



**in terms of Section 116(3)(a) of the Local Government Municipal Finance  
Management Act, No. 56 of 2003**

**Notice is hereby given** in terms of Section 116(3)(b) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 that Ugu District Municipality ("the Municipality") intends extending the following contract(s) :

**AMENDMENT OF CONTRACT UGU-06-1541-2020: SUPPLY AND DELIVERY OF METER BOXES FOR A PERIOD OF 36 (THIRTY-SIX) MONTHS.**

The current contract UGU-06-1541-2020 SUPPLY AND DELIVERY OF METER BOXES FOR A PERIOD OF 36 (THIRTY-SIX) MONTHS. This contract is currently a fixed contract with a fixed number of Meter boxes for a duration of three years.

- The demand for additional Meter boxes has increased due to water service implementation plan to address audit findings.
- At the initiation of the tender the projections were made for 3000 Meter boxes, which is below the demand identified as per the Water Services and revenue turnaround strategy.
- It is out of that background that this contract be amended to a rate-based contract and quantity on demand basis.

Contract Number	Description	Company	Amount	Period	Extension
UGU-06-1541-2020	Supply & Delivery of Meter Boxes	VK Distribution	Rate Based (On Demand)	N/A	None

**Notice is also given** in accordance with Section 21A and Section 21 of the Local Government Municipal Systems Act, No. 32 of 2000 that:

1. The local community and other interested persons/parties are invited to submit comments or representations to the Municipality in respect of the proposed Amendment. Such comments or representations must be received by no later than **09 AUGUST 2023** via electronic mail on the email address provided below or be delivered to the mailing address provided hereunder.
2. Copies of the current contract, Management, EXCO and Council resolution and a detailed report are available for inspection at the locations listed hereunder and will also be accessible on [www.ugu.gov.za](http://www.ugu.gov.za).

Physical Address: Location 1	Physical Address: Location 2	Physical Address: Location 3
Reception: Main Office Ugu District Municipality 28 Connor Street, 4240	Reception: Budget & Treasury Ugu District Municipality 31 Bazley Street, 4240	Reception: Phase 2 Building Ugu District Municipality 96 Marine Drive, 4240

Further details may be requested via email on [Ntokozo.Mkhize@ugu.gov.za](mailto:Ntokozo.Mkhize@ugu.gov.za) or 039 688-5743.

**SUBMISSIONS MUST BE MARKED: SECTION 116(3)(b) PROVISION OF METER BOXES**

Persons who are physically disabled or unable to write but need to participate in the process may present themselves during office hours at the offices listed above where delegated officials will assist them to transcribe the relevant comments or representations.

**MR VO MAZIBUKO**  
ACTING MUNICIPAL MANAGER  
UGU DISTRICT MUNICIPALITY

PO Box 33, Port Shepstone 4240  
KwaZulu-Natal  
South Africa

28 Com  
Tel: (039) 688 5700  
Fax: (039) 688 5701

*Ugu Distrik Munisipaliteit*

*Ugu District Municipality*  
DEPARTMENT OF TREASURY

*Ugu Umasipala Wesifundisi*

Enquiries: **TARU MAFUNGWA**  
**039 688 3378**

**REF: UGU-06-1541-2020**

30 December 2020

VK Distributors  
81 Hillary Road  
Mount Vernon  
4094

E-mail: [vkdistributors@absamail.co.za](mailto:vkdistributors@absamail.co.za)

Attention: **BIDDER**

Dear Sir / Madam

**RE: LETTER OF AWARD: UGU-06-1541-2020: REQUEST FOR THE SUPPLY AND DELIVERY OF  
METER BOXES FOR A PERIOD OF THIRTY-SIX 36 MONTHS**

Your tender, regarding the above refers.

Ugu District Municipality has pleasure in accepting your tender for the above-mentioned contract in the amount of **R1 755 590.00** all inclusive.

You are required to respond to this letter with your acceptance and thereafter the contract is subject to finalisation of contractual agreements being signed by both parties, this will set out the conditions and terms of contract.

You shall liaise with Phil Kanniappen on 039 688 6315 or [phil.kanniappen@ugu.gov.za](mailto:phil.kanniappen@ugu.gov.za) who shall furnish you with relevant detailed information regarding this contract.

