



Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, Act 117 of 1998, that a **COUNCIL MEETING** of the 2021/2026 term of the Garden Route District Municipality will be held at the CA Robertson Council Chambers and on Zoom on **MONDAY, 30 JANUARY 2023** at **10:00** to consider the items as set out in the agenda.

*Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998, Wet 117 van 1998, dat 'n **RAADSVERGADERING** van die 2021/2026 termyn van die Garden Route Distriksmunisipaliteit gehou sal word in die CA Robertson Raadsaal en via Zoom op **MAANDAG, 30 JANUARIE 2023** om **10:00** ten einde oorweging aan die items soos in die agenda uiteengesit, te skenk.*

Kukhutshwe isaziso ngokwemiqathango yoMhlathi 29 woRhulumente Basekhaya: Umthetho Wezolawulo loMasipala, 1998, uMthetho 117 wango 1998, sokuba **INTLANGANISO YEBHUNGA** yexesha lika 2021/2026 loMasipala Wesithili se Garden Route izakubanjelwa kwiGumbi leBhunga CA Robertson naku Zoom, **NGOMVULO, 30 KWEYOMQUNGU 2023** ngentsimbi ye **10:00** ukuqwalasela imiba ebekwe kwi agenda.

ALD GR WOLMARANS
SPEAKER
SPEAKER
SOMLOMO

MG STRATU
Municipal Manager
Munisipale Bestuurder
Mphathi Masipala

Date: 27 JANUARY 2023
ADDENDUM

AGENDA

1. OPENING AND WELCOMING / OPENING EN VERWELKOMING / UVULO NOLWAMKELO
2. EVACUATION PROCEDURES / ONTRUIMINGSPROSEDURES / INKQUBO YOKUFUDUSWA
3. SILENT PRAYER / MEDITATION / STILLE GEBED / MEDITASIE / UMTHANDAZO OTHULEYO
4. ATTENDANCE OF MEMBERS / BYWONING VAN LEDE / AMALUNGU AKHOYO
 - 4.1 COUNCILLORS PRESENT / RAADSLEDE TEENWOORDIG / OOCCEBA ABAKHOYO
 - 4.2 COUNCILLORS WITH LEAVE / RAADSLEDE MET VERLOF / OOCCEBA ABAKWIKHEFU
 - 4.3 COUNCILLORS WITHOUT LEAVE / RAADSLEDE SONDER VERLOF / OOCCEBA ABANGEKHO KWIKHEFU
5. NOTING OF THE PROVISIONS OF SCHEDULE 7 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES AMENDMENT ACT, 2021 / KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 7 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE AANGEPASTE STRUKTURE WET, 2021 / UQWALASELO LWEMITHETHO-NEMIMISELO YOLUHLU 7 (INDLELA YOKUZIPHATHA KOOCCEBA) LOMTHETHO WORHULUMENTE BASEKHAYA WESIMO SOMASIPALA OLUNGISIWEYO WANGO 2021
6. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE / UKUCHAZWA KOMDLA NGOOCEBA KUNYE NAMAGOSA

7.	<u>COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LUKASOMLOMO</u>
8.	<u>COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LUKASOMLOMO</u>
9.	<u>COMMUNICATIONS BY THE MUNICIPAL MANAGER / MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER / UNXIBELELWANO LOMPHATHI MASIPALA</u>

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SECTION D		
REPORTS FROM THE FINANCIAL SERVICES DEPARTMENT / <i>ITEMS VANAF DIE FINANSIËLE DIENSTE DEPARTEMENT</i> / IMIBA YESEBE LENKONZO ZEMALI		
D.2.	REVIEW OF GRDM SUPPLY CHAIN MANAGEMENT POLICY AND PREFERENTIAL PROCUREMENT POLICY / <i>HERSIENING VAN GRDM VOORSIENINGSKANAALBESTUURBELEID EN VOORKEURVERKRYGINGSBELEID</i> / UQWALASELO LOMGAQONKQUBO WE GRDM WOLAWULO LWENCITHO KUNYE NONGAQONKQUBO WENTENGO OKHETHEKILEYO <i>Refer Report dated 18 January 2023 from the Executive Manager Financial Services (J-W de Jager) / Manager Supply Chain Management (T Mpuru)</i>	5 - 198

Ald M Booysen
 Ald GR Wolmarans
 Ald G van Niekerk
 Ald P Terblanche
 Ald S De Vries
 Ald CN Lichaba
 Cllr / Rdl / Ceba NV Gungubele
 Cllr / Rdl / Ceba J Hoogbaard
 Cllr / Rdl / Ceba JG Meiring
 Cllr / Rdl / Ceba CA Swart
 Cllr / Rdl / Ceba K Malooi
 Cllr / Rdl / Ceba C Scheepers
 Cllr / Rdl / Ceba B van Noordwyk
 Cllr / Rdl / Ceba CP Taute
 Cllr / Rdl / Ceba D Acker
 Ald JC Lambaatjeen
 Cllr / Rdl / Ceba LSS van Rooyen
 Cllr / Rdl / Ceba RJ Hector
 Cllr / Rdl / Ceba SM Toto
 Ald V Gericke
 Ald IC Kritzinger
 Cllr / Rdl / Ceba DL Cronje
 Cllr / Rdl / Ceba HRT Stroebel
 Cllr / Rdl / Ceba NT Seti
 Ald NS Ndayi
 Cllr / Rdl / NA Tsengwa
 Ald RH Ruiters
 Cllr / Rdl / Ceba M Kannemeyer
 Cllr / Rdl / Ceba MA Mkonto
 Cllr / Rdl / Ceba JJ Cornelius
 Cllr / Rdl / Ceba JP Buys (as of 27 July 2022)
 Cllr / Rdl / Ceba JJ Bavuma (as of 27 July 2022)
 Cllr / Rdl / Ceba D Saptoe (as of 25 October 2022)
 Cllr / Rdl / Ceba R April (as of 25 October 2022)
 Cllr / Rdl / Ceba HD Ruiters (as of 14 December 2022)
 1 x Vacant

1. REVIEW OF GRDM SUPPLY CHAIN MANAGEMENT POLICY AND PREFERENTIAL PROCUREMENT POLICY / HERSIENING VAN GRDM VOORSIENINGSKANAALBESTUURBELEID EN VOORKEURVERKRYGINGSBELEID / UQWALASELO LOMGAQO-NKQUBO WE GRDM WOLAWULO LWENCITHO KUNYE NONGAQO-NKQUBO WENTENGO OKHETHEKILEYO

18 January 2023

**REPORT FROM THE EXECUTIVE MANAGER: FINANCIAL SERVICES (J-W DE JAGER)
/ SUPPLY CHAIN MANAGER (TM MPURU)**

2 PURPOSE

To approve the amended policies of council (Preferential Procurement Policy and Supply Chain Management Policy) to be aligned to and compliant with the Preferential Procurement Regulations issued in November 2022, that became effective on 16 January 2023.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

On 4 November 2022, the 2022 Preferential Procurement Policy Framework Act (5/2000): Preferential Procurement Regulations (2022 Regulations) were Gazetted. These Regulations took effect on 16 January 2023.

Council therefore need to amend and align its Preferential Procurement Policy and Supply Chain Management Policy with the 2022 Regulations.

The Regulations kept the 80/20 and 90/10 point scoring principles of the previous regulations, but it no longer prescribes the specific goals that the 20 or 10 points will be awarded for.

WC Provincial Treasury issued guidance on Friday 13 January 2023, advising that municipalities award the 20 or 10 points based on a bidders B-BBEE rating as confirmed on its B-BBEE certificate. Further research will be conducted for a wider range of specific goals to be incorporated into the Preferential Procurement Policy in future.

5. RECOMMENDATIONS

1. That Council notes the 2022 Preferential Procurement Policy Framework Act (5/2000): Preferential Procurement Regulations as Gazetted on 4 November 2022.
2. That Council notes that the 2022 Regulations came into effect on 16 January 2023.
3. That Council approve the amended Preferential Procurement Policy & Supply Chain Management Policy as aligned to the Preferential Procurement Regulations, 2022 that were gazetted in November 2022.
4. That further research will be conducted in ninety (90) days in order to incorporate additional specific goals in the GRDM Preferential Procurement Policy as part of the 2023/24 budget processes.

AANBEVELINGS

1. *Dat die Raad kennisneem van die Voorkeurverkrygingsregulasies 2022 wat gepubliseer is in die Staatskoerant van 4 November 2022.*
2. *Dat die Raad kennisneem dat die nuwe regulasies effektief is vanaf 16 Januarie 2023.*
3. *Dat die Raad die aangepaste Voorkeurverkrygingsbeleid en Voorsieningskanaalbeleid goedkeur om dit in lyn te bring met die Voorkeurverkrygingsregulasies 2022.*
4. *Dat verdere navorsing gedoen sal word binne neentig (90) dae om addisionele spesifieke doelwitte by die Voorkeurverkrygingsbeleid te inkorporeer as deel van die 2023/24 begrotingsprosesse.*

IZINDULULO

1. Sesokukuba iBhunga lithathele ingqalelo uMthetho weNkqubo-sikhokelo yoMgaqo-nkqubo wokuThenga ngokuKhethayo ka-2022 (5/2000): iMimiselo yokuThengwa kweeMpahla eKhethekileyo njengoko iGazethi iGazethi nge-4 kaNovemba ka-2022.
2. Sesokuba iBhunga liqaphele ukuba iMimiselo ka-2022 iqale ukusebenza nge-16 kaJanuwari 2023.
3. Sesokuba iBhunga liphumeze uMgaqo-nkqubo ohlonyelweyo wokuThengwa kweeMpahla noMgaqo-nkqubo woLawulo lokuThengwa kweeMpahla njengoko ulungelelaniswe neMimiselo yokuThenga ngokuKhethekileyo, ka-2022 eyapapashwa kwigazethi ngoNovemba ka-2022.

4. Sesokuba uphando olongezelelweyo luya kuqhutywa ukuze kubandakanywe iinjongo ezithile ezongezelelweyo kuMgaqo-nkqubo wokuThenga ngokuKhethekileyo we-GRDM njengenxalenye yeenkqubo zohlahlo lwabiwo-mali luka-2023/24 kwintsuku ezingamashumi alithoba (90).

6. DISCUSSION / CONTENTS

On Wednesday, 16 February 2022, the Constitutional Court handed down judgement in the application for leave to appeal against a judgement and order of the Supreme Court of Appeal (SCA). This application was brought by the National Minister of Finance against Afribusiness NPC and concerns the validity of the Preferential Procurement Regulations, 2017, promulgated by the Minister on 20 January 2017, in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000.

The SCA held that the Minister's promulgation of regulation 3(b) determining whether pre-qualification criteria are applicable to the tender as envisaged in Preferential Procurement Regulation, 2017, regulation (4), Prequalification criteria for preferential procurement and regulation 9, subcontracting as a condition of tender, was unlawful.

Due to the interconnectedness of the regulations, the Supreme Court of Appeal declared the entire Procurement Regulations invalid on the basis that the content of the regulations exceeded the minister's power on what could permissibly be regulated on in terms of section 5 of the Procurement Act and section 217 of the constitution. The declaration was suspended for 12 months which ended on the 02 November 2021.

To address the above, new Preferential Procurement Regulations were gazetted on 4 November 2022 (the 2022 Regulations) – refer Attached as Annexure C. The 2022 Regulations does not contain any of the regulations referred to above, i.e. those referring to pre-qualification, sub-contracting, etc. The 2022 Regulations were simplified to include the following two aspects in terms of point scoring as part of a tender process:

1. Points for price
2. Points for Specific Goals

The sum of the two categories above gives a bidder a point out of a 100, which is then considered as part of the final award by the relevant awarding authority.

The 100 points is split a 80/20 or 90/10 – depending on the monetary size of the tender. Tenders up to R50 million uses the 80/20 approach and tenders above R50 million is scored on the 90/10 principle

Specific Goals

This is the element that scores either the 20 or the 10 points (depending on the monetary size of the tender as explained above).

The Regulations themselves does not prescribe any specifics on what goals these should/must be. It is for council to decide on such specific goals.

Western Cape Provincial Treasury issued Treasury Circular Mun No. 01 of 2023 Municipal Interim Strategy on PPR 2022 (attached as Annexure D) on 13 January 2023 advising Councils to – as an interim measure – list B-BBEE as the only specific goal for which the 20 or 10 points will be allocated. There are a multitude of legal pitfalls at risk if municipalities at this stage decide to list other specific goals, which, in the advice of Province, should first be thoroughly researched before including such in the Preferential Procurement Policy. This will ensure that Council is not unnecessarily involved in legal and audit challenges which could be detrimental to service delivery and the financial resources of Council.

B-BBEE Certification

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 16805, 23 November 1994.

