



**MASILONYANA**

LOCAL MUNICIPALITY  
PLAASLIKE MUNISIPALITEIT  
LEKGOTLA LA MOTSE

**CRITERIA TO LINK  
LOCAL  
CONTRACTORS  
TO MAIN**

# **CONTRACTORS**

**BY-PRODUCT OF KASI IS NXA**

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## **1. Introduction**

This document should be read in line with the following documents:

- Masilonyana Local Economic Development Strategy
- Kasi is Nxa
- Procurement Policy of Masilonyana Local Municipality
- Supply Chain management policy

In the council of **February 2007** Masilonyana Local Municipality adopted a document that was called Kasi is Nxa.

The objective of this document was to ensure that the entrepreneurs of Masilonyana participate meaningfully in the Economic activities of the municipality.

Entrepreneurs in the document of Kasi is Nxa where divided into the following Core sectors i.e.

- Mining Sector
- Retail Sector
- Construction Sector
- Finance Sector
- Safety & Security Sector
- Cleaning Sector

The Cores sector that will be mostly affected by this document is the Construction Sectors.

In **March 2007** Council adopted a policy that outlined that in any tender allocated for any project in the municipality the LED office must ensure 30 to 50% of the value of each project must be allocated to local Contractors.

One need to acknowledge that prior to the development of this document it depended entirely on the local contractors to interact with the main contractor or to secure the local allocated percentage.

This generated a lot of conflict among local contractors and forced the Business forum

( Kasi is Nxa) to only concentrate on the Construction Sector and had to ignore five other sectors.

The objective of this document is finally to bring harmony in this subsection of the Construction sector.

## **2. Objective**

Because of continuous conflicts among Entrepreneurs the Municipality and the Masilonyana Business Forum ( Kasi is Nxa) was forced to develop a criteria in consultation with Entrepreneurs, to share the cake of tenders with local contractor and ensure that it is fair, transparent, clean and participatory process.

It is important to outline that this process does not interfere with the legal tendering process of Main contractors which will still follow the Tendering process. Main objective is to divide in line with above outlined policies the Local Tender cake among the local Contractor by the Local contractor without interference of municipal official. The Municipal Official's role will be to link the Business Forums recommendation on Local contractors with the Technical department where the Technical department will implement the recommendations and monitor performance.

It is also important that the cake of 30 to 50% get shared among all five towns of Masilonyana Local Municipality: which consist of:-

Soutpan  
Verkeerdelei  
Brandfort  
Winburg  
Theunissen

### **2.1 Clear percentages must be set for targeted groups.**

<b>Classification</b>	<b>Target</b>	<b>Comment</b>
Women	5%	Over and above women entrepreneurs that are present among different companies, 5% of the Local Cake must go to companies which are owned by woman or majority of share holders are woman
Youth	5%	Over and above youth entrepreneurs that are present among different companies, 5% of the Local Cake must go to companies which are owned by youth or majority of share holders are youth
Disabled people	2%	Over and above disabled people entrepreneurs that are present among different companies, 2% of the Local Cake must go to companies which are owned by disabled people or majority share holders are disabled people

Small towns Verkeerdevlei and Soutpan	5%	5% of the cake of the 3 big towns must go to the entrepreneurs of these two towns respectively so they also enjoy the cake. But when tenders are from these two towns they will be considered as normal
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### **3. Criteria**

#### **Notes to Applicants:-**

Please answer all questions, in black ink.

Please initial all pages in black ink.

Supplementary pages may be photocopied and inserted if required

Please retain a copy of your complete submission

If a joint venture is proposed, all companies are to respond to all question

Original or certified copies of SARS, UIF compliance and Company Registration Forms must accompany this questionnaire. This may not be a prerequisite for now but will later be binding.

If any of the above- mentioned requirements are not met, the applicant may be immediately disqualified.

