

ITEM

TO: COUNCIL

RECOMMENDATION: FINANCE PORTFOLIO COMMITTEE

RE: SUPPLY CHAIN MANAGEMENT

REPORT BY THE CHIEF FINANCE OFFICER

1. PURPOSE OF THE REPORT

The purpose of the report is to seek council's approval on the proposed annual empowerment targets for the financial year 2010/11 for the Waterberg District Municipality. The empowerment targets will be implemented from the 01 July 2010 (to be backdated) until the 31st June 2011. This report will assist WDM in ensuring alignment and compliance with directives from other spheres of government and legislations.

2. LEGISLATIVE / STATUTORY REQUIREMENTS

The Preferential Procurement Regulations - Gazette 22549 of 10 August 2001, Section 17 on Specific Goals read as follows:-

- (1) The tendering conditions may stipulate that specific goals , as contemplated in section 2(1) (d) (ii) of the Act be attained.**
- (2) The stipulation contemplated in subregulations (1) must include the method to be used to calculate the points scored for achieving specific goals.**
- (3) Over and above the awarding of preference points in favour of HDI's, the following activities may be regarded as a contribution towards achieving the goals of the RDP;**
 - a) The promotion of SA owned enterprises;**
 - b) The promotion of export orientated production to create jobs;**
 - c) The promotion of SMME's**
 - d) The creation of new jobs or the intensification of labour absorption;**
 - e) The promotion of enterprises located in a specific province for work to be done or services to be rendered in that province**
 - f) The promotion of enterprises located in a specific region for work to be done or services to be rendered in that region.**
 - g) The promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area.**
 - h) The promotion of enterprises located in a rural areas;**
 - i) The empowerment of the work force by standardizing the level of skill and knowledge of workers;**
 - j) 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 improvements of management of skills; and**
 - k) The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organizations.**

- (4) Specific goals must be measurable and quantifiable and organ of state must monitor the execution of the contract for compliance with specific goals.**

3. BACKGROUND, EXPOSITION, FACTS AND PROPOSALS

Empowerment goals in WDM SCM consists of 5 types of empowerment, namely:

- Historically disadvantaged Individuals: means a South African citizen- who due to the apartheid policy that had no franchise in national elections prior to the introduction of the constitution of SA.
- Women: means a female either black and white.
- Youth: any person who is of age of 35 years or less is a youth(both black and white).
- Disabled: any person who is permanently impaired of physical, intellectual, or sensory functions, which result in restricted or lack of, ability to perform an activity in the manner, or within the range, considered normal for human being.
- Locality: means a company that is located within a municipal area, within the district, within a province or located nationally.

The empowerment targets summarizes all the targets for each empowerment target for the whole year, that is starting from the 01 July 2010 to the 31 June 2011. The empowerment targets are already implemented and were approved by the Accounting Officer to be used during this financial year. Lack of empowerment during procurement processes in the municipality might undermine the preferential procurement policy framework act, Broad Black Based Economic Empowerment Act and other regulations promoting historically disadvantaged individuals.

4. LEGAL/ STAFF IMPLICATIONS

None compliance with the preferential procurement policy framework act, Municipal Finance Management Act, Broad Black Based Economic Empowerment Act and other regulations promoting historically disadvantaged individuals.

5. FINANCIAL IMPLICATIONS

None

6. OTHER PARTIES CONSULTED

Chief Finance Officer and Accounting Officer.

7. ANNEXURES

Supply Chain Management Empowerment targets and goals for 2010/2011 for the quarter ending 31 March 2011 (Annexure A).

8. AUTHORITY

Preferential Procurement Policy Framework Act

Preferential Procurement Regulations - Gazette 22549 of 10 August 2001

Municipal Finance Management Act, No 56 of 2003.

Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005

Broad Black Based Economic Empowerment Act

9. RECOMMENDATION:

1. That the Supply Chain Empowerment targets and goals for 2010/11 by the Municipal Manager regarding the limited bidding procurement, urgent/emergency procurement and avoidable deviations from the Supply Chain Management Policy, be noted (Annexure A).
2. That the preferential points allocations be delegated to the Municipal Manager who will review preferential points allocations on tenders report quarterly after the review of the previous quarter's empowerment targets achieved.
3. That Supply Chain Management Unit prepares a quarterly report to the Accounting Officer on empowerment, whereby the Accounting Officer will review the goals achieved for the previous quarter and then assign the preferential points allocation for the next quarter.
4. That the Accounting Officer be delegated the authority to implement progressive exclusivity on individual projects to ensure empowerment targets are achieved

ANNEXURE A

EMPOWERMENT TARGETS AND GOALS FOR 2010/ 2011

The proposed targets for the year 2010/11 starting from the 01st July 2010 to 30th June 2011 are as follows;-

Quarters	HDI	Youth	Women	Disability	Locality - Waterberg	Limpopo
Q1	50%	20%	20%	2%	5%	25%
Q2	55%	25%	25%	4%	10%	30%
Q3	60%	30%	30%	6%	15%	35%
Q4	65%	35%	35%	8%	20%	40%