The RDP (1994) (attached as Annexure E), 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 favor 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 labor 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.
- 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

The B-BBEE score card is based upon the RDP goals and was specifically developed as a scientific measurement of these individual goals and issued by accredited to ensure credibility of the assessment. The B-BBEE score card amongst others gives effect to 6 RDP Goals.

- i. the promotion of South African Owned enterprises
- ii. the promotion of SMMEs
- iii. the creation of new Jobs or the intensification of Labor absorption
- iv. the empowerment of the work force by standardising the level of skill and knowledge of workers
- v. the development of human resources, including by assisting in tertiary and other advanced training programs, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills.
- vi. the upliftment of communities through, but not limited to housing, transport, schools, infrastructure, donations, charity organisations

It is recommended that Council follow the guidance from WC Provincial Treasury to utilise B-BBEE as a specific goal, seeing that it covers 6 of the 11 RDP goals already. And that further thorough research be conducted for possible additional Specific Goals to be added to the Preferential Procurement Policy through the 2023/24 budget processes which will be adopted in May 2023.

6.1. Background

Amendment of Preferential Procurement Policy and Supply Chain Management Policy to align to Preferential Procurement Regulations, 2022

6.2 Discussion

Review the Policy against the Preferential Procurement Regulations, 2022.

6.3 Financial Implications

If the Preferential Procurement Policy and Supply Chain Management Policy is not aligned to the newly gazetted 2022 Regulations, all procurement advertised from 16 January 2023 onwards will lead to irregular expenditure.

6.4 Legal Implications

Preferential Procurement Regulations

6.5 Staff Implications

No current implications.

6.6 Previous / Relevant Council Resolutions:

Preferential Procurement Regulations.

6.7 Risk Implications

If Policies are not approved, will result in irregular expenditure on any procurement undertaken in contravention of the Preferential Procurement Regulation, 2022, from 16 January 2023

ANNEXURES

Annexure A: Amended Preferential Procurement Policy

Annexure B: Amended Supply Chain Management Policy

Annexure C: Preferential Procurement Regs 2022 Government Notice 2721 of 4 November 2022

Annexure D: WC Treasury Circular Mun No. 01 of 2023 Municipal Interim Strategy on PPR 2022

Annexure E: Government Gazette 16085 - Reconstruction and Development Programme



PREFERENTIAL PROCUREMENT POLICY

Adopted by Council: 00/00/18 COUNCIL RESOLUTION DC 00/00/18

Foreword

Section 217 of the Constitution of the Republic of South Africa -

1. *When an organ of state in the national, provincial or Local sphere of Government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.*
2. *Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –*
 - a) *Categories of preference in allocation of contracts; and*
 - b) *The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.*
3. *National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.*

Section 2 of Preferential Procurement Policy Act of 2000 –

1. *An organ of state must determine its preferential procurement policy and implement it within the following framework:*
 - (a) *A preference point system must be followed.*
 - (b)
 - i. *for contracts with a Rand value above a prescribed amount a maximum of 10 points may be allocated for specific goals as contemplated in paragraph (d) provided that the lowest acceptable tender scores 90 points for price*
 - ii. *For contracts with a Rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific goals as contemplated in paragraph (d) provided that the lowest acceptable tender scores 80 points*
 - (c) *Any other acceptable tenders which are higher in price must score fewer points, on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with the prescribed formula.*
 - (d) *The specific goals may include –*
 - i. *Contracting with persons or categories of persons from designated sectors on the basis of race, gender or disability*
 - ii. *Implementing the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994*
 - (e) *Any specific goal for which a point may be awarded must be clearly specified in the invitation to submit a tender.*
 - (f) *The contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer; and*
 - (g) *Any contract awarded on account of false information furnished by the tenderer to secure preference in terms of this Act may be cancelled at the sole discretion of the organ of state without prejudice to any other remedies the organ of state may have.*

- (h) Any Goals contemplated in subsection (1)(e) must be measurable, quantifiable and monitored for compliance.

Exemption

The minister may, on request, exempt an organ of state from any or all the provisions of this Act if-

- (a) It is in the interest of national security.
- (b) The likely tenderers are international suppliers; or
- (c) It is in the public interest.

Western Cape Provincial Treasury Circular Mun No. 1/2023

Garden Route District Municipality takes cognizance of the Constitutional Court outcomes that has resulted in the transition from Preferential Procurement Regulations 2017 to the Preferential Procurement Regulations 2022. We note the legalities implicit in the Preferential Procurement Regulations of 2022 and the risk inherent in Policy Formulation where it is not evidence led by reasonable empowerment impact assessment and any other supporting research.

The proposed policy is an evolving policy that will encompass a demand management process that is based on the Integrated Development Plan (IDP) and Local Economic Strategy (LED) of Garden Route District. The specific goals as envisaged in the Section 2(1)(d) & (e) of the Preferential Procurement Policy Act 5, will be aligned to the IDP and the LED Strategy Documents to ensure that specific goals realized through procurement spending of the municipality is a conduit to realizing the strategy of council for the Garden Route District.

In alignment to the guidance issued by The Western Cape Provincial Government through Treasury Circular Mun No. 1/2023, Garden Route District adopts a transitional process to allow council to develop its specific goals in alignment to the IDP and LED strategy. The interim policy is to ensure that the Municipality can execute its current projects as provided for in the approved budget for the 2022/23 financial year.

The preferential procurement goals contemplated in the Section 2(1)(d) of the PPPFA through the relevant B-BBEE score cards as specified in the Broad based Black Economic Empowerment Act, 2003 (B-BBEE Act) and codes of Good Practice, be accepted as supporting evidence to claim preference points (B-BBEE Level Contributor Certificate) or a sworn Affidavit for Exempt Micro Enterprises.

The B-BBEE score card is based upon the RDP goals and was specifically developed as a scientific measurement of these individual goals and issued by accredited to ensure credibility of the assessment. The B-BBEE score card amongst others gives effect to 6 RDP Goals.

- i. the promotion of South African Owned enterprises
- ii. the promotion of SMMEs
- iii. the creation of new Jobs or the intensification of Labor absorption
- iv. the empowerment of the work force by standardising the level of skill and knowledge of workers
- v. the development of human resources, including by assisting in tertiary and other advanced training programs, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills.
- vi. the upliftment of communities through, but not limited to housing, transport, schools, infrastructure, donations, charity organisations.

The 2023/24 budget process and review of budget related policies will allow thorough engagement by council to give effect to specific goals set by council for implementation.

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1. Definitions

In this policy, 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—

“National Treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

“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; and

“The Act” means the Preferential Procurement Policy Act, 2000 (Act No. 5 of 2000).

“Black designated groups” has the meaning assigned to it in the codes of good practice issued in terms of section 9 (1) of the BBBEEA.

“Black people” has the meaning assigned to it in section 1 of the BBBEEA.

“Designated group” means black designated groups, black people, women, people with disabilities; or small enterprises as defined in section 1 of the National Small Enterprise Act, 1996

“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.

(1) exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the BBBEEA.

(2) an entity with an annual turnover of R10 000 000.000 (ten million Rand) or less

“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.

“B-BBEE status level of contributor” means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in term of section 9(1) of the Broad-Based Black Economic Empowerment Act.

“Acceptable Tender” mean any tender which, in all respects, complies with the specification and conditions of tender as set out in tender document;

“Highest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other acceptable tenders;

“Lowest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has the lowest price compared to other acceptable tenders;

“Market Analysis” means a technique used to identify market characteristics for specific goods or services.

“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.16805 dated 23 November 1994;

“tender” means a written offer in the form determined by an organ of state in response to an invitation provide goods or services through Informal Tenders, competitive tendering process or any other tendering 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 not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions

“Qualifying Small Enterprise (QSE)” means a qualifying small business enterprise in terms of the code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act

“Region” means the Garden Route District Municipality.

“Rural area” means-

- 1) a separately populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
- 2) an area including a large settlement which depends on migratory labor and remittances and government social grants for survival and may have a traditional land tenure system.

“SMME” means small, medium and micro enterprises namely Exempted Micro Enterprises and Qualifying Small Enterprises.

“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 requires: “ (1) Every organ of state and public entity must apply any relevant code of good practice issued in terms of this 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 16805, 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 favor 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 labor 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.
- (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 workforce 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. Purpose, and Objectives

- a) The purpose of this policy is to:
 - i. To give effect to section 217(1) and (2) of the Constitution of the Republic of South Africa
 - ii. To give effect to the Preferential Procurement Policy Framework Act of 2000 in establishing Garden Route District Municipality's preferential procurement policy
- b) Objective
 - i. To give effect to the Preferential procurement Regulations, 2022, through adoption of Preferential Procurement Policy of Garden Route District Municipality as adopted by council.

Section 2 of the Preferential Procurement Policy states that *"an organ of state must determine its preferential procurement policy and implement it within the following framework."*

Regulation 3(3) of the Municipal Supply Chain Management Regulations states *"When preparing or amending its supply chain management policy, a municipality or municipal entity must take into account of the need for uniformity in supply chain management practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management system for small businesses."*

This policy strives to ensure that the objectives for uniformity in the supply chain management systems between Municipalities/Municipal entities, is not undermined and that consistency with the SCM and LED policies in line with sections 152(1)(c) and 152(2)

4. Application and Identification of preference point system

- 4.1 The Garden Route District Municipality will, in the tender documents, stipulate —
 - (a) the preference point system applicable as envisaged in regulations 4, 5, 6 or 7.
 - (b) the specific goal in the invitation tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of claim for such a goal, as envisaged in section 2(1)(d) and (e) of the Preferential Procurement Policy, Act 5 of 2000
- 4.2 If it is unclear whether the 80/20 or 90/10 preference point system applies—
 - (a) in the case of a tender income-generating contracts, either the 80/20 or the 90/10 preference point system will apply, and the highest acceptable tender will be used to determine the applicable preference point system: or

- (b) in 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 points system.

5. Points for Price: 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million.

- 5.1 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:

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

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.

- 5.2 A maximum of 20 points may be awarded to a tenderer for the specified goal specified for the tender.

- 5.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

- 5.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 2000, the contract must be awarded to the tenderer scoring the highest points.

6. Points for price: 90/10 preference point system for acquisition of goods or services with Rand value above R50 million

- 6.1 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.

6.2 A maximum of 10 points may be awarded to a tenderer for the specific goals for the specified for the tender.

6.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

6.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 2000, the contract must be awarded to the tenderer scoring the highest points.

7. 80/20 preference points system for tenders for income-generate contracts with Rand value equal to or below R50 million

7.1 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:

$$P_s = 80 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

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.

7.2 A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

7.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

7.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 200, the contract must be awarded to the tenderer scoring the highest points.

8. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million

8.1 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:

$$P_s = 90 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

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.

8.2 A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

8.3 The points scored for the specific goal(s) must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

8.4 Subject to section 2(1)(f) of the Preferential Procurement Policy, Act 5 of 2000, the contract must be awarded to the tenderer scoring the highest points.

9. Specified contract participation goals.

9.1 Every invitation for a tender will stipulate the specific goals to which preference points (10 or 20) will be allocated, as contemplated in section 2(1)(d)(ii) of the Preferential Procurement Act, be attained.

9.2 A maximum of 20 points (80/20 preference points system) or 10 (90/10) preference points system), will be allocated through utilization of the B-BBEE point scoring as tabled below:

B-BBEE Status Level of Contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	20	10
2	18	9
3	14	6
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non-compliant contributor	0	0

9.3 A tenderer must submit proof of its BBBEE status level contributor certificate; a tenderer failing to submit proof of BBBEE status level of contributor –

9.3.1 may only score in terms of the 80/90-point formula for price; and

9.3.2 scores 0 points out of 10 or 20 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.

10 Criteria for breaking deadlock in scoring

10.1 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.

10.2 If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

11 Award of contracts to tenderers not scoring highest points

11.1 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.

12 Remedies

12.1.1 Upon detecting that a tenderer submitted false information regarding specific goals, or any other matter required in terms of this policy which will affect or has affected the evaluation of a tender, the Garden Route District Municipality will affect the following:

- (a) inform the tenderer; accordingly, and
- (b) give the tenderer an opportunity to make a representation 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; and

12.2 After considering the representations referred to in par 12(1)(1)(b), council may, if it concludes such information to be false:

- (i) disqualify the tenderer or terminate the contract in whole or in part; and
- (ii) if applicable, claim damages from the tenderer.
- (iii) Follow the National Treasury Debarment guidelines.

13 Policy Review

Accounting Officer to effect Policy review:

- a) Annual review together with all other budget related policies.
- b) When required due to the changes in Legislation, regulations, adoption of National Treasury or Provincial Treasury Circulars



SUPPLY CHAIN MANAGEMENT POLICY

Adopted by Council: 29/05/17 COUNCIL RESOLUTION DC 162/05/17

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: **[29/05/17]**

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality

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1. Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and

“Central Supplier Database (CSD)” means National Treasury’s web based Vendor Management Database established as per MFMA circular No. 81, Municipal Finance Management Act No. 53 of 2003. www.csd.gov.za effective as 01 July 20016

“Competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (e) of this Policy;

“Competitive bid” means a bid in terms of a competitive bidding process;

“emergency” means is a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to lack of planning, if left unattended will cause a serious health/life threatening risk or adverse financial ramifications.