### 3.1 Definitions

BEE -Companies	Companies which are black owned, black-empowered, black women-owned
Black- empowered Company	Companies, which are more than 25% owned by black people and with participation in control by black people
Black –owed Company	Companies, which are more than 50% owned and controlled by black people
Black women-owned company	Companies with at least 30% representation of black women within the black equity and management portion
Black people/Blacks	Africans, Coloureds and Indians who are South African citizens
Black Designated Groups ( Employment Equity Act, 1998)	Black people who are youth, people with disabilities or people living in rural areas
Broad- based Black Economic Empowerment	<p>The economic empowerment of all black people including women, workers , youth, people with disabilities and people living in rural areas through areas through diverse but intergrated socio- economic strategies that include, but are not limited to- enterprises and productive assets.</p> <p>Facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprise;</p> <p>Targeted procurement; and investment in enterprise that are owned or managed by black people</p> <p>Human resource and skills development;</p> <p>Achieving equitable representation in all occupational categories and levels in the workforce;</p> <p>Facilitating the provision of additional skills to black employees at levels in the workforce</p>
Control	Centers on the authority and power to manage assets, the determination of policies and the direction of business operation. Indicators of control may include:

	<p>Participation in control of a business unit or of the company (such as shareholder meetings, the Board of Directors, board subcommittees, and divisional boards;</p> <p>The exercise of voting rights on the boards of directors and committees thereof, and controlling equity; and</p>
Company	Includes a CC and company registered in terms of the Companies Act. (Members will still be workshop around this item)

### **3.2 ATTENDANCE AT THE INFORMATION SHARING MEETING**

The Masilonyana Business Forum shall consider a prequalification application only if the information sharing meeting (side visit) has been attended by a representative who must- be the applicant himself or an authorized person in the direct employ of the applicant. Therefore it is important to sign the attendance register and state the name of your company.

### **3.3 Prequalification Acceptance**

The decision made by the Masilonyana Business Forum regarding the adjudication the 30 to 50 % Local contractors will be final, But where gross violations take place the Municipal manager will handle appeals and the matter should be resolved in the next two working days. The Municipal manager's decision is final.

### **3.4 Disqualification For prequalification Application**

The prequalification application of any applicant who has not conformed to these rules and the instructions reflected on the prequalification tender notice may be disqualified at the discretion of Masilonyana Business Forum.

### **3.5 Masilonyana Business Forum**

The Masilonyana Business Forum will sit within 3 working days after the Municipal Manager has allocated the signed Tender document of the successful main contractor.

The Municipal manager will inform Masilonyana Business forum who the successful main contractors are and the percentage allocation to local contractors

The successful Main contractor will be informed by the municipal manager that he/she will be provided with the name/s of Local Contractor within 4 working days after Masilonyana business.

Masilonyana Business forum will supply the municipal manager through her representative the name/s of the recommended Local contractor.

The Municipal Manager will confirm that the names that comply with the criteria set out for the Masilonyana Business

The Municipal Manager shall within Seven days inform the Main contractor who are the local contractors that will fill the 30 to 50 %, if there is a dispute the Municipal manager will inform the Main contractor after 9 days.

Any entrepreneur can appeal to the Municipal manager not later then two days after the submission of the Business forum to the Municipal manager Masilonyana Business Forum members will sign a code of conduct that will ensure that they will allocate these local Projects fairly, honestly and transparently inline with this document.

### **3.6 The Location of business**

Name of town Business Forum: \_\_\_\_\_

Registered business Street Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone no: \_\_\_\_\_ Fax. No.: \_\_\_\_\_ (if possible)

Cell No: \_\_\_\_\_

Number of years at present address: \_\_\_\_\_

Name of Sector Chairperson at Ward Business Forum: \_\_\_\_\_

Signature of Ward Sector Chairperson: \_\_\_\_\_

CIDB Grading: \_\_\_\_\_ (if available)

Number of years experience as a contractor/sub-contractor: \_\_\_\_\_



Number of women: \_\_\_\_\_ % Share of women: \_\_\_\_\_ (if available)

Number of Disabled people: \_\_\_\_\_ % Share of Disabled people: \_\_\_\_\_ (if available)

Number of youth: \_\_\_\_\_ % Share of youth: \_\_\_\_\_ (if available)

### **3.7 Note: Please provide proof of business address,**

Points may only be scored for persons who own equity in their companies  
The column indicating points for Equity by Black Persons will be used to allocate Base points on the percentage of black equity (incl. black women equity) in the total equity of the enterprise.

The column indicating points for Equity by Black Women will then be used to allocated bonus points for the percentage of black woman equity included in the total equity of the construction company.

The column indicating points for Equity by Designated Groups will then be used to allocate Bonus points for the percentage of black designated and local group equity included in the total equity of the construction company.

The points scored for Preferential Procurement for Local (BEE) will be the sum of the above. The maximum number of points that can be awarded for preferential procurement is for local contractors is = 20.