Yours Faithfully

  
**S.C SITHOLE**  
**ACTING MUNICIPAL MANAGER**

PARK RYNIE: (039) 976 1333

PORT SHEPSTONE: (039) 688 5700

OSLO BEACH: (039) 688 5830

HARDING: (039) 433 1563

**24 HOUR CALL CENTRE NO: 08000 92837: FRAUD HOTLINE NO: 0800 63 63 63**

[www.ugu.org.za](http://www.ugu.org.za)

**UGU DISTRICT MUNICIPALITY**

**EXTRACT FROM THE DRAFT MINUTES OF THE MEETING OF THE  
UGU DISTRICT MUNICIPAL COUNCIL HELD ON 29 JUNE 2023**

**10.6 Amendment of Contract: UGU-06-1541-2020: Supply and Delivery of Meter  
Boxes for a Period of Thirty-Six Months**

The Speaker took members through the item.

Following which,

It was

**RESOLVED:**

- (a) That the report on the Amendment of Contract: UGU-06-1541-2020: Supply and Delivery of Meter Boxes for a Period of Thirty-Six Months be and is hereby **NOTED**.
- (b) That the Amendment of the contract for the supply and delivery of meter boxes from being a fixed contract to a rate-based contract and quantity be on a demand basis with an escalation rate of 10% for year three (3) only be and is hereby **APPROVED**.

**CERTIFIED A TRUE COPY OF THE ORIGINAL**



**MS M GOBHOZI**

**ACTING GENERAL MANAGER: CORPORATE SERVICES**

### Unsolicited bids

113. (1) A municipality or municipal entity is not obliged to consider an unsolicited bid received outside its normal bidding process.

(2) If a municipality or municipal entity decides to consider an unsolicited bid received outside a normal bidding process, it may do so only in accordance with a prescribed framework. 5

(3) The framework must strictly regulate and limit the power of municipalities and municipal entities to approve unsolicited bids received outside their normal tendering or other bidding processes.

### Approval of tenders not recommended

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114. (1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor-General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation. 15

(2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

### Implementation of system

115. (1) The accounting officer of a municipality or municipal entity must— 20

- (a) implement the supply chain management policy of the municipality or municipal entity; and
- (b) take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices. 25

(2) No person may impede the accounting officer in fulfilling this responsibility.

### Contracts and contract management

116. (1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must—

- (a) be in writing; 30
- (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for—
  - (i) the termination of the contract or agreement in the case of non- or under-performance;
  - (ii) dispute resolution mechanisms to settle disputes between the parties; 35
  - (iii) 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
  - (iv) any other matters that may be prescribed.

(2) The accounting officer of a municipality or municipal entity must—

- (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced; 40
- (b) monitor on a monthly basis the performance of the contractor under the contract or agreement;
- (c) establish capacity in the administration of the municipality or municipal entity— 45
  - (i) to assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and
  - (ii) to oversee the day-to-day management of the contract or agreement; and

- (d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.
- (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— 5
  - (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 10
    - (ii) has been invited to submit representations to the municipality or municipal entity.

#### **Councillors barred from serving on municipal tender committees**

117. No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer. 15

#### **Interference**

118. No person may—
- (a) interfere with the supply chain management system of a municipality or municipal entity; or 20
  - (b) amend or tamper with any tenders, quotations, contracts or bids after their submission.

#### **Competency levels of officials involved in municipal supply chain management**

119. (1) The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels. 25
- (2) A municipality and a municipal entity must for the purposes of subsection (1) provide resources or opportunities for the training of officials referred to in that subsection to meet the prescribed competency levels. 30
- (3) The National Treasury or a provincial treasury may assist municipalities and municipal entities in the training of officials referred to in subsection (1).

### ***Part 2: Public-private partnerships***

#### **Conditions and process for public-private partnerships**

120. (1) A municipality may enter into a public-private partnership agreement, but only if the municipality can demonstrate that the agreement will— 35
- (a) provide value for money to the municipality;
  - (b) be affordable for the municipality; and
  - (c) transfer appropriate technical, operational and financial risk to the private party. 40
- (2) A public-private partnership agreement must comply with any prescribed regulatory framework for public-private partnerships.
- (3) If the public-private partnership involves the provision of a municipal service, Chapter 8 of the Municipal Systems Act must also be complied with.
- (4) Before a public-private partnership is concluded, the municipality must conduct a feasibility study that— 45
- (a) explains the strategic and operational benefits of the public-private partnership for the municipality in terms of its objectives;
  - (b) describes in specific terms—
    - (i) the nature of the private party's role in the public-private partnership; 50
    - (ii) the extent to which this role, both legally and by nature, can be performed by a private party; and

  
Ugu District Municipality

## REPORT TO PORTFOLIO ON FINANCE

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File Reference:

Author: MS NTOKOZO MKHIZE – MANAGER: SCM

Out Committee:

1<sup>st</sup> Level: PORTFOLIO COMMITTEE ON FINANCE (20/06/2023)

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**SUBJECT: EXTENSION OF CONTRACT: UGU-06-1541-2020 – SUPPLY AND DELIVERY OF METER BOXES FOR A PERIOD OF THIRTY – SIX MONTHS.**

**DATE OF MEETING: 20 JUNE 2023**

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### 1. PURPOSE

The purpose of the report is to obtain the council's approval on the amendment of Contract: Ugu-06-1541-2020: Supply and delivery of meter boxes for a period of thirty-six months.

