scored for price under sub-paragraph (1).
- 7) The points scored must be rounded off to the nearest two decimal places.
- 8) Subject to sub-paragraph (9) and paragraph 11, the contract must be awarded to the tenderer scoring the highest points.
- 9) If the price offered by a tenderer scoring the highest points is not market-related, the Municipality may not award the contract to that tenderer.
- 10) The Municipality may:
 - i) negotiate a market-related price with the tenderer scoring the highest points or obtain the tender;
 - ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
 - iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender;
 - iv) if a market-related price is not agreed as envisaged in paragraph (10)(i)-(iii), the Municipality must cancel the tender.

7. For a reference point system for acquisition of goods or services for Rand value above R50 million:

4) The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$P = 80 \left(1 - \frac{P - P_{min}}{P_{max} - P_{min}} \right)$$

Where

- P = Points scored for price of tender under consideration;
- P_{max} = Price of lowest acceptable tender; and
- P_{min} = Price of lowest acceptable tender.

5) The following table must be used to calculate the score out of 10 for B-BBEE:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	8
3	6
4	5
5	4
6	3
7	2
8	1
Not compliant contributor	0

6) A tenderer must submit proof of its B-BBEE status level of contributor.

- 4) A tenderer failing to submit proof of B-BBEE status level of contributor as a non-compliant contributor to B-BBEE may not be disqualified, but:
 - a) may only score points out of 90 for price; and
 - b) scores 8 points out of 10 for B-BBEE.
- 5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an SME that has the capability to execute the subcontract.
- 6) The points scored by a tenderer for B-BBEE in terms of sub-paragraph (3) must be added to the points scored for price under sub-paragraph (1).
- 7) The points scored must be rounded off to the nearest two decimal places.
- 8) Subject to sub-paragraph (9) and paragraph 11, the contract must be awarded to the tenderer scoring the highest points.
- 9) If the price offered by a tenderer scoring the highest points is not market-related, the Municipality may not award the contract to that tenderer.
- 10) The Municipality may:
 - i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
 - ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
 - iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender;
 - iv) if a market-related price is not agreed as envisaged in paragraph (10)(i)-(iii), the Municipality must cancel the tender.

8. Local Production and Content

- 1) The Department of Trade and Industry may, in consultation with the National Treasury:
 - a) designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and
 - b) stipulate a minimum threshold for local production and content.
- 2) The Municipality must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods meeting the stipulated minimum threshold for local production and content will be considered.
- 3) The National Treasury must inform organs of state of any designation made in terms of regulation (1) through a circular.
- 4) If there is no designated sector, the Municipality may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.
- 5) The threshold referred to in paragraph (4) must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.
- 6) A tenderer that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tenderer.

9) Subcontracting as a condition of tender

A23 27

4. If feasible to subcontract for a contract above \$30 million, the Municipality must apply sub-contracting to advance-designated groups.
2. If the Municipality applies subcontracting as contemplated in sub-paragraph (1), the Municipality must advise the tender, with a specific tendering condition that the successful tender must subcontract a minimum of 30% of the value of the contract to:
 - a) an EME or QBE;
 - b) an EME or QBE which is at least 51% owned by black people;
 - c) an EME or QBE which is at least 51% owned by black people who are youth;
 - d) an EME or QBE which is at least 51% owned by black people who are women;
 - e) an EME or QBE which is at least 51% owned by black people with disabilities;
 - f) an EME or QBE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - g) a cooperative which is at least 51% owned by black people;
 - h) an EME or QBE which is at least 51% owned by black people who are military veterans;
 - i) more than one of the categories referred to in sub-paragraphs (b) to (h).
3. The Municipality must make available the list of all suppliers registered on a database approved by the National Treasury, or any to provide the required goods or services in respect of the applicable designated groups mentioned in sub-paragraph (2) from which the tenderer must select a supplier.
30. Criteria for breaking deadlock in scoring
 1. If two or more tenders score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.
 2. If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.
 3. If two or more tenders score equal total points in all respects, the award must be decided by the drawing of lots.
41. Award of contracts to tenders not scoring highest points
 1. A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(j) of the Act.
 2. If an organ of state intends to apply objective criteria in terms of section 2(1)(j) of the Act, the organ of state must stipulate the objective criteria in the tender documents.
42. Subcontracting after award of tender
 1. A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.
 2. A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the total production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
 3. A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprises that does not have an equal or higher B-BBEE status level of capability than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.
13. Cancellation of tender
 1. The Municipality may, before the award of a tender, cancel a tender invitation if:
 - a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - b) funds are no longer available to cover the total envisaged expenditure;