“e-Tender publication portal” means National Treasury’s central web based publication platform to ensure goods, services and works are procured in a manner that is fair, equitable, transparent, competitive and cost effective by advertising centrally as an invitation to prospective bidders to submit bids. www.etenders.gov.za

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“formal written price quotation” means quotations referred to in paragraph 12(1)(c) of this policy;

“in the service of the state” means to be -

- a) a member of -
 - i. any municipal council;
 - ii. any provincial legislature; or
 - iii. the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;
- d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- e) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature;

“contract of long term nature” means a contract with a duration period exceeding the three year MTREF period as per section 33 of the MFMA;

“list of accredited prospective providers” means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy; or Central Supplier Database

“Other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- a. the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- b. the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- c. the Construction Industry Development Board Act, 2000

“PPPFA” means the Preferential Procurement Policy framework Act, no 5 of 2000

“Executive Manager” reporting directly to the Accounting Officer” means an executive manager in the employment of the Garden Route District Municipality who heads a department and reports to the Municipal Manager

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –
- a. gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - b. is fair, equitable, transparent, competitive and cost effective;
 - c. complies with –
 - (i) the Regulatory framework prescribed in chapter 2 of the regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - d. is consistent with other applicable legislation:
 - (i) The Preferential Procurement Policy Framework Act
 - (ii) The Preferential Procurement Regulation, 2022
 - (iii) The Broad Based Black Economic Empowerment Act
 - (iv) The Construction Industry Development Board Act
 - (v) The Local Government: Municipal Systems Act
 - (vi) The Promotion of Administrative Justice Act
 - (vii) The Promotion of Access to Information Act
 - e. does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - f. is consistent with national economic policy concerning the promotion of investments and doing business with the public sector
 - g. assigns the responsibility for the implementation of policy to the Accounting Officer of the Municipality
- (2) The Municipality may not act otherwise than in accordance with the supply chain management policy *when* –
- (i) Procuring goods or services
 - (ii) Disposing of goods no longer needed or which have become redundant
 - (iii) Disposing or letting of fixed assets, including land needed have proven commercial value no longer required for basic municipal service
 - (iv) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act

applies; or

- (v) Selecting 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 that Act

- (3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Adoption and amendment of the supply chain management policy

- (1) The accounting officer must
 - a) at least annually review the implementation of this Policy;
 - b) review compliance to norms and standards cost efficiency of the supply chain management process; and
 - c) when the accounting officer considers it necessary submit proposals for the amendment of this Policy to the council.
- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
 - a) ensure that such proposed amendments comply with the Regulations; and
 - b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management within the Garden Route District Municipality while promoting the following LED objectives:
 - (i) to stimulate and promote local economic development in a targeted and focused manner as per **Regional Economic Development Strategy and Regional Economic Policy and Integrated Development Plan of Council**;
 - (ii) to promote resource efficiency and reduce the negative environmental impact of daily operations of the Garden Route District;
 - (iii) to facilitate creation of employment and business opportunities for the people of the Garden Route District with particular reference to Preferential Procurement Policy Framework Act, 2000, Preferential Procurement Regulations, 20227, and **setting**

specific B-BEEE rating targets for all procurement above a range as determined by council over a period of the contract.

- (iv) to promote the competitiveness of regional businesses within approved Regional Economic Development Strategy;

4. Delegation of supply chain management powers and duties

- 1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - i) Chapter 8 or 10 of the Act; and
 - ii) this Policy;
 - b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - c) 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
 - d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- 2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- 3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.
- 4) 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.

5. Sub delegations

- (1) The accounting officer may in terms of section 79 or 106 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 subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award –
 - a) above R 10 million (VAT included) may not be sub delegated by the accounting officer;
 - b) above R 2 million (VAT Included), but not exceeding R 10 Million (VAT

Included), may be sub-delegated but only to –

- (i) the chief financial officer;
- (ii) a Head of Department; or
- (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

c) not exceeding R 2 million (VAT Included) may be sub-delegate but only to –

- (i) the chief financial officer;
- (ii) a Manager directly accountable to Accounting Officer
- (iii) a manager directly accountable to the Chief Financial Officer or a Senior Manager; or
- (iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including-

- (i) the amount of the award;
- (ii) the name of the person to whom the award was made; and
- (iii) the reason why the award was made to that person.

(4) A written report referred to in subparagraph 5(3) must be submitted –

a) to the accounting officer, in the case of an award by –

- (i) the chief financial officer;
- (ii) a senior manager; or
- (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –

- (i) a manager referred to in subparagraph (2)(c)(iii); or
- (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subparagraphs 5(3) and 5(4) of this policy do not apply to procurements out of petty cash.

(6) 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.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of council

1. The council reserves its right to maintain oversight over the implementation of this Policy
2. For the purposes of such oversight the accounting officer must –
 - (i) within 30 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 sole or share control of the municipality, to the council of the municipality;
 - (ii) and whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
3. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.
5. Section 117 of the MFMA prohibits a municipal councillor from being a member of a bid committee or attend any other committee evaluating or approving quotations or bids nor may a Municipal Councillor attend any such meeting as an observer.
6. In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Garden Route District Municipality involved in supply chain activities shall act with Integrity and in accordance with the highest ethical standards
7. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards

7. Supply chain management unit

- 1) A supply chain management unit is hereby established to implement this Policy.
- 2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.
- 3) The supply chain management unit shall operate as a centralised supply chain

management function to administer and co-ordinate all the Supply Chain Management activities and functions of the municipality as described in this Policy unless a function or activity is specifically excluded by the accounting officer from the unit's term of reference

- 4) All Garden Route District officials shall act with integrity and adhere to the code of conduct of municipal staff contained in Annexure B of the Policy (Systems Act, schedule 2)

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training. The Skills Development Officer (HR) to facilitate the necessary training for the SCM officials to achieve the Minimum Competency Levels as required. Work based skills plan facilitated by Human Resources to form the basis for training of SCM officials.

CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This Policy provides systems for -

- (i) demand management;
- (ii) acquisition management
- (iii) logistics management
- (iv) disposal management
- (v) risk management
- (vi) performance management

Part 1: Demand management

10. Demand Management System

- 1) The accounting officer must establish, through operational procedures, and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic-goals as outlined in the Integrated Development Plan.
- 2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategic document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.

3) The demand management system to ensure that each Head of the Department has a yearly plan that will include the following:

- a) include timely planning and management processes to ensure that all goods and services required by the municipality / respective departments are quantified and budgeted for. Timely and effectively planning is executed to ensure they are delivered at the right location, at the critical delivery date, and are of the appropriate quality and quantity at a fair cost; *(All Executive / Senior Managers to oversee the Yearly Planning for their respective departments)*
- b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- c) provide for the compilation of the required specifications to ensure that its needs are met.
- d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- e) In dealing with suppliers and potential suppliers, the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

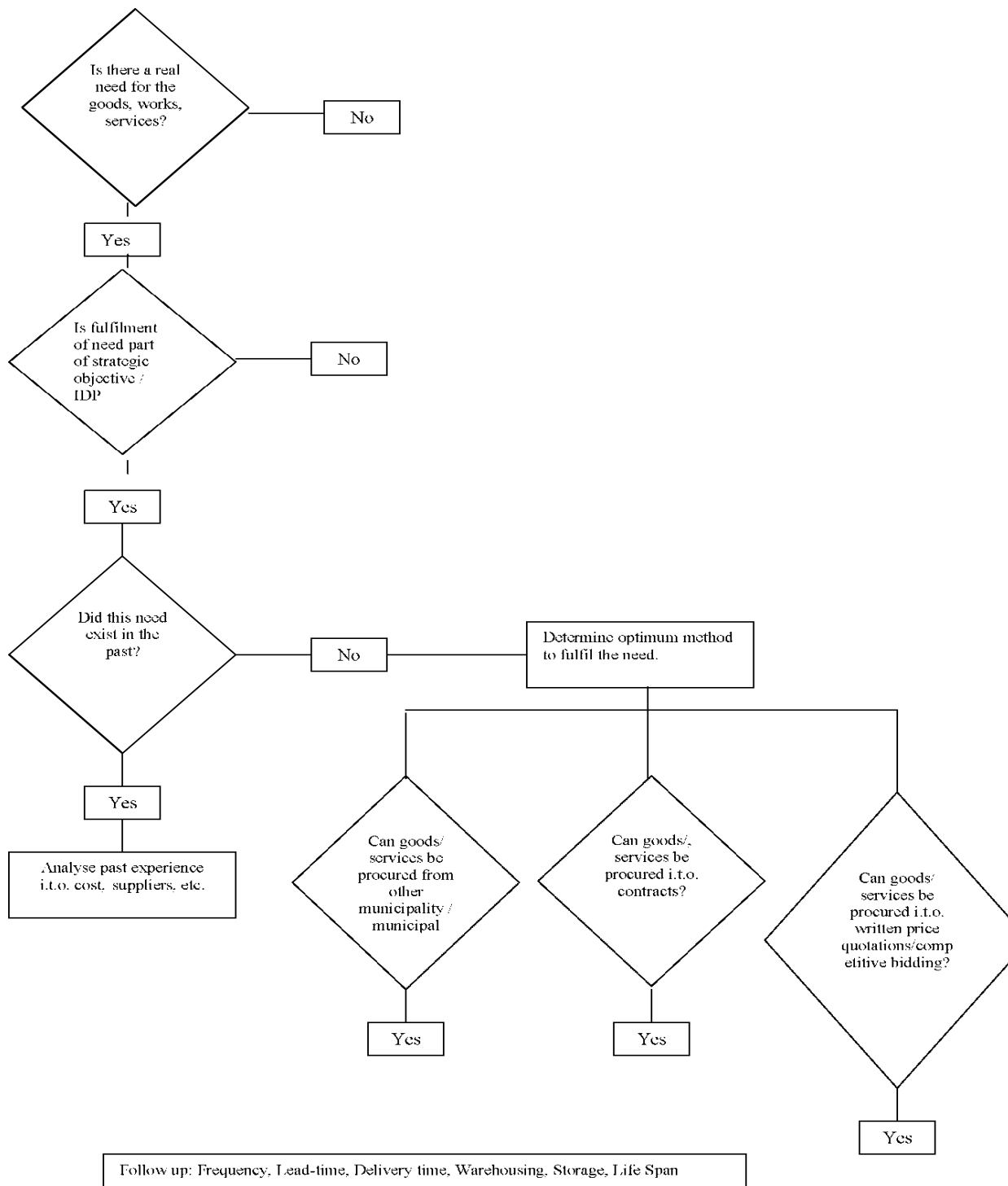
(4) Major Activities

- a) Demand management to be executed following the tabling of the draft Integrated Development Plan (IDP) and draft budget by council or approval of the Adjustment budget by council, spending of funds subject to final approval of the budget by council and funds are available on the financial system.
- b) Establishing requirements
- c) Determining the needs
- d) Deciding on appropriate procurement strategy
- e) All procurement to be directly linked to the Demand Management Plan that will entail all envisaged planning for financial year ahead.
- f) Demand Management Plan of the respective departments to be reviewed by the Accounting Officer or Delegated Official and submitted to Supply Chain Management Unit for planning and execution.
- g) All deviations to be interrogated by the Accounting Officer against the Demand Management Plan and the Accounting officer to oversee the appropriate remedial steps to be implemented by the relevant executive / senior managers to prevent poor or lack of planning by departments

(5) Demand Management Plan to entail the following:

- a) establishing requirements and needs for the year ahead
- b) deciding on appropriate procurement strategies, use of quotations or bidding
- c) understanding the future needs;
- d) identifying the frequency of the need
- e) linking the requirement to the budget
- f) conducting expenditure analysis based on past expenditure
- g) determining requirement (including the internal capacity to implement)

- h) conducting commodity analyses in order to check for alternatives; and
- j) conducting industry analyses to establish market prices and strategic industry role players