Note: These points will be carried forward to the evaluation for those applications short listed local tenders.

If the Prospective Subcontractor/Contractor is based within the jurisdiction of the Masilonyana Local Municipality = 20

If the Prospective Subcontractor/Contractors is based outside the Masilonyana Local Municipality = 5

If the Prospective Subcontractor/Contractors is based outside the Masilonyana Local Municipality = 2

### **3.8 Equipments**

The following equipment list is essential for the successful completion of the contract. This will not be used against a company but will give the Business Forum and the Municipality an idea of the capacity of the Local Contractor.

Please indicate availability of equipment and whether owned or hired.

Equipment	Number required	Owned	Hired

#### **4. Roles of Business Forum**

In terms of Masilonyana Local Municipality Procurement Policy, every tender must benefit the Local community. Therefore there is a need to ensure that there is a clear criteria used to divide the cake among local people in the five towns.

The formation of Masilonyana Business Forum will greatly assist the municipality in sharing this cake among local contractors without the involvement of officials and also ensure that targets of quotas are achieved. These quotas includes woman, youth, disabled people and from small towns.

##### **4.1 Recommendation:**

- That the Executive Committee of Masilonyana Business forum should develop a database of all contractors.
- This data base must categories the companies into, grading, genders, youth and disabled people.
- That the Executive of Masilonyana Business Forum should use these criteria to develop a link between the local contractors and main contractor that has been appointed.
- That Soutpan and Verkeedevlei companies should also receive shares in tender of big towns.
- That members of Business Forum should assist local contractors to form joint ventures to tender for big projects.
- After the tender process is completed of the main contractor by the Technical Department the Business Forum Executive will be given 7days to submit recommendation to the Masilonyana Local Municipality LED office who the local Contractors are who are recommended for the 30 to 50%.

##### **4.2 Question becomes can the Business forum allocate the cake among 5 towns Honestly, Fairly and transparently?**

##### **Composition of Masilonyana Business Forum**

Masilonyana Business Forum Executive consists of top 5 that is:-

- Chairpersons is from Theunissen

- Deputy Chairperson is from Brandfort
- Secretary is from Soutpan
- Deputy Secretary is from Winburg
- Treasurer is from Verkeedevlei

Additional members of the executive consists Chairperson and Secretaries of all 5 town Business Forums. This means that each town has 3 members representing its interest. Therefore the Executive is capable of ensuring that this cake can be shared among its member and no town will be disadvantaged.

## 5. Implementation

### Process Plan

Core Issues	Date of Submission	Venue	Responsibility
Development of Discussion Document	20.06.07	Theunissen	Strategic Manager
Submission of Document to Technical Department	21.06.07	Theunissen	Strategic Manager
Submission of Document to Municipal manager's Office	21.06.07	Theunissen	Strategic Manager
Submission of Document to Mayor	21.06.07	Theunissen	Municipal Manager
Submission of Document to Masilonyana Business Forum	21.06.07 10:00	Theunissen	Strategic Manager/ Masilonyana B. Forum
Submission of Document to Verkeedevlei Business Forum	21.06.07 14:00	Verkeedevlei	Strategic Manager/ Masilonyana B. Forum
Submission of Document to Winburg Business Forum	21.06.07 15:00	Winburg	Strategic Manager/ Masilonyana B. Forum
Submission of Document to Theunissen Business Forum	22.06.07 10:00	Theunissen	Strategic Manager/ Masilonyana B. Forum
Submission of Document to Brandford Business Forum	25.06.07 11:30	Brandford	Strategic Manager/ Masilonyana B. Forum
Submission of Document to Soutpan Business Forum	25.06.07 13:30	Soutpan	Strategic Manager/ Masilonyana B. Forum
Submission of finalized Document to Municipal manager's Office	25.06.07	Theunissen	Strategic Manager
Submission of finalized Document to Mayor	25.06.07	Theunissen	Municipal Manager
Implementation of Document	26.06.07	Theunissen	Municipal Manager

### Conclusion

It is important that rank and file member of the business forum must be consulted and must input in this document. The sharing of the Local cake must benefit entrepreneurs of Masilonyana Local Municipality. Entrepreneurs must make sure that

every Wednesday is a business forum day where in each town and each ward on Wednesdays entrepreneurs occupy municipal halls and venues and discuss how to improve the Economy of Masilonyana Local Municipality

**Thank you**