- e) an acceptable tender is received; or
- f) there is a material irregularity in the tender process.
2. The decision to cancel a tender invitation in terms of sub-paragraph (1) must be published in the same manner in which the original tender invitation was advertised.
3. The Municipality may only, with the prior approval of the relevant treasury, cancel a tender invitation for the second time.
 14. Remedies
 1. Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local presence and content, or any other matter required in terms of this policy which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the Municipality must:
 - a) inform the tenderer accordingly;
 - b) give the tenderer an opportunity to make representations within 14 days as to why:
 - 1) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
 - 2) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalized up to 10 percent of the value of the contract; and
 - 3) the tenderer should not be solicited by the National Treasury from considering any business for a period not exceeding 10 years with any organ of state; and
 - c) if, accordingly, after considering the representations referred to in sub-paragraph (1)(b), that:
 - 1) such false information was submitted by the tenderer;
 - 2) equally, the tenderer or terminates the contract in whole or in part; and
 - 3) if applicable, claim damages from the tenderer; or
 - d) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.
 2. An organ of state must:
 - 1) inform the National Treasury, in writing, of any actions taken in terms of sub-paragraph (1);
 - 2) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
 - 3) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.
 - 2b. The National Treasury may request an organ of state to submit further information pertaining to sub-paragraph (1) within a specified period.
 3. The National Treasury must:
 - a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
 - b) maintain and publish on its official website a list of restricted suppliers.
 15. Conditions and guidelines
 1. The National Treasury may issue:
 - a) a circular to inform organs of state of any matter pertaining to this policy; or
 - b) a guideline to assist organs of state with the implementation of any provision of this policy.
 16. SHORT-TITLE AND COMMENCEMENT

A24/27

ROLE	MEMBER	MEMBER	MEMBER	MEMBER	MEMBER	MEMBER	MEMBER	MEMBER
CHIEF EXECUTIVE OFFICER	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
DEPUTY CHIEF EXECUTIVE OFFICER	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
MANAGING DIRECTOR	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
DEPUTY MANAGING DIRECTOR	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
DEPUTY MANAGING DIRECTOR	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
DEPUTY MANAGING DIRECTOR	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
DEPUTY MANAGING DIRECTOR	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.
DEPUTY MANAGING DIRECTOR	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.	MR. M. M. M. M.

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1. General Principles

- The Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not permit their offices to unlawfully gain any form of compensation, payment or gratuities from any person, or provide a contractor for themselves, their family or their friends.
- Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should not use any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

Conflict of Interest

- An official or other role player involved with supply chain management –
 - must treat all providers and potential providers equitably;
 - may not use his or her position for private gain or to improperly benefit another person;
 - may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, or a value more than R300;
 - must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the Municipality;
 - must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
 - should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties; and
 - should not take improper advantage of their previous office after leaving their official position.

Accountability

- Practitioners are accountable for their decisions and actions to the public.
- Practitioners should use public property scrupulously.
- Only accounting officers or their delegates have the authority to commit the Municipality to any transaction for the procurement of goods and/or services.
- All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

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A27/27

**OVERSTRAND MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – ANNEXURE B**

- 10) Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
- any alleged fraud, corruption, favouritism or unfair conduct;
 - any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
 - any alleged breach of this code of conduct.

11) Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

Openness

12) Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and react to information only if it is in the public interest to do so.