### 3. LEGISLATIVE PROVISIONS

Municipal Finance Management Act No 56 of 2003, section 7(1)  
Municipal Finance Management Act No 56 of 2003, section 116 (3)  
Preferential Procurement Regulations

### 4. BACKGROUND/RATIONALE

The current contract UGU-06-1541-2020 for the supply and delivery of meter boxes that was awarded to VK Distributors on 01 May 2021 and the end date of the contract is 30 April 2024. This contract is currently a fixed contract with a demand of 3000 meters for a duration of three years. The demand for meter boxes increased due to new installations, maintenance and meter replacement project that is taking care of an audit finding. At the initiation of the tender the projections were made only for new installations and maintenance however additional demand was created due to other projects.

It is out of that background that this contract be amended as per Section 116(3) from being the fixed contract to a rate-based contract for the remainder of the duration of the contract and the quantity will be on demand basis as per Water Services Implementation Plan. Furthermore, the amendment will also factor in Price escalation for the remaining term (year 3) at a rate of 10%.

Due to the nature of the abovementioned contracts, the Municipality will be hindered on its day-to-day operations, if these contracts are not in place.

2023-05-12

Returned to:.....  
MUNICIPALITY

*Ugu District Municipality*

## **BUDGET & TREASURY OFFICE INTERNAL MEMORANDUM**

TO:	MR. VELA MAZIBUKO – ACTING MUNICIPAL MANAGER
CC:	MS. NTOKOZO MKHIZE – MANAGER: SCM
FROM:	MR. KUSHI AUDAN – CHIEF FINANCIAL OFFICER
DATE:	06 MARCH 2023
SUBJECT:	REQUEST FOR A CONTRACT AMENDMENT UGU-06-1541-2020- SUPPLY AND DELIVERY OF METER BOXES FOR A PERIOD OF THIRTY – SIX MONTHS

### **1. PURPOSE**

To request the approval of the Acting Municipal Manager for a contract amendment of Contract UGU-06-1541-2020: Supply and Delivery of Meter Boxes for a Period of Thirty-Six 36 Months.

### **2. LEGAL / STATUTORY REQUIREMENTS**

- Municipal Finance Management Act 56 of 2003
- MFMA: Municipal Supply Chain Management Regulations
- Supply Chain Management Policy

### **3. BACKGROUND & RATIONALE**

The current contract UGU-06-1541-2020 for the supply and delivery of meter boxes that was awarded to VK Distributors on 01 May 2021 and the end date of the contract is 30 April 2024. This contract is currently a fixed contract with a demand of 3000 meters for a duration of three years. The demand for meter boxes increased due to new installations, maintenance and meter replacement project that is taking care of an audit finding. At the initiation of the tender the projections were made only for new installations and maintenance however additional demand was created due to other projects.

It is out of that background that this contract be amended as per Section 116(3) to a rate-based contract for the remainder of the duration of the contract and the quantity will be on demand basis as per Water Services Implementation Plan. Furthermore, the amendment will also factor in Price escalation for the remaining term (year 3) at a rate of 10%

#### 4. FINANCIAL IMPLICATION

- Quantity will be on Demand Basis as per Water Services Implementation Plan.
- Rates 10% Escalation for Year 3.

#### 5. RECOMMENDATIONS

That the Acting Municipal Manager approves the amendment of Ugu-06-1541-2020 to be a rate-based contract and quantity be on demand basis instead of the fixed 3000 units as per the initial contract.

The Acting Municipal Manager as approves the amendment to included escalated percentage over the remaining term (Year 3) which will be submitted to Council as per Section 116(3) and published for public comment as being informed by Section 33 of the MFMA.

#### 6. PREPARED AND SUBMITTED BY:



PHIL KANNIAPPEN  
INVENTORY MANAGEMENT OFFICER

#### 7. ~~SUPPORTED~~ / ~~NOT SUPPORTED~~ BY:



NTOKOZO MKHIZE  
MANAGER: SCM

#### 8. ~~SUPPORTED~~ / ~~NOT SUPPORTED~~ BY:



KUSHI AUDAN  
CHIEF FINANCIAL OFFICER (CFO)

#### 9. ~~APPROVED~~ / ~~NOT APPROVED~~ BY:



VELA MAZIBUKO  
ACTING MUNICIPAL MANAGER