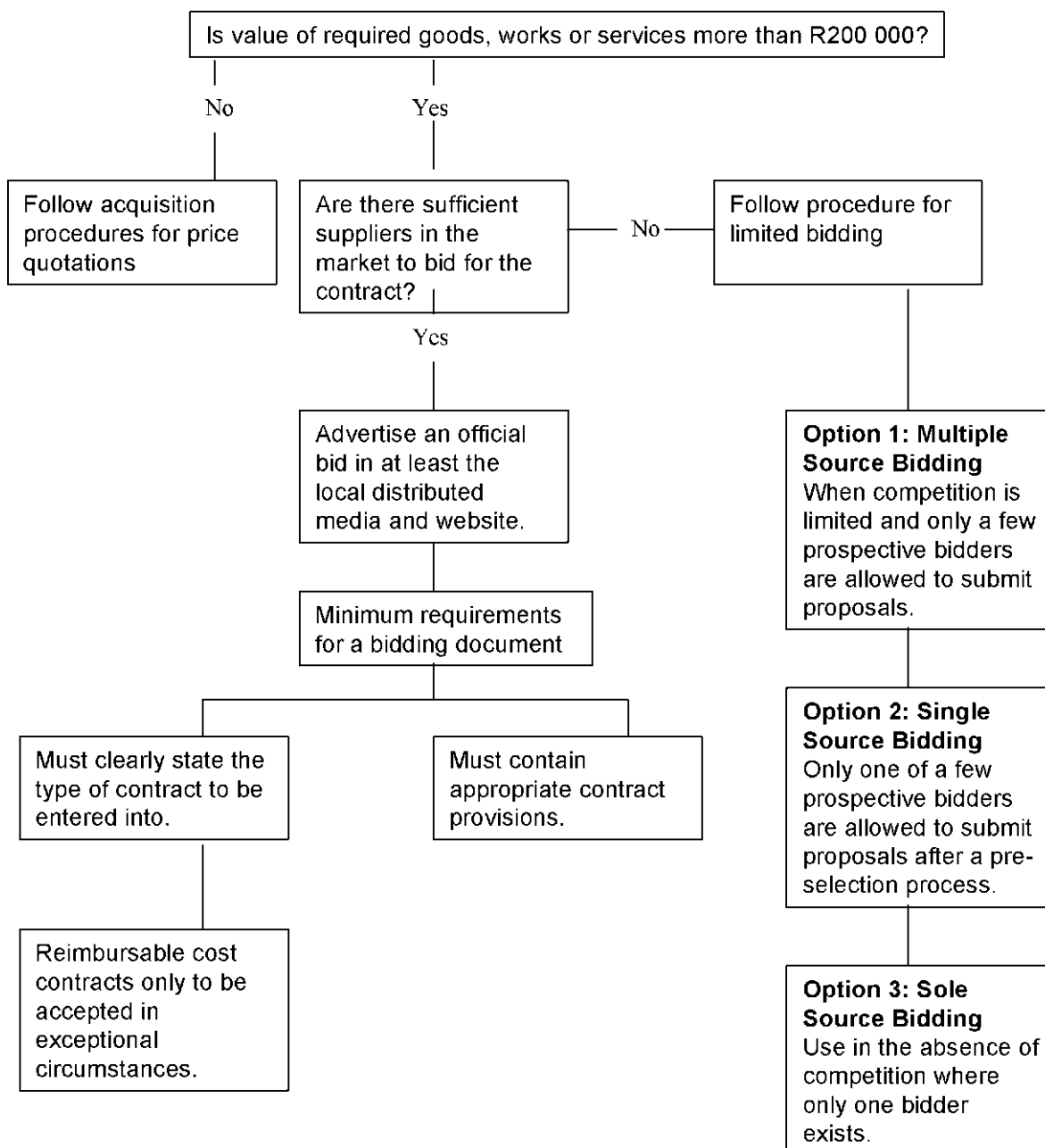
Annexure:**Flowchart of the Demand Management Process**

Part 2: Acquisition management

11. Acquisition management System

- (1) The Objective of the System of Acquisition Management is to ensure –
 - a) that goods and services are procured by the municipality in accordance with authorised processes only;
 - b) That expenditure on goods and services is incurred in terms of an *approved budget in terms of section 15 of the Act*;
 - c) that the threshold values for the different procurement processes are complied with;
 - d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with any applicable legislation including PPPFA, and any condition of the CIDBA; and
 - e) That any Treasury guidelines / circulars on acquisition management are properly taken into account during the review of the SCM Policy.

- (2) When procuring goods or services contemplated in section 110(2) of the Act, including water from the department of Water Affairs, Public Entity, another municipality or a municipal entity; and electricity from Eskom or public entity, municipality or municipal entity; the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -
 - a) the kind of goods or services; and
 - b) the name of the supplier.



Strategic sourcing flow chart for competitive bidding for Items above R200 000 (Source: The Accounting Officer's guideline for Supply Chain Management)

12. Range of procurement processes

- (1) Goods and services may only be procured by way of -
 - a) petty cash purchases may be used up to a transaction value of R2 000, in accordance with the provisions of the Petty Cash Policy
 - b) written quotations for procurements of a transaction value over R2 000 up to R30 000 (VAT included);
 - c) formal written price quotations (informal tender) for procurements of a transaction value over R 30 000 up to R200 000 (VAT included); and
 - d) competitive bidding process (formal tender) for procurement above a transaction value of R 200 000 (VAT included)
- (2) The accounting officer may, in writing-
 - a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
 - b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000
 - (iii) informal tender process be followed for procurement below R30k
 - (iv) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy.
- (4) When determining 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 –

- (a) has furnished that provider's -
 - a. full name;
 - b. identification number or company or other registration number; and
 - c. tax reference number and VAT number, if supplier is a register VAT vendor;
- (b) In the case of transactions exceeding R 30 000, including VAT:

- (i) A valid Tax clearance certificate or service provider tax verification details (SARS Pin number for e-filing independent verification) must accompany the bid documents. (Status verification on the day of award) *(The onus is for the bidder to ensure that their tax matters are in order.)*
- (ii) If the bid of the preferred bidder is not supported by a valid TAX Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the Central Supplier Database of the National Treasury, the municipality reserves the right to request the Bidder to supply the municipality with a valid SARS (e-filing) TCS pin for independent verification on SARS e-filing within a prescribed period, failure of which will result in a disqualified bid. *(Within seven days of being notified by Supply Chain Management Office)*
- (c) has indicated -
 - (i) 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;
 - (ii) if the provider is not a natural person, whether any of its directors, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (d) The Municipality is aware that not all service providers in the region are registered on the Central Supplier Database of National Treasury; although it's preferable and the intention of Government to limit transactions to registered suppliers on the National Treasury Central Supplier Database, the following is applicable to acquiring goods or services from service providers not registered on the database with regards goods and services below R30 000:
 - i. Where less than 3 services providers have been identified on the Central Supplier Database, alternative service providers not registered on the database maybe requested for additional quote(s) provided their tax matter are in order and can be independently verified on SARS e-filing. (Such service providers must be encouraged and assisted subsequently to register on the Central Supplier Database)
 - ii. Where quotations provided are not market related, prices quoted are significantly material above market price, an alternative quotation should be requested from an alternative vendor rendering the same goods and services even if not on the system vendor management system, provided their tax matters are in order and can be independently verified on SARS e-filing)
 - iii. A declaration form to be attached to the requisition sent to the service provider not listed on the database requesting declaration of not being in the service of the state.
 - iv. Supplier to be provided with the Municipal Declaration form for regulation 44 vetting and SARS compliance

- (e) Where the chosen vendor to render services or supply goods is in accordance to section 13(d) of the Garden Route District Municipality's Supply Chain Management System, the following must take place
- i. Provision can be made for purchases to be made from such a supplier for transactions below R30K
 - ii. Suppliers not registered on the Central Supplier Database with whom the Municipality transacts with frequently to be encouraged to register on the National Treasury's Central Supplier Database.
 - a) Where services or goods delivered are once off the CFO to provide authorisation for direct payment,
 - b) Where it is likely that the similar service or goods requested will be required in the future, then DATA Unit to be approached to engage with the service provider and facilitate the process of the vendor registering on the Central Supplier database
 - iii. The user department must inform Data Unit in Finance Department of such a service provider and request that assistance be provided to the service provider to be registered on the Central Supplier Database.

14. Lists of accredited prospective providers

(1) The accounting officer must -

- a) at least once a year through website, newspapers commonly circulating locally, or any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers on the National Treasury's Central Supplier Database and the updated Municipal Supplier Database
- b) Ensure use of The National Treasury Central Supplier Database, which is the database which lists the detail of all suppliers who have been registered and vetted in order to do business with the Municipality and Government
- c) Ensure Prospective suppliers to be assisted with registering on the National Treasury's Central Supplier Database at any time, www.csd.gov.za
- d) Ensure Minimum criteria for prospective suppliers is to be registered and approved on the National Treasury Central Supplier's Database
- e) disallow the registration of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.

(2) Vendors bidding for Informal/Formal tenders that are not registered on the National Treasury's Central Supplier Database are not precluded from submitting bids, but must however be registered and approved by the time the Bid is evaluated, failing which their bid may be declared non-responsive.

- a. All persons forming part of a Joint Venture or Consortium must be registered

as such on the National Treasury's supplier Database and have obtained a joint venture or partnership B-BBEE certificate of the new entity.

- b. Use of National Treasury's Central Supplier Database for procurement approved from the 31 December 2017

15. Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1)(a) of this Policy, are as follows –

1. Petty Cash management resides with the relevant Head of Department and in the absence of a Petty Cash policy the following shall apply:
 - a) Only an Executive manager may approve or authorize the petty cash voucher.
 - b) The authorized petty cash voucher with the slip must be filed and recorded in a petty cash register.
 - c) The petty cash box must be stored away in safe place when it is not in use.
 - d) The designated personnel managing the petty cash to keep record of all transactions with the supporting document and avail it for inspection when required so.
 - e) The Chief Accountant Expenditure to verify the petty cash reconciliation every time it is replenished.
 - f) Random cyclical petty cash review can be undertaken without prior notice where the need has been identified by the Office of the Chief Financial Officer.
2. each executive manager may allow petty cash purchases not exceeding an amount of R2 000 in each month;
3. a monthly reconciliation report from each executive manager must be provided to the chief financial officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.
4. the following types of expenditure may not be made from petty cash: all Labour or salary related expenditure

16. Written or verbal quotations

The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- a) Quotations must be obtained from at least three different providers preferably from National Treasury's Central Supplier Database, but not limited to, providers whose names appear on the list of accredited prospective providers, provided that if

quotations are obtained from providers who are not listed, such providers can be requested to provide an a SARS e-filing pin for independent verification.

- b) to the extent feasible, providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

17. Formal written price quotations

(1) The conditions for the procurement of goods or services through formal written price quotations, 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 and the National Treasury's central supplier database.
- b) quotations may be obtained from providers who are not listed, provided that such providers are not listed on the national treasury's list prohibited suppliers;
- 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 subparagraph (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

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

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows, 1:

- a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting all relevant providers to submit quotations. Rotation basis to be considered where pricing is competitive between

bidders otherwise normal SCM process to be followed for an award.

- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations (Informal Tender) must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website, an official notice board of the municipality and e-tender publication portal
- c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- e) offers up to R10 000 (VAT included) must be awarded based on compliance to specifications, ability and capability to deliver the goods and services and lowest price;
- f) Council to consider use of rotation basis for requesting Quotations up to R10 000 (VAT Included), to avoid supplier fatigue and encourage a broader allocation of work.
- g) offers up to R30 000 (VAT included) and above R10 000 must be awarded based on price (formal written quotation) after consideration of compliance to specifications, conditions of contract, ability and capability to deliver the goods and services
- h) the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations and formal written price quotations is not abused
- i) requirements for proper record keeping must be adhered to, such as:
 - i. completion of documents for audit purposes;
 - ii. ensuring the correctness of documents;
 - iii. before awards are made, proper review of documents must be undertaken.

19. Competitive bidding process

1. Goods or services above a transaction value of R200 000 (VAT included) 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 (VAT included), 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.
3. Verification by the Chief Financial Officer prior to advertisement of bids above R10 million.

The following information must be submitted by the executive/senior manager responsible for the vote to the CFO **prior** to the public advertisement of any bids in excess of R10 million (all applicable Taxes included):

- (i) Proof that the budgetary provision exists for procurement of the goods and services and /or infrastructure projects;
- (ii) Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance cost relating to the asset, administration costs and rehabilitation/renewal costs;
- (iii) Any Multi-years budgetary implications, for example, if the project will take more than one financial year, the estimated expenditure per financial year
- (iv) Goods, service and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project
- (v) Requirements may not be deliberately split into part or items of lesser value merely to avoid the information being submitted
- (vi) Contracts above the value of R10 million(all applicable taxes included) may only be awarded to the preferred bidder after Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan.
- (vii) Requirements of MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 relating to procurement of goods and services in excess of 10 million, be implemented dealing with procurement goods or services contracts in excess of R10 million

20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (h) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

- (i) Proper record keeping
- (j) Original/ legal copies of written contracts agreements should be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

The criteria with which bid documentation for a competitive bidding process must comply in addition to the requirement as listed in section 13, 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, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare 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 (VAT included), require bidders to furnish-
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state 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.
- (f) compel bidders to declare their previous supply chain management practices and state whether or not they:
 - a. have been found guilty by a court of law or a structure established by council or the accounting officer for handling alleged abuses of the Municipality or the municipal entity's supply chain management system or committed any improper conduct in relation to such a system
 - b. have been convicted of fraud or corruption during the past five years
 - c. have wilfully neglected, reneged on or failed to comply with any government , municipal or other public sector contract during the past five years
 - d. have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt activities Act 12 of 2004.