Confidentiality

13) Any information that is the property of the Municipality or its providers should be protected at all times. No person regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.

14) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

2. Bid Specification / Evaluation / Adjudication Committees

- 1) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the Municipality, in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 2) Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 3) All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL", and should be required to declare their financial interest annually.
- 4) No person should:
 - interfere with the supply chain management system of the Municipality; or
 - amend or tamper with any price quotation / bid after its submission.

3. Competitive Practices

- 1) Competitive practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
 - Suggestions to fictitious lower quotations;
 - Reference to non-existent competitors;
 - Exploiting errors in price quotations / bids;
 - Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

Annexure B/ii

**OVERSTRAND
MUNICIPALITY**



PREFERENTIAL PROCUREMENT POLICY

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

B2/11

PREFERENTIAL PROCUREMENT POLICY adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2022

PREAMBLE

WHEREAS the Overstrand Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement.

AND WHEREAS local economic development plays a crucial role in creating a prosperous, equitable, stable and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities.

NOW THEREFORE the Council of the Overstrand Municipality resolves in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles embodied in the Preferential Procurement Regulations, 2022 are herewith integrated into the Overstrand Municipality's Preferential Procurement Policy to form the basis of the evaluation criteria for quotations and competitive tenders.

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

B3/11

TABLE OF CONTENTS

1. Definitions
2. Introduction
3. Application of the policy
4. Purpose, and Objectives
5. Identification of preference point system
6. 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million
7. 90/10 preference point system for acquisition of goods or services with Rand value above R50 million
8. 80/20 preference points system for tenders to for income-generating contracts with Rand value equal to or below R50 million
9. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million
10. Points for specific goals to promote economic development
11. Award of contracts to tenderers not scoring highest points
12. Remedies
13. Reporting
14. Performance management
15. Repeal of policy
16. Short title and commencement

**OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY**

B4/11

1 Definitions

in this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the Act bears the same meaning, and:

"Acceptable Tender"	means any tender which, in all respects, complies with the specification and conditions of tender as set out in tender document
"all applicable taxes"	includes Value-Added Tax, Pay-as-you-Earn, Income Tax, Unemployment Insurance Fund Contributions and Skills Development Levies;
"B-BBEE"	means Broad-Based Black Economic Empowerment as defined in Section 1 of the Broad-Based Black Economic Empowerment Act;
"B-BBEE status level of contributor"	means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
"black designated groups"	has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
"black people"	has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act;
"Broad-Based Black Economic Empowerment Act" (B-BBEEA)	means the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003);
"Comparative price"	means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;
"Contract"	means the agreement that results from the acceptance of a tender by the Overstrand Municipality;
"designated group"	means- (a) black designated groups; (b) black people; (c) women; (d) people with disabilities; or (e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996);
"designated sector"	means a sector, sub-sector or industry or product designated in terms of [clause] paragraph 8(1)(a);
"Disability"	means in respect of a person, a permanent means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.
"EME"	means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
"Firm price"	is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
"Functionality"	means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer;
"Historically disadvantaged individual (HDI)"	means a South African citizen – (1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983); and / or (2) who is a female; and / or (3) who has a disability. Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.
"Highest acceptable tender"	means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;
"Large Enterprises"	is a company with an annual turnover in excess of R50 million.

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

B5/
11

"Local area"	means the local suppliers and/or service providers that operate within the Municipal area, the district boundaries, and the Western Cape.
"Lowest acceptable tender"	means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders;
"Market Analysis"	means a technique used to identify market characteristics for specific goods or services
"Municipality"	The Overstrand Municipality;
"National Treasury"	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
"Non-firm prices"	means all prices other than "firm" prices;
"Objective Criteria"	for the purpose of section of 2(1)(f) of the procurement Act must be criteria other than the additional to criteria relating to equity ownership by HDI's or whether or not a bidder was located in a particular province or municipal area
"organ of state"	The definition of organ of state in section 1 of the Act in paragraph (a) to (e) includes- <ul style="list-style-type: none"> • a national or provincial department as defined in the Public Finance Management Act, 1999; • a municipality as contemplated in the Constitution; • a constitutional institution as defined in the Public Finance Management Act; • Parliament; • a provincial legislature. Paragraph (f) of the definition of organ of state in section 1 of the Act includes any other institution or category of institutions included in the definition of "organ of state" in section 239 of the Constitution and recognised by the Minister by notice in the Government Gazette as an institution or category of institutions to which the Act applies. Government Notice R. 501 of 8 June 2011 recognises, with effect from 7 December 2011, all public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999, as institutions to which the Act applies. Note should be taken of notices issued from time to time in terms of paragraph (f) of this definition. The application of these Regulations is also subject to applicable exemptions approved in terms of section 3 of the Act.
"Person"	includes reference to a juristic person;
"Policy"	Means the Preferential Procurement Policy of the Overstrand Municipality
"price"	includes all applicable taxes less all unconditional discounts;
"proof of B-BBEE status level of contributor"	means- <ul style="list-style-type: none"> (a) the B-BBEE status level certificate issued by an authorised body or person; (b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or (c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;
"QSE"	means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
"Rand value"	means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;
"Region"	means the district and/or Overberg District Municipality.
"rural area"	means- <ul style="list-style-type: none"> (a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or (b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;
"Specific goals"	means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994;
"Tender"	means a written offer in the form determined by Overstrand Municipality in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

**OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY**

B6/
11

"Tender for income-generating contracts"	means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions
"the Act"	means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
"treasury"	has the meaning assigned to it in section 1 of the Public Finance Management Act, 1996 (Act No. 1 of 1996); and
"Youth"	has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

2 Introduction

The Constitution of the Republic of South Africa, 1996, provides in sections 152(1)(c) and 152(2) that local government must promote social and economic development and that the municipality must strive within its financial and administrative capacity, to achieve the objects set out in subsection 152(1).

The Constitution provides in section 217 that an organ of state must contract for goods or services in accordance with a procurement system which is fair, equitable, transparent, competitive, and cost effective and to implement a policy to grant preferences within a framework prescribed by National Legislation.

The Broad-Based Black Economic Empowerment Act, 2003 provides in section 10 that every organ of state and public entity must apply any relevant code of good practice issued in terms of the Act in (b) developing and implementing a preferential procurement policy.

The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)-[PPPFA] was promulgated by the Minister in response to the Constitutional provision and allow for a Municipality to develop a preferential procurement policy and to implement such policy within the PPPFA framework.

Section 2 (1) (d) (i) and (ii) of the Preferential Procurement Policy Framework Act, 2000 refers to specific goals which may include:

- (i) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
- (ii) implementing the programmes of the Reconstruction and Development Programme (RDP) as published in Government Gazette 16085 dated 23 November 1994.

The RDP (1994), as basis for development in South Africa, was meant to provide a holistic, integrated, coherent socio-economic policy that is aimed at mobilising people and resources to work towards the upliftment of the material and social conditions of local communities to build sustainable livelihoods for these communities.

In terms of Section 2 (1)(d)(ii), the following activities may be regarded as a contribution towards achieving the goals of the RDP, in addition to the awarding of preference points in favour of HDIs (published in Government Gazette No. 16085 dated 23 November 1994):

- (i) The promotion of South African owned enterprises.
- (ii) The promotion of export orientated production to create jobs.
- (iii) The promotion of SMMEs.
- (iv) The creation of new jobs or the intensification of labour absorption.
- (v) The promotion of enterprises located in a specific province for work to be done or services to be rendered in that province.
- (vi) The promotion of enterprises located in a specific region for work to be done or services to be rendered in that region.

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

B7/111

- (vii) The promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area.
- (viii) The promotion of enterprises located in rural areas.
- (ix) The empowerment of the work force by standardising the level of skill and knowledge of workers.
- (x) The development of human resources, including by assisting in tertiary and other advanced training programmes, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills; and
- (xi) The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations.