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 in newspapers commonly circulating locally, the website of the municipality, e-Tender Publication Portal of National Treasury or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (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 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any

other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;

- (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality ;and
- (iii) date, time and venue of any proposed site meetings or briefing sessions.;
- (iv) In accordance with MFMA circular 83, advertisement of bids and the publication of notices in respect of awarded bids, unsuccessful bids, cancelled bids, deviations, variations and extensions of existing contracts of a municipality to be published on the e-Tender publication Portal from date of approval of the policy.
- (v) Notices of cancelled bids must be published on the same day, or at least the day after a municipality decided to cancel a bid on e-Tender Publications Portal.
- (vi) Notices of all awards to suppliers through deviations from competitive bidding, Awards through variations and extensions of existing contracts; must be published on the e-Tender Publications Portal within seven working days after the award was made
- (vii) Bid documentation obtained from the municipality in hard copy to be disbursed at a nominal charge as set in the approved tariff structure of council; alternatively a soft copy may be obtained from the website at no cost.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process. (Reasons must be justifiable and recorded and not seen to favour any one bidder and prejudice competitive bidding)

(3) Bids submitted must be sealed

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies

23. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids-

- i. must be opened only in public;
- ii. must be opened at the same time and as soon as possible after the period for the

- submission of bids has expired; and
- iii. received after the closing time should not be considered and returned unopened immediately.
- (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 subparagraph (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 publish the entries in the register and the bid results on the website.
 - (iii) After the closure of any advertised competitive Bid, Garden Route DM must publish information in terms of section 75 of the MFMA; on the municipality's website.

24. Negotiations with preferred 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—
 - i. does not allow any preferred bidder a second or unfair opportunity;
 - ii. is not to the detriment of any other bidder; and
 - iii. does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

25. Two-stage bidding process

- (1) a two-stage bidding process is allowed for -
 - (a) large, complex projects;
 - (b) projects where it may be undesirable to prepare 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 procurement or cluster of procurements 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) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -
 - (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) Informal tenders to be evaluated and awarded by the Bid Evaluation committee

27. Bid specification committee

- (1) A bid specification committee should only review specifications compiled by the user department only after being signed off by the head of the user department.
 - a) Head of the Department should satisfy themselves that all tenders initiated in the department, formal or informal are aligned or included in the Department's Demand management plan and provided for in the approved budget or adjustment budget
 - b) Every tender, formal or informal, before being submitted to the Supply Chain Management Unit must have the following:
 - a) User Department to identify the appropriate person(s) to compile the relevant specification
 - b) Ensure that the relevant technical expertise would be available in assessing the Technical requirements
 - c) The Risk officer to be invited to all Bid Specification Committee meeting as part of the risk assessment process. Risk assessment may include

the content below or alternative as the risk officer may deem appropriate:

- a) –
 - I. **Legislative/legal requirements** – prescripts that govern process and legislative requirements
 - II. **Deliverables** – pre define the deliverables and parameters, no open ended contracts with specific reference to use of consultants
 - III. **Time frames** – critical deadlines to be defined, realistic time frames set
 - IV. **Municipal resources** – funding of the project is provided in the approved budget, either as own resources or alternative funding sources
 - V. **Costs** – project roll out cost to give a realistic indication of market conditions (basis for assessing value for money)
 - VI. **Political Risk** – Item linked to Integrated Development Plan of the municipality
- (2) Final 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 rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms 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 each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2022; and

- (g) must be approved by the accounting officer 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, preferably the manager responsible for the function involved if not a member of the Bid Adjudication Committee, and may, when appropriate, include external specialist advisors.
- (4) 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.
- (5) It is preferable that the Accounting officer nominate municipal officials and establish a permanent Bid Specification Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be
- (6) should a member declare a conflict of interest at any stage, the member may not form part of the Bid Specification Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise.

28. Bid evaluation committee

- (1) A bid evaluation committee must -
 - (a) evaluate bids (formal & Informal) in accordance with -
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f);
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the Bid Adjudication Committee a report and recommendations regarding the award of the formal bid or any other related matter.
 - (e) evaluate and award Formal written quotations (Informal Tender)
- (2) A bid evaluation committee must as far as possible be composed of-
 - (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.
 - (c) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Evaluation Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be

- (d) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Evaluation Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

29. Bid adjudication committee

- (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) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -
 - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) 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 -
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may -
 - (i) 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

- (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

- (6) 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

(i) Should an award be made to a bidder not recommended by the Bid Evaluation Committee on justifiable grounds, the decision must be noted and made available to the Auditor general for audit purposes.

- (7) The accounting officer must comply with section 114 of the Act within 10 working days.
- (8) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Adjudication Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

30. Asset Disposal committee

- 1) The accounting officer or delegated authority will implement a mechanism to dispose of movable and immovable assets.
- 2) The accounting officer to establish an Asset Disposal Committee / Property Task Team, composed of line managers / designated personnel and on ad hoc basis may co-opt additional members with specific expertise
 - a) Line manager are regarded as asset managers / designated personnel
 - b) The nominated Asset Disposal Committee/ Property Task Team to oversee the asset disposal process of the municipality
- 3) Asset Disposal Committee / Property Task Team to meet as needs be in the financial year and assess any formal requests for Asset Disposals
- 4) Asset disposal dates to be determined by the committee following an assessment of the assets to be disposed
- 5) Detailed records of the committee, for reporting purposes, must be kept of all activities and should consist of at least, but not limited to,
 - a) Disposal verification schedule
 - b) Disposal schedule
- 6) Asset Disposal Committee / Property task team to establish a Disposal Management Standard operating procedure in accordance to the Supply Chain Management policy and aligned to the Asset Management Policy.

- 7) The committee to assess and ensure adequate insurance cover for Council Properties within the risk appetite of council

Specialised Forms of Procurement

31. Procurement of banking services

- (1) Subject to section 33 of the MFMA, any contract for banking services –
 - (a) shall be procured through competitive bids;
 - (b) shall be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

32. Procurement of IT related goods or services

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if -
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

33. Procurement of goods and services under contracts secured by other organs of state (piggy backing)

- (i) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -
 - a. the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - b. there is no reason to believe that such contract was not validly procured;
 - c. there are demonstrable discounts or benefits to do so;
 - d. that other organ of state and the provider have consented to such procurement in writing.
 - e. the initial contract agreement needs to be valid and binding at the time “of piggy backing “; once the contract is terminated there is no longer a contract to “piggy back” from
 - f. where a contract is not linked to a period with a particular end date, the contract will terminate once the obligation outlined in the contract are completed or the final object is received and accepted.
 - g. any other organ of state wishing to “piggy back” from contracts as mentioned in subsection (1)(f) can only be granted permission while current contract with Garden Route District Municipality is active. (if contract has lapsed section 32 application may not be granted)
- (ii) Subparagraphs (1)(c) and (d) do not apply if -
 - a. a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - b. a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

34. Procurement of goods necessitating special safety arrangements

- 1. the acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- 2. Where the storage of goods in bulk is justified, such justification must be

based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

35. Proudly South African Campaign / Proudly Garden Route Campaign

- (1) The municipality supports the **Proudly SA Campaign** to the extent, that preference is given to procuring local goods and services as per specific goals in the::
 - a) Approved Preferential Procurement Policy of council,

36. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.
- (2) Consultancy services must be procured through competitive bids if
 - (a) the value of the contract exceeds R 200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -

- 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) Should the Municipality have a Council approved Policy with regards to the appointment of consultants that is aligned to Treasury Guidelines; such policy would override this section of the Supply Chain Management Policy.

37. Deviation from and ratification of minor breaches of, procurement processes

- (1) the accounting officer may -
 - (a) dispense with the official procurement processes established by this Policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only
 - I. in an emergency and subsequently the department to take into account in the review of their annual Demand Management Plan
 - II. if such goods or services are produced or available from a single provider only;
 - III. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - IV. acquisition of animals for zoos
 - V. in any other exceptional case where it is impractical or impossible to follow the official procurement processes e.g. any purchase on behalf of the District Municipality at a public auction sale; and
 - (b) Ratify 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.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 37(1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.
- (4) Emergency Dispensation – Conditions warranting Emergency dispensation include the existence of one or more of the following
 - i. The possibility of human injury or death
 - ii. The prevalence of human suffering or deprivation of rights
 - iii. The possibility of damage to property, or suffering and death of livestock and animals
 - iv. The interruption of essential services, including transportations and communication facilities or support services critical to the effective functioning of the District or the B Municipalities within the District
 - v. The possibility of serious damage occurring to the natural environment
 - vi. The possibility that the security of the state could be compromised
- (5) Single Source selection – Justification for single source selection must be examined in the context of the overall interest of the Garden Route District Municipality and the project
 - i. Single source selection may be appropriate only if it represents a clear advantage over competition for services that represent a natural continuation of previous work carried by the consultant, and continuity of downstream work is considered essential.
 - ii. The reasons for single source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract.
 - iii. Detailed specification with defined scope and details of deliverables must be set before work can commence guiding the consultants and providing set the parameters to which they may operate with. No contract may be open ended without addressing specific needs analysis approved by the Accounting Officer or delegated authority beforehand.

38. Transversal bids

- 1) Accounting officer or delegated authority to approve initiation (shared services) or participation of transversal bids by Garden Route District Municipality
- 2) Transversal bids will only be relevant when the municipality wishes to invite a tender/bid itself and other municipalities or wishes to participate in a tender together with other municipalities or organs of state from the initial phase or it is prescribed through a circular by the National Treasury.

- 3) This form of bidding is different than when participating in a tender invited by another organ of state as referred to in SCM Treasury regulation 32 or section 33 of the Garden Route District Supply Chain Management Policy
- 4) Chief Financial Officer to arrange and provide advice, assist and guide the transversal procurement process and ensure that technical and governance requirements are met
- 5) Arrange implies drawing up a the business case, obtaining formal approval from affected municipalities and the Accounting Officer to proceed, the planning, organising, logistical and bid administration requirements by the custodian Municipality
- 6) Where transversal bids are contemplated, it should result in lower unit cost or economies of scale or other corporate advantage as demonstrated by the required business case.
- 7) Where the custodian municipality other than Garden Route District Municipality has identified the need for transversal tender, it must ensure that the procurement of goods or services or both is procured in terms of the section 217 of the constitution of the Republic of South Africa and any other relevant legislation and prescripts
- 8) Formal written consent must be obtained by the participating municipalities or other organs of state before the tender process is initiated.
- 9) When Garden Route District Municipality initiates the transversal tender written consent obtained from the accounting officers of other municipalities or organs of state must mention a review and consensus of needs analysis, specification, risk assessment and, defined desired outcomes
- 10) The Custodian Municipality will take full responsibility for the arrangement and conclusion of the bid process, inclusive of the formalisation of the contracting arrangements noting that each participating municipality, depending on the requirements and the nature of the contract, may have to sign a separate service level agreement with the selected service provider.
- 11) Provision in the agreement amongst participating municipalities or organs of state should make provision for participating entities to second their own official with the relevant expertise to participate, observe or offer advice to the initiating entity.

39. Unsolicited bids

- 1) In accordance with section 113 of the Act, Garden Route Council is under 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 service offered in terms of the bid is a demonstrably or proven unique

- innovative concept;
 - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - c) the party or entity that has made the unsolicited 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 and justifiable by the accounting officer subject to relevant consultation.
- 3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (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 were accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
 - 4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
 - 5) The adjudication committee may consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, with comments from Provincial and National Treasury
 - 6) A meeting of the 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-
 - a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the relevant 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 relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

- 9) Such submission must be made within seven 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 30 days of the submission.

40. Combating of abuse of supply chain management system

- (1) The accounting officer must-
- a) take all reasonable steps to prevent abuse of the supply chain management system;
 - b) 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 –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - c) 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;
 - d) Reject any bidder if they are listed as non-compliant on the National Treasury's Central Supplier Database
 - e) Reject any bid from a bidder-
 - (i) 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
 - (ii) 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;
 - f) 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;
 - g) cancel a contract awarded to a person if
 - i. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

- ii. an official or other role player committed any corrupt or fraudulent act during the bidding
- h) reject the bid of any bidder if that bidder or any of its directors –
 - i. has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - ii. has been convicted for fraud or corruption during the past five years;
 - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv. 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).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (f) or (g) of this policy.
- (3) The Municipality takes cognisance of the provisions of Chapter 2 of the Competition Act no. 89 of 1998
 - ☐ PART A - Restrictive practices;
 - ☐ PART B - Abusive of a Dominant position; and
 - ☐ PART C - Exemption from application of chapter 2.
- (4) The accounting officer must also provide measures for the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendation or decisions that were made, taken or in any way influenced by:
 - i. Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act; or
 - ii. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for the Municipal Staff member set out in schedule 2 of the Systems Act
- (5) The Bid Adjudication and Evaluation Committee to take cognisance of the provisions of the Competition Act no 89 of 1998 during the evaluation and award of the tender.
- (6) Accounting Officer or any other delegated personnel of Garden Route DM, is prohibited from deliberately placing order for goods, service and /or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or

infrastructure projects to be invoiced and paid for in another financial year

- (7) The above prohibition does not apply to multi-year contracts and projects adopted over multi-years in terms of the MFMA sections 19 and 33.

40 (B). CONTRACT MANAGEMENT

- (1) All contracts entered into by the municipality in the tender process referred to in paragraph 18 & 19 of this Policy must:
 - a. Be in writing
 - b. Stipulate the terms and conditions of the contract or agreement which must include provisions for 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 parties
 - III. A periodic review of contract or agreement
 - IV. Any other matters as maybe prescribed
 - c. Include General conditions of contract as prescribed by national treasury
 - d. Specify the duration of the contract
 - e. Specify the repayments terms in respect of the goods or services supplied
 - f. Be monitored by the Directorate of the municipality which requested the goods and services to ensure that all the contracts requirements are met.
- (2) Unauthorised or breaches of the contract as in paragraph 40(B) above by the supplier or service provider must be reported to the Legal Department for initiating appropriate action as well as to the SCM Unit which must record the details of such deviation and breaches.
- (3) Departmental Heads shall be responsible for ensuring that contract managers:
 - a. Are assigned to all contracts within the department Head's area of responsibility
 - b. Are adequately trained so that they can exercise the necessary formalities in signing up the contract and/or issuing the purchase order(s);
 - c. Ensure that contracts related to the procurement of goods and services are captured on the Municipality's record management system
 - d. Ensure that all original contract documentation is lodged at registrar
 - e. Manage all contract variations and ensure any variations are administered in accordance with any treasury guidelines or relevant statute
 - f. Manage any contract disputes and lodge with the relevant authority and the legal department where disputes could not be resolved
 - g. Ensure suppliers performance review is undertaken against the project deliverables

- h. Maintain appropriate formal records and correspondence regarding the project and contract for reference point
 - i. Act with care and diligence and observe all accounting and legal requirements
- (4) Management of expansion or variation of order against the original contract: The expansion or variation of contracts against the original contract and prevention of contract manipulation.
- a) Contracts may be expanded or varied by not more than 20% of the original value for Construction related goods, services and/ or infrastructure projects.
 - b) Contracts for all other goods and/or services may be varied by not more than 15% of the original value of the contract.
 - c) Any expansion or variation in excess of the above mentioned thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract
 - d) The above is not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of Municipalities and specific term contracts. The latter refers to contracts where required quantities are not specified or are unknown and the award is based on creating a facility.

Part 3: Logistics, Disposal, Risk and Performance Management

41. Logistics management

- (1) The accounting officer must establish and implement an effective system of logistics management, which must include -
 - a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
 - d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

- e) 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;
- f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

General Logistics

(2) Placing Orders

- a) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations on Garden Route District Document Management System or financial system.
- b) Purchase order approval will be system based and authorised by the delegated authority (No manual process to be followed unless in exceptional circumstances, financial system is not accessible for unreasonable prolonged periods without clear indication when the system malfunction would be restored or there is power shortages or there is no power back up in place, however approval in writing to be obtained from the Chief financial officer authorising such process and giving guidance on the ratification process)
- c) All purchases orders will be captured on Garden Route District's Financial and or Document Management System at stores, and ensure that proper audit trail exist. (no one may issue an order apart from a delegated officials)
- d) In respect of goods and services (with exception of professional services where there are other mechanisms place for accepting a bid), no work shall commence or goods be delivered before an official order has been placed with the vendor
- e) Garden Route District Municipality shall not be held liable for payment of any goods delivered or services rendered in contravention of clause (41)(2)(d) of the Garden Route District Municipality

(3) Receiving of Goods

- 1) Goods received note (GRV) will be completed for all goods and services received by the municipality in the following manner:

- I. Goods delivered or services rendered to be received by the user department that issued the requisition at the location indicated in the requisition and the purchase order unless if it's a store item that should be delivered at the municipality's respective stores.
- II. The official receiving the goods must inspect and agree the content of service provider's delivery note to Garden Route District Municipality's official order placed and agree to the following:
 - a) Delivery note to indicate Garden Route District Official Order number and the official to confirm the order number to be legitimate
 - b) Description of the type of goods on the delivery note, brand, the quantity of goods and the total cost of the goods or service to be agreed to the official order before any acceptance of goods and signing off of any delivery document
- III. Deliveries where no official orders can be matched to an official order may not be accepted by the municipality, acceptance of such is seen as exposure of Council to Financial Risk
- IV. On matching of the delivery note to the purchase order, the receiving official to inspect the goods or service being delivered against the content of the delivery note and the following to be agreed as faithful representation at hand:
 - a) The description of goods and services being delivered or rendered to the municipality
 - b) The quantity of goods being delivered
 - c) The quality of the goods or service being delivered or rendered to the municipality (damaged goods or goods with past expiry period may not be accepted)
- V. Any discrepancies, shortfalls against the order, damaged goods, incorrect goods or any other discrepancy to be recorded in permanent marking and signed off by both the Municipality's receiving official and the supplier and delivering agent.
- VI. Goods exceeding the quantities ordered or deviating from the description or quality should not be accepted and should be noted and communicated to the supplier formally and communicated to Finance Department (Creditors Unit)

- VII. On acceptance of the Goods or services subsequent to the above mentioned process, an internally generated Good Received Note should be generated recording the goods or services received and their quantity and total cost and signed off.
- VIII. All relevant documentation (original documentation) related to any delivery of goods or receipt of service from external service providers to be sent to Finance Department (Creditors unit immediately)
- IX. Failure to record crucial information and omission of discrepancies that result in the municipality incurring a financial loss will be dealt with in accordance with municipality's disciplinary code of conduct or the equivalent.
- X. Failure to forward all the relevant documentation to creditors department timeously can result in appropriate actions against the responsible official

(4) Stock Logistics

- I. Stock or inventory to be valued as per accounting policy of the Municipality in line with the relevant accounting practise
- II. Input VAT to be claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy
- III. Stock items shall be systematically replenished using the re-order point or minimum level as set in the financial system
- IV. Issuing of stock shall be systematically administered through the financial system against internal orders or requisitions that are duly authorised
- V. Stores function is centralised and managed through the 3 stores of the municipality, George, Oudsthoorn and Riversdale. (Fuel through the stores and fuel depots)

42. Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are as provided in **sections 14 and 90** of the Municipal Finance Management Act, and the Municipal Asset Transfer Regulations, 2008.
- (2) Assets may be disposed of by -
 - i. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - ii. transferring the asset to another organ of state at market related

value or, when appropriate, free of charge;

- iii. selling the asset; or
- iv. destroying the asset.
- v. In terms of the donations policy

(3) The accounting officer must ensure that –

- a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- e) all fees, charges, rates, tariffs, scales of fees or other charge relating to the letting of immovable property are annually reviewed;
- f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

43. Risk management

- a) Risk Management unit, to be serve as part of the Bid Specification Committee and Bid Evaluation Committee in facilitating and evaluation of risk identified in the procurement of goods and services.
- b) Risk management assessment will be guided by the risk assessment process in line with Risk Management guidelines and standards. The process may include the following:
 - i. The identification of risks on a case by case basis
 - ii. The allocation of risks to the party best suited to manage such risks;
 - iii. Acceptance of the cost of the risk where the cost of transferring the risk is higher than that of retaining it
 - iv. The management of risk in a pro-active manner and the provision of adequate cover for the residual risk; and

- v. The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation
- c) Risk management will duly assess corporate risk and identify mitigating controls

44. Performance management

The accounting officer must establish and 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 this Policy were achieved.

44 (A).

- 1) The official that receives goods or services on behalf of the Council, or manages the contract which was entered into as a result of a competitive bidding process, to ensure that the goods or services have been delivered in accordance with the service level agreement governing the contractual relationship
- 2) In the case of non-performance or unsatisfactory performance by a supplier, the user department concerned, in consultation with contracts management unit, must issue a notice to the supplier or service provider in writing notifying them of terms contravened and requesting immediate remedial action to comply with the contract terms; failing which:
 - Legal Services / contracts management unit to be consulted for appropriate action.
- 3) In the case of goods and services supplied in response to a quotation invited by the municipality, the official that initiated the requisition or received the goods or services on behalf of council, should complete a goods received voucher (GRV) and note any discrepancies that may require the attention of the service provider if any.
- 4) In the case of goods or services procured through a tender process as specified in terms of the policy, paragraph 18(b) and 19, the contract manager or designated person must ensure that goods or services requested have been provided in accordance with service level agreement before the final payment is settled..
- 5) Final review should consider the following:
 - a) Satisfactory element of the quality and standard of the goods and services received and quality of workmanship.
 - b) Include details, supported by formal written notifications to the supplier regarding non-performance or poor service delivery.
 - c) Include recommendation on any further actions to be taken against the supplier in terms of paragraph 40 B of the policy.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

45.

- (1) No award from R30 000 and above may be made in terms of this Policy 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 accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.
- (4) In cases of uncertainty on Tax affairs of the service provider, Service provider to provide the municipality with SARS e-filing pin code for independent verification by the municipality.
- (5) That Garden Route Council adopt MFMA circular No. 90, Tax Compliance Status, in the finalisation of awards made for transaction above R30 000 on Tax related matters.

Prohibition on awards to persons in the service of the state

- 46.** Irrespective 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) if that person is not a natural person, of which any executive 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.

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

- 47.** The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 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.

48. Ethical standards

- (1) The code of ethical standards as set out in the “*National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management*” is hereby established for officials and other role players in the supply chain management system of the Municipality 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 reasonable manner.
- (2) 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)(h) of the Municipal Systems Act;
 - b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

49. Inducements, rewards, gifts and favours to municipalities, officials and other role players

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to 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 subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted,

should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

50. Sponsorships

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 or to be disposed.

51. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

52. Resolution of disputes, objections, complaints and queries

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -
 - 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; or
 - 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 promptly 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 relevant provincial treasury if -
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may 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.

53. Contracts providing for compensation based on turnover

If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service 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.

54. Construction Industry Development Board (CIDB)

The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.

a) When calling for construction related bids:

- I. The prescribed CIDB (uniformity bid documents) must be utilised
- II. Only contractors registered with CIDB may be used
- III. All projects must be advertised on the i-tender or e-tender system

- IV. Consultants used in the procurement process must adhere to the CIDB legislation
- V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and
- VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements

b) When evaluating construction related bids

- I. The validity of the contractor's registration on the CIDB website must be verified
- II. The bidders documents must be assessed against the prescribed CIDB contractor requirements
- III. Calculations for joint venture grading must be done according to the CIDB prescriptions

c) All construction related procurement and projects above minimum threshold R50 million should be undertaken in accordance with the Infrastructure Delivery and Procurement Management (IDPM) – Refer to Annexure C

d) Other matters

- I. all projects approved by the municipality must be registered with the CDIB
- II. contracts registered on the i-tender systems must be update and completed
- III. non-performance and non-compliance of contractors must be **reported to the CIDB as per CIDB guidelines**

55. Commencement

This Policy takes effect on date of adoption by council and should be reviewed annually.

ANNEXURE A

PROCESS FOR THE OBTAINING OF GOODS AND SERVICES

The following process must be followed in terms of the Municipal Finance Management Act, Act 56 2003, Garden Route Supply Chain Management Policy and the Supply Chain Regulations to obtain goods and services.

1. **PURCHASES**

1.1 Purchase of all goods/services (capital and non-capital)

Value of Goods and Services	Procurement Method	Delegated Approval Authority	SCM Policy
➤ R0 – R2000	Petty Cash	Executive Manager	Supply Chain Management Policy S12(1)(a)
➤ R 2 000 up to R 30 000 (VAT Incl.)	Minimum of 3 x written quotations preferably selected from supplier database or central supplier database,	As per delegation register	Supply Chain Management Policy S12(1)(b)
➤ R 30 000 but up to R 200 000 (Informal Tenders)	Informal Tender process; (successful bidder must be registered on the National Treasury's Central supplier Database)	As per delegation register	Supply Chain Management Policy S12(1)(c)
➤ R200 000 or Long Term Contracts (Formal Tenders)	Formal Tender process to be followed. (Successful Bidder – CSD Registered)	As per delegation through the appointed Supply Chain Management Bid Committees.	Supply Chain Management Policy S12(1)(d)
Deviation below 10k	Through procurement system of the municipality	Final approval by the Executive Manager of the Department	Supply Chain Management Policy
Deviations above R10 000	Through procurement system of the municipality (Tax Clearance in order & not in the employ of the state)	Final approval by the Municipal Manager	Supply Chain Management Policy

2. **REQUISITIONS**

Requisitions must be approved in terms of the relevant delegation register as approved by the Accounting Officer or delegated authority.