3 Application of the policy

- 1) This policy applies to all procurement of goods and services by means of a tender as defined in paragraph 1 above.
- 2) This policy does not apply to public auctions or any other sale or lease of assets where it is not practical to apply a system of preference.
- 3) This policy must be applied concurrently with other legislative prescripts and other policies that regulates the procurement of goods and services by the municipality.

4 Purpose, and Objectives

- 1) The purpose of this policy is to:
 - a) Provide for categories of preference in awarding of tenders.
 - b) Provide for the advancement of persons or categories of persons disadvantaged by unfair discrimination; and
 - c) Clarify the mechanisms how the above items in paragraph 2 (i) and (ii) will be implemented.
- 2) Objectives
 - a) Promote Broad-Based Black Economic Empowerment (B-BBEE) - enterprises providing services and goods.
 - b) Promote Small Medium and Micro Enterprises (SMME's), Joint Ventures, Consortiums, and partnerships.
 - c) Implement recognised best procurement practises through effective planning, strategic purchasing, and contract management.

5 Identification of preference point system

- 1) The Municipality shall, in the tender documents, stipulate —
 - a) the preference point system applicable; and
 - b) any specific goal as envisaged in section 2(1)(d) and (e) of the Preferential Procurement Act.
- 2) If it is unclear whether the 80/20 or 90/10 preference point system applies—
 - a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or; or
 - b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

6 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million

- 1) The following formula must be used to calculate the points out of 80 for price in respect of a invitation for a tender with a Rand value equal to or below R50 million inclusive of all applicable taxes:

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

BSJ
/11

$$P_s = 80 \left(1 - \frac{[Pt - P_{min}]}{P_{min}} \right)$$

Where;

P_s = Points scored for price of tender under consideration.

P_t = Price of tender under consideration; and

P_{min} = Price of lowest acceptable tender.

- 2) A maximum of 20 points may be awarded to a tenderer for the specified goals for the tender.
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

7 90/10 preference point system for acquisition of goods or services with Rand value above R50 million

- 1) The following formula must be used to calculate the points out of 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 \left(1 - \frac{[Pt - P_{min}]}{P_{min}} \right)$$

Where;

P_s = Points scored for price of tender under consideration;

P_t = Price of tender under consideration; and

P_{min} = Price of lowest acceptable tender.

- 2) A maximum of 10 points may be awarded to a tenderer for the specified goals for the tender.
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

8 80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

- 1) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$P_s = 80 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)$$

a)

Where

P_s = Points scored for price of tender under consideration.

P_t = Price of tender under consideration; and

P_{max} = Price of highest acceptable tender

- 2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
- 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

B9/11

9 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million

- 1) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

s)

Where

P_s = Points scored for price of tender under consideration;
 P_t = Price of tender under consideration; and
 P_{max} = Price of highest acceptable tender

- 2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
 3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
 4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

10 Points for specific goals to promote economic development

1. The tendering conditions will stipulate the specific goals, as contemplated in section 2(1)(d)(ii) of the Preferential Procurement Policy Framework Act, be attained.
 2. A maximum of 20 points (80/20 preference points system) or 10 (90/10 preference points system), will be allocated for specific goals. These goals are:
 a) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
 b) the promotion of enterprises located in the local area (phased in approach to be applied for other RDP goals)
 3. Regarding paragraph 10.2 (a) 50% of the 20/10 points will be allocated to promote this goal and points will be allocated in terms of the B-BBEE scorecard as follows.