3. **ORDERS**

I. **Capital purchases**

Requisitions are verified by the Asset Management Section.

II. **Non capital purchases**

All orders are issued through Stores.

4. **SUPPLY CHAIN MANAGEMENT POLICY**

A. >R 0 – R30 000: 3 x Written Quotations

- i. User department or initiator to put in requisition to the Buyers to obtain a minimum of three quotations. Preference to be given to suppliers listed on the National Treasury's Central Supplier Database, however if there is less than three suppliers identified on the database, potential additional suppliers not listed on the database to be identified and requests for quotation obtained.
- ii. If the preferred supplier is not listed on the Database the following to occur:
 - a) Procurement to take place through an approval by the CFO for direct payment to be obtained. Minimum supplier listing criteria to be fulfilled, i.e. Tax Clearance Certificate, regulation 44 declarations etc.
 - b) User departments to identify Key service providers within their operations and urge them to register on the National Treasury's Central Supplier Database
 - c) Deviations below Quotation R 10 000 to be approved by the Executive Manager of the relevant department.
 - d) The order number will be generated by the chief clerk at stores and forwarded to User department for action

B. R30 000 – R200 000: 3 x Informal tenders

- i. User department to initiate the procurement process by compiling specifications and forwarding them to Supply Chain Management via the electronic procurement system. (Specifications approved by the Head of the Department)
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- a) Specifications to serve before the specification committee
- b) Approved specifications will be advertised on the website, e-tender, notice board and send to potential suppliers registered on the accredited supplier database subject to review by Specs Committee and sign off by the Accounting Officer
- c) On submission, Informal tenders must be placed in the tender box and will be opened on the closing date as per time specified on the advertisement.
- d) Summary of informal tenders will be compiled by Supply Chain Management Officer.

- e) User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive
- f) Formal Written Price Quotations(Informal Tenders) will be evaluated and awarded by the Bid Evaluation Committee
- g) Competitive Bids (Formal tenders) will be evaluated by the Bid Evaluation committee and recommendation submitted to bid adjudication committee for final award.
- h) Service Level Agreements to be compiled by legal services for all goods and services procured through Informal and Formal Tenders; signed off by both parties before goods and services may be procured

C. >R200 000: Formal Tenders & Long Term Contracts

- i. User department sends a request for a formal tender through to SCM Unit via Collaborator with the specifications.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- iii. Specifications to serve before the specification committee
- iv. Reviewed and approved specifications to be approved by the accounting officer and Executive Manager of the department initiating the tender before advertising takes place
- v. Approved specifications will be advertised on the municipal website, e tender, notice board and send to potential suppliers registered on the accredited supplier database
- vi. The Tender number and closing date will be allocated by the SCM Unit.
- vii. Tender advertisement will be compiled and placed by the SCM Unit.
- viii. Standard tender documents will be provided to prospective tenderers by the SCM Unit.
- ix. Tenders will be opened on the date and time as specified in the advertisement.
- x. Summary of tenders will be compiled by Supply Chain Management Officer.
- xi. User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive bidders in accordance with the Supply Chain Management Regulations.
- xii. The Bid Evaluation Committee to evaluate and make recommendations to the Bid Adjudication committee.
- xiii. The Bid Adjudication Committee can only adjudicate and on contracts up to 10 million.
- xiv. Tenders greater than R10 million will be awarded by the Accounting Officer after recommendations by the Bid Adjudication Committee

- xv. Service Level Agreements must be complied and signed by both parties before goods and services may be procured in excess of R30 000
- xvi. Successful / unsuccessful tenderers will be notified of the Bid Adjudication Committee's decision.
- xvii. After awarding the formal tender, the User Department will be informed of the outcome and they are to complete a Service Level agreement before any requisition can be generated

5. SERVICE LEVEL AGREEMENTS

User department to liaise with Legal Services (contract management unit) on the compilation of service level agreements for all tenders (formal and Informal). Process guidance for compilation of Service Level Agreements to be in accordance with Contract Management process.

6. Performance Management:

- (i) Each department to monitor the performance of each supplier to whom tenders have been issued under. The process flow for monitoring performance of service providers to be undertaken on the collaborator system and all the relevant compulsory review comments is completed.
- (ii) It is important that all communication with the service provider regarding the dissatisfaction of the work performed or goods delivered be documented and the service provider be afforded the opportunity to rectify it and respond accordingly. Where the final assessment of the service provider or supplier remains substandard after engaging with the service provider, legal services to facilitate the process going forth with the legal remedies available

7. STANDARD OPERATING PROCEDURES FOR PROCURING ACCOMMODATION AND FLIGHTS

7.1Accommodation

- i. Out of town trip form to be duly completed and approved by the designated authority.
- ii. The Official concerned is to provide the designated central co-ordinator for the department with the supporting documentation indicating the reason for accommodation.
- iii. The secretary to source a minimum of three quotations from the internet or any other available resource, identify the lowest quote and proceed with the booking subject to availability OR refer the specifications to the Travel Agent Appointed by Council

- iv. The designated personnel in a particular department to initiate a requisition on collaborator, uploading all the relevant documentation, and route the requisition to the relevant official for approval.(Request CSD Number)
- v. The approved requisition will be routed via collaborator to the Chief Accountant at Stores, who will inspect the documentation. Item to follow the procurement process as per the electronic procurement system.
- vi. Once the payment has been processed, proof of payment to be forwarded by DATA office to the designated personnel that initiated the requisition/booking. (GRV to be generated by departments before payment)
- vii. The designated personnel to forward the proof of payment to both the service provider (Bed & Breakfast or Hotel) / Travel Agent Appointed by council and the official for whom accommodation has been reserved for.

Provision made in the Travel and Subsistence policy to serve as the guideline:

7.2Compensation

7.2.1 Accommodation:

- i. Travel and subsistence policy to serve as a guideline regarding the type of Accommodation and rating that is appropriate as approved by council.
- ii. Where such accommodation is available, the rate for a single room will be payable.
- iii. If a representative stays with a relative or friend, Subsistence and travel policy of Council to be complied with
- iv. The payments for overnight accommodation will be paid directly through Creditors Department to the authorised place of accommodation.
- v. Request for payment of reservation must be submitted within reasonable period before departure to enable the administration to process the reservation.
- vi. Tax/Invoices for accommodation to be submitted to creditors department for completeness of documentation

7.2.2 Personnel of council may not circumvent procurement process and place their own preferred booking and claim reimbursement. Any emergency cases where accommodation is sourced outside the procurement process, permission to be obtained prior from the executive manager of the department or the alternative relevant authority.

7.3 Booking of Airline Tickets

- a) Designated personnel in the department should be provided with the following document or invitation for workshop/meeting/conference to be attended with the following details
 - i. Where the event will take place
 - ii. Date and Starting time
 - iii. Date of closure and time of finish
- b) Arrangements for flights to be centralised around the designated personnel in the department, i.e. PA to the Executive Manager
- c) Deviations for items costing up to R10,000 can be approved by the Executive Manager of the relevant department, Final approval for Deviations above R10 000 to be reviewed by the CFO and approved by the Municipal Manager.
- d) Payments of flights to follow due process as approved
- e) When bookings are made, the following information is required by the designated personnel:
 - I. Approval from Municipal Manager for attendance of the meeting
 - II. Copy of ID of the passenger
 - III. Passenger's cell-phone number, which will be used to forward a confirmation e-mail with flight details from the chosen airline
 - IV. Vote from which expenditure will be paid

7.4 For rental vehicle hire:

- i. Designated personnel in the department to make the necessary arrangement subject to availability of the vehicles. The class of the vehicle to be guided by the Travel and Subsistence Policy of Council

7.5Catering

Refer to the catering policy as approved by council.

Annexure B



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

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

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.

General Principles

Garden Route District 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 perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

- 1.1 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.
- 1.2 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford 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.

2 Conflict of interest

An official or other role player involved with supply chain management –

- (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 R350 or as may be set by council;
- (d) 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;
- (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, 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 declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 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.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

- 3.6 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
- (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
 - (iii) any alleged breach of this code of conduct.
- 3.7 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 **Garden Route District Council** who must ensure that such declaration is recorded in the register.

4 Openness

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

5 Confidentiality

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

Bid Specification / Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the council in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2. 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.
- 6.3 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.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the council; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

6 Combative Practices

a) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

I, an employee of Garden Route District Municipality, hereby acknowledges the Garden Route District Municipality's Code of Conduct for Supply Chain Management and commits to abide by it in the spirit to which it is intended for.

- I acknowledge that my integrity can only be affirmed by how I am deemed by others and therefor will uphold the Supply Chain Management Policy of the Municipality to the letter and spirit to which it is intended for.
- I will refrain from any conduct which may be deemed to be fraudulent in nature or could be seen as bringing disrepute to the image of Council.
- I acknowledge my responsibility for continuous professional development in familiarising myself with the changes in the relevant and applicable legislation of Supply Chain Management and any other relevant procurement legislation.

Signature

Name of Official

Date of Signature

ANNEXURE C**Supply Chain Process for Infrastructure Delivery and Procurement Management**

The Council resolves in terms of section 168 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), in reference to SCM Regulation 3(2), this Policy prescribes the standards and gateways system requirements and principles which municipalities must adhere to when procuring infrastructure related services linking to CIDB and ISO standards and ethos, therefore to adopt the following SCM Framework for Infrastructure Delivery and Procurement Management of the Garden Route District Municipality, for procurement in excess of R50 million rand.

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Foreword

In 2012, the Infrastructure Delivery Management System (IDMS) was adopted as the chosen government wide system for infrastructure delivery in South Africa. In the same year (2012), the National Treasury, together with the eight metropolitan municipalities, initiated the customisations of the IDMS for implementation by municipalities. The product of that engagement became the Cities Infrastructure Delivery Management Toolkit (CIDMT), focusing mainly on cities or metros.

In order to establish a common approach to infrastructure delivery across all organs of state, the Standard for Infrastructure Procurement and Delivery Management (SIPDM) was issued for adaptation and adoption by municipalities in terms of Circular 77.

In the process of implementing and institutionalising the SIPDM, institutions expressed concerns regarding the operational challenges imposed by aspects of the SIPDM. This constraint was further compounded when the Preferential Procurement Regulations, 2017 were promulgated and effected, resulting in conflict between the SIPDM and the Regulations.

The National Treasury, in consultation with relevant stakeholders, initiated the SIPDM review process, which resulted in the development of the Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM). The LGFIDPM provides for minimum requirements for effective governance of infrastructure delivery and procurement management.

Introduction

- a) The Integrated Development Plan (IDP) is the principal strategic planning instrument for municipalities. The IDP process requires a robust process of gathering and synthesising information related to the medium to long-term management of the municipality's infrastructure needs.
- b) The preparation of Roads and Storm Water Services, Water and Sanitation Services, Waste Disposal Services, Electricity Services and Community Facilities and Municipal Buildings, Infrastructure Asset Management Plans (IAMPs) enables municipalities to rank projects and determine budgets, based on a holistic view of local needs and priorities; and serves as a source of valuable information in preparing the IDP.
- c) Through the Infrastructure Delivery Management System, Cities Infrastructure Delivery Management System was developed to provide a holistic system for the management of infrastructure based on the requirements of SANS 55001: Asset management tailored for application in South African metropolitan spaces and specifically in support of the country's spatial transformation agenda.
- d) There is need to develop an infrastructure delivery management system tailor-made for all municipalities (excluding cities) which should integrate asset management strategy, policy to guide infrastructure planning, delivery management and decision making. The LGFIDPM introduces the initial process focusing on the project processes of the infrastructure delivery management and infrastructure procurement.
- e) The Framework for Infrastructure Procurement Management should be implemented together with the project management processes, to ensure alignment, integration and efficient and effective service delivery.

1. Scope

- 1.1 The Local Government FIDPM applies to organs of state which are subject to the Municipal Finance Management Act (MFMA).
- 1.2 The Framework provides minimum requirements for the implementation of Infrastructure Delivery and Procurement Management through the:
 - a) Project processes for infrastructure delivery management, and
 - b) Infrastructure procurement gates.
- 1.3 The Framework specifies the allocation of responsibilities for performing activities and making decisions at project stages and procurement gates.

b) Terms and Definitions

Approved: Officially agreed and signed-off by an Accounting Officer or a delegated person / body.

Construction: Everything constructed or resulting from construction operations.