B-BBEE Status Level of Contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	10	5
2	8	4
3	6	3
4	4	2
5	2	1
6	2	1
7	2	1
8	2	1
Non-compliant contributor	0	0

4. A tenderer must submit proof of its BBEE status level contributor.
 5. A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
 a) may only score points out of 90 for price; and
 b) scores 0 points out of 10 for B-BBEE status level of contributor, which is in line with section 2(1)(d)(i) of the Act, where the supplier or service provider did not provide proof thereof.
 6. Regarding paragraph 10.2 (b) 50% of the 20/10 points will be allocated to promote this goal. Points will be allocated as follows:

OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY

Biof
/11

Local area of supplier	Number of Points for Preference	
	80/20	90/10
Within the boundaries of the Overstrand municipality	10	5
Within the boundaries of Overberg District	6	3
Within the boundaries of the Western Cape	4	2
Outside of the boundaries of the Western Cape	0	0

7. Any specific goal for which a point may be awarded, must be clearly specified in the invitation to submit a tender.
 8. Procurement up to R30 000 will be limited to the application of goals as per paragraph 10.2 (a) and 10.3 above.
 9. A tenderer failing to submit proof of required evidence to claim preferences for other specified goals, which is in line with section 2 (1) (d) (ii) of the Act.
 - a) may only score in terms of the 80/90-point formula for price; and
 - b) scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.
 10. The preference points scored by a tenderer must be added to the points scored for price.
 11. The points scored must be rounded off to the nearest two decimal places.
 12. The contract must be awarded to the tenderer scoring the highest points.
- 11 Criteria for breaking deadlock in scoring**
1. If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
 2. If two or more tenderers score an equal total number of points, the objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to the tenderer that scored the highest points in terms in accordance with section 2(1)(f) of the Act.
 3. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.
- 12 Award of contracts to tenderers not scoring highest points**
- A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.
- 13 Remedies**
1. If a Municipality is of the view that a tenderer submitted false information regarding a specific goal, it must—
 - a) inform the tenderer; accordingly, and
 - b) give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part—
 2. After considering the representations referred to in paragraph 12 (1)(b), the Municipality may—
 - a) if it concludes that such false information was submitted by the tenderer—
 - i) disqualify the tenderer or terminate the contract in whole or in part; and
 - ii) if applicable, claim damages from the tenderer.
- 14 Performance management**
- The specific goals achieved through the application of the Preferential Procurement Framework Act, 2000 will be monitored in terms of the elements embedded in the Supply Chain Management Policy.
- 15 Repeal of policy**
1. This Policy repeal all previous preferential procurement policies of the municipality in its entirety.
 2. Any tender advertised before the date referred to in paragraph 15 must be dealt with in terms of the Preferential Procurement Regulations, 2017.

**OVERSTRAND MUNICIPALITY
PREFERENTIAL PROCUREMENT POLICY**

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16 Short title and commencement

This part of the policy is called the Preferential Procurement Policy of the Overstrand Municipality. This policy will come into effect on **16 January 2023** and will be reviewed at least annually by way of a Council resolution.

POLICY SECTION:		HEAD: SUPPLY CHAIN MANAGEMENT			
CURRENT REVIEW	2022/12/14	PREVIOUS REVIEW	2017/05/31	PREVIOUS REVIEW	2012/06/26
PREVIOUS REVIEW	2022/05/31	PREVIOUS REVIEW	2017/03/29	PREVIOUS REVIEW	2012/05/30
PREVIOUS REVIEW	2021/05/26	PREVIOUS REVIEW	2016/05/25	PREVIOUS REVIEW	2011/11/30
PREVIOUS REVIEW	2020/05/27	PREVIOUS REVIEW	2016/02/24	PREVIOUS REVIEW	2011/05/04
PREVIOUS REVIEW	2019/06/26	PREVIOUS REVIEW	2015/05/28	PREVIOUS REVIEW	2010/05/26
PREVIOUS REVIEW	2019/05/29	PREVIOUS REVIEW	2014/05/28	PREVIOUS REVIEW	2009/05/27
PREVIOUS REVIEW	2018/05/30	PREVIOUS REVIEW	2013/05/29	APPROVAL	2009/05/25
PREVIOUS REVIEW	2017/11/29	PREVIOUS REVIEW	2012/11/28		

GOVERNMENT NOTICES • GOEWERMENSKENNISGEWINGS

NATIONAL TREASURY

NO. 2721

4 November 2022

PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000:
PREFERENTIAL PROCUREMENT REGULATIONS

The Minister Finance has, in terms of section 5, read with section 2(1)(b)(i) and (ii) and 2(1)(c), of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), and with effect from 16 January 2023, made the regulations set out in the Schedule.

SCHEDULE

PREFERENTIAL PROCUREMENT REGULATIONS, 2022

Contents

1. Definitions
2. Application
3. Identification of preference point system
4. 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million
5. 90/10 preference point system for acquisition of goods or services with Rand value above R50 million
6. 80/20 preference points system for tenders to generate income or to dispose of or lease assets with Rand value equal to or below R50 million
7. 90/10 preference point system for tenders to generate income or to dispose of or lease assets with Rand value above R50 million
8. Criteria for breaking deadlock in scoring
9. Remedies
10. Repeal of regulations
11. Short title and commencement

Definitions

1. In these Regulations, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Act must bear the meaning so assigned—

“**highest acceptable tender**” means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;

“**lowest acceptable tender**” means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders;

“**price**” means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;

“**Rand value**” means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

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"specific goals" means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in *Government Gazette* No. 16085 dated 23 November 1994;

"tender" means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

"tender for income-generating contracts" means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and

"the Act" means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

Application

2. These Regulations apply to organs of state as defined in section 1¹ of the Act.

Identification of preference point system

3.(1) An organ of state must, in the tender documents, stipulate—

- (a) the applicable preference point system as envisaged in regulations 4, 5, 6 or 7;
- (b) the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

(2) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
- (b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million

4.(1) The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

¹ Paragraph (c) of the definition of organ of state in section 1 of the Act includes any other institution or category of institutions included in the definition of "organ of state" in section 239 of the Constitution and recognised by the Minister to follow in the Government Gazette or in sections or category of institutions to which the Act applies. Government Notice—

(a) R. 601 of 8 June 2011 recognises, with effect from 7 December 2011, all public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999; and
 (b) R. 571 of 15 June 2017 recognises, with effect from 17 June 2017, national and provincial government departments listed in Schedule 3 to the Public Service Act, 1994 and municipal entities as defined in section 1 of the Local Government Municipal Systems Act, 2000, as institutions to which the Act applies.
 Note should be taken of various letters from time to time in terms of paragraph (c) of the definition. The application of these Regulations is also subject to applicable exemptions approved in terms of section 3 of the Act.

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where-

- P_s = Points scored for price of tender under consideration;
 P_t = Price of tender under consideration; and
 P_{\min} = Price of lowest acceptable tender.

(2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

90/10 preference point system for acquisition of goods or services with Rand value above R50 million

5.(1) The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where-

- P_s = Points scored for price of tender under consideration;
 P_t = Price of tender under consideration; and
 P_{\min} = Price of lowest acceptable tender.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

6.(1) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

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$$Ps = 80 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

(2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million

7.(1) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

Criteria for breaking deadlock in scoring

8.(1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.

(2) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

Remedies

9.(1) If an organ of state is of the view that a tenderer submitted false information regarding a specific goal, it must—

- (a) inform the tenderer accordingly; and
- (b) give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.

(2) After considering the representations referred to in subregulation (1)(b), the organ of state may, if it concludes that such information is false—

- (a) disqualify the tenderer or terminate the contract in whole or in part; and
- (b) if applicable, claim damages from the tenderer.

Repeal of regulations

10.(1) Subject to this regulation, the Preferential Procurement Regulations, 2017 published in Government No. 40553 of 20 January 2017, are hereby repealed with effect from the date referred to in regulation 11.

(2) Any tender advertised before the date referred to in regulation 11 must be dealt with in terms of the Preferential Procurement Regulations, 2017.

Short title and commencement

11. These Regulations are called the Preferential Procurement Regulations, 2022 and take effect on 16 January 2023.