Employer: Organ of state intending to, or entering into, a contract with a contractor.

Gate: A control point at the end of a process where a decision is required before proceeding to the next process or activity.

Gateway review: An independent review of the available information at a gate upon which a decision is made whether to proceed to the next process, or not.

Infrastructure:

- immovable asset, which is acquired, constructed or results from construction operations; or
- Movable asset, which cannot function independently from purpose-built immovable asset(s).

Infrastructure delivery: The combination of all planning, technical, administrative and managerial actions associated with the construction, supply, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

Infrastructure procurement: The procurement of goods or services, including any combination thereof, associated with the acquisition, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

Organ of State: Any department of state or administration in the national, provincial and local sphere of government.

Procurement strategy: The selected packaging, contracting, pricing and targeting strategy and procurement procedure for a particular procurement.

Project: A unique set of processes consisting of coordinated and controlled activities with start and end dates, performed to achieve the project objective.

Stage: A collection of periodical and logically related activities in the Project Management Control Stages that culminates in the completion of an end of stage deliverable.

c) **ABBREVIATIONS**

CIDB	Construction Industry Development Board
IDP	Integrated Development Plan
FIDPM	Framework for Infrastructure Delivery and Procurement Management
MFMA	Municipal Finance Management Act
PSP	Professional Service Provider
PPPFA	Preferential Procurement Policy Framework Act
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan

d) **NORMATIVE REFERENCES**

4.1 Acts of Parliament

The following referenced Acts of Parliament are indispensable in the application of this document:

- i. Architectural Profession Act, 2000 (Act No. 44 of 2000)
- ii. Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- iii. Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- iv. Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- v. Division of Revenue Act (Annual)
- vi. Engineering Profession Act, 2000 (Act No. 46 of 2000)
- vii. Landscape Architectural Profession Act, 2000 (Act No. 45 of 2000)
- viii. Municipal Finance Management Act, (No. 56 of 2003)
- ix. Local Government: Municipal Systems Act, 2000 (Act No. 32 Of 2000)
- x. National Archives and Record Services of South Africa Act, 1996 (Act No. 43 of 1996)
- xi. Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- xii. Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- xiii. Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000)
- xiv. Public Finance Management Act, 1999 (Act No. 1 of 1999)
- xv. Quantity Surveying Profession Act of 2000 (Act No. 49 of 2000)
- xvi. Other Sector Specific Acts of Parliament.

4.2 Regulations issued in terms of the MFMA and MFMA Circulars

- i) Regulations issued in terms of the MFMA
- ii) Preferential Procurement Policy Framework Act Regulations (PPPFA of 2022 or as amended from time to time) and circulars.

4.3 Standards

- i) Applicable Construction Industry Development Board Standard for Uniformity
- ii) Construction Sector Code

4.4 Management System

- i) System in place
- ii)

4.5 National Treasury Guidelines

- i) Local Government Capital Asset Management Guideline and Planning Guidelines
- ii) Budget Facility for Infrastructure (BFI).

4.6 Department of Cooperative Governance and Traditional Affairs Guidelines

- i) Guidelines for Infrastructure Asset Management in Local Government.

e) FRAMEWORK FOR INFRASTRUCTURE DELIVERY

5.1 The Infrastructure Delivery Management Project Processes

- a) 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 Garden Route Municipality's project implementation process reflects an engagement between the Budget Treasury Office, IDP, SCM, and all strategic role players 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 dictate so.

Table 1: Project stage deliverables

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
1	Initiation	<p>Initiation Report or Pre-feasibility Report</p> <p>The Initiation Report defines project objectives, needs, acceptance criteria, organisation's priorities and aspirations, and procurement strategies, which set out the basis for the development of the Concept Report.</p> <p>Or</p> <p>A Pre-feasibility Report is required 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> <p>Stage 1 is complete when the Initiation Report or Pre-feasibility Report is approved.</p>
2	Concept	<p>Concept Report or Feasibility Report</p> <p>i. The Concept Stage 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. The objective of this stage is to determine whether it is viable to proceed with the project, premised on available 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>

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<ul 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 to proceed with the works associated with the project. f) Include a baseline risk assessment for the project and a health and safety plan, which is a requirement of the Construction Regulations issued in terms of the Occupational Health and Safety Act. g) Contain a risk report, need for further surveys, tests, investigations, consents and approvals, if any, during subsequent stages. <p>iii. A Feasibility Report must provide the following minimum information:</p> <ul style="list-style-type: none"> a. Details regarding the preparatory work covering: <ul style="list-style-type: none"> i. A needs and demand analysis with output specifications. ii. An options analysis. b. A viability evaluation covering: <ul style="list-style-type: none"> i. A financial analysis. ii. An economic analysis, if necessary. c. A risk assessment and sensitivity analysis; d. A professional analysis covering: <ul style="list-style-type: none"> i. A technology options assessment. ii. An environmental impact assessment. iii. A regulatory due diligence. e. An implementation readiness assessment covering: <ul style="list-style-type: none"> i. Institutional capacity. ii. A procurement plan. <p>Stage 2 is complete when the Concept Report or the Feasibility Report is approved.</p>
3	Design Development	<p>Design Development Report</p> <ul style="list-style-type: none"> 1) The Design Development Report must, as necessary: <ul style="list-style-type: none"> a) Develop, in detail, the approved concept to finalise the design and definition criteria.

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<p>b) Establish the detailed form, character, function and costings.</p> <p>c) Define the overall size, typical detail, performance and outline specification for all components.</p> <p>d) Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, be commissioned and be maintained.</p> <p>e) Confirm that the project scope can be completed within the budget, or propose a revision to the budget.</p> <p>Stage 3 is complete when the Design Development Report is approved.</p>
4	Design Documentation	<p>Design Documentation</p> <p>(vii) Design documentation provides:</p> <ul style="list-style-type: none"> the production information that details performance definition, specification, sizing and positioning of all systems and components that will enable construction; the manufacture, fabrication and construction information for specific components of the work, informed by the production information. <p>Stage 4 is complete when the Design Documentation Report is approved.</p>
5	Works	<p>Completed Works capable of being used or occupied</p> <p>4) Completion of the Works Stage requires:</p> <ol style="list-style-type: none"> Certification of the completion of the works in accordance with the provisions of the contract; or 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>
6	Handover	<p>Works which have been taken over by the user or owner; Completed Training; Record Information</p> <p>(5) The handover stage requires the following activities to be undertaken:</p> <ol style="list-style-type: none"> Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained; 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>

7	Close-Out	Defects Certificate or Certificate of Final Completion; Final Account; Close-Out Report
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Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<p>(6) The Close-Out Stage commences when the end user accepts liability for the works. It is complete when:</p> <ul style="list-style-type: none"> a) Record information is archived; b) Defects certificates and certificates of final completion are issued in terms of the contract; c) Final amount due to the contractor is certified in terms of the contract; d) Close-Out Report is prepared by the Implementer and approved by the Municipality. <p>Stage 7 is complete when the Close-out Report is approved.</p>

- b) Procurement of PSPs and Contractors can occur at different points in the project stages.
- c) Additional stages may be added to the described stages above, if deemed necessary. For example, additional stages could include those necessary to ensure that project activities are appropriately carried out and stages linked. Contract activities would, in many instances, be contingent upon the requirements of the specific contract being used.
- d) For project progress using the project stages, reporting must be for the deliverable achieved in the stage immediately prior to the 'in progress' stage. For example, if a project is shown as being at Stage No. 3 (Design Development), it implies that the deliverable for Stage No. 2 (i.e. the Concept Report) has been achieved; and that the deliverable for Stage 3 (i.e. the Design Development Report) is in the process of being prepared.
- e) Where an organ of state engages another organ of state to provide agency services, a service delivery agreement must be developed that outlines the roles and responsibilities for each organ of state; and establishes a relationship between the client and the implementer. The development of all deliverables should be carried out in a cooperative and consultative manner between the Client and Implementer parties. All deliverables must be developed and signed off in compliance with the specific service delivery agreement.

c) **Gateway Reviews**

5.2.1 Gateway reviews for mega capital projects : Value > R50 000 000

- i. The MFMA (Act 56 of 2003), section 19 (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 operational; and the future operational costs and revenue on the project, including municipal tax and tariff implications."
- ii. The (LGFIDPM) Local Government Framework for Infrastructure Delivery and Procurement Management, prescribes the Gateway Review at the end of stage 2, as the minimum requirement to comply with section (i) above.
- iii. The focus of such a review must be on the quality of the documentation in the first instance, and thereafter on:
 - a. Deliverability: the extent to which a project is deemed likely to deliver;
 - b. Expected benefits: within the declared cost, time and performance area;
 - c. 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

- d. Value for money: The optimum combination of whole life costs and quality (or fitness of purpose), to meet the user's requirements.
- iv.** 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.
- v.** 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.
- vi.** 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.
- vii.** The gateway review team must base its findings primarily on:
 - a) The information contained in the end-of-stage deliverable;
 - b) Supplementary documentation, if any, provided by key staff and obtained during an interview process; and
 - c) Interviews with key staff members and stakeholders.
- viii.** 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 information.
- ix.** The gateway review findings must be classified by the gateway review team as:
 - a) Critical: Findings that pose adverse effect to the project or package. Critical findings are findings related to the stage deliverable that are wholly unacceptable.
 - b) Major: Findings that pose a potentially adverse effect to the project or package. Major findings are serious findings and are in direct violation of key legislation, e.g. The Constitution of the Republic of South Africa, the MFMA or the PPPFA.
 - c) 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.
- x.** A Stage 2 deliverable must not be approved until such time that all findings have been resolved.

6.1 FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT

(1) INTRODUCTION

The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for municipal planning and implementation.

The strategic direction set in the Integrated Development Plan (IDP) informs the framework for infrastructure procurement. For example, procurement strategies must be aligned to the municipality's developmental and internal transformation needs, as specified in the IDP.

(2) MINIMUM REQUIREMENT FOR INFRASTRUCTURE PROCUREMENT

- a) Infrastructure procurement must be undertaken in accordance with all applicable Infrastructure Procurement related legislation and this Framework.
- b) Infrastructure procurement must be implemented in accordance with the procurement gates prescribed in clause 6.3 below.
- c) 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.
- d) 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.
- e) Procurement gates provided in 6.3 below must be used, as appropriate, to:
 - (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 reoccurrence.
- f) 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 built 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.
- g) The Accounting Officer must develop and implement effective and efficient emergency procurement procedures, including relevant approval delegation, in compliance with relevant legislation.
- h) The Accounting Officer must develop and implement an effective and efficient infrastructure disposal policy in line with the Municipal Asset Transfer Regulations. The institution may consider disposal strategies aligned to their internal disposal policy, prior to proceeding with the procurement strategy.
- i) The Accounting Officer must keep records of Procurement Gate Approvals, in a manual or electronic format, with the following minimum requirements:
 - (i) Procurement gate;
 - (ii) Delegated person/s 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.
- j) All assets must be recorded in the municipal asset register as required by the GRAP standards.

6.3 Infrastructure Procurement Gates

6.3.1 Procurement Gate 1 (PG 1)

- a) Initiate a procurement process;
- b) **Minimum Requirement for PG 1:**
 - i. Establish and clarify the procurement need, aligned to the municipality's development and transformation priorities specified in the IDP.
 - ii. Determine a suitable title 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.
 - vi. Confirm the budget.
 - vii. Compliance with section 33 of the MFMA with respect to community and stakeholder consultation.
- c) **PG 1 is complete when a designated person or body makes the decision to proceed/not to proceed, with the procurement of the infrastructure.**

6.3.2 Procurement Gate 2 (PG 2)

- a) Approve procurement strategy to be adopted.
- b) **Minimum Requirement for PG 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 service required for works.
 - iv. Decide on contracting strategy.
 - v. Decide on pricing strategy.
 - vi. Decide on form of contract.
 - vii. Establish opportunities for promoting preferential 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.**

6.3.3 Procurement Gate 3 (PG 3)

- a) Approve procurement documents.
- b) **Minimum requirements for PG 3:**
 - 1) Prepare procurement documents that are compatible with:
 - i. approved procurement strategies.
 - ii. project management design documentation.
- c) PG 3 is complete when the Bid Specification Committee approves the procurement document..

6.3.4 Procurement Gate 4 (PG 4)

- a) Confirm that cash flow processes are in place to meet projected contractual obligations.
- b) **Minimum requirement for PG 4**
 - 6.3.4.b.1 Confirm that cash flow processes are in place to meet contractual obligations.
 - 6.3.4.b.2 Establish control measures for settlement of payments 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.**

6.3.5 Procurement Gate 5 (PG 5)

- a) Solicit tender offers.
- b) **Minimum requirements for PG 5**
 - 6.3.5.b.1 Invite contractors to submit tender offers.
 - 6.3.5.b.2 Receive tender offers.
 - 6.3.5.b.3 Record tender offers.
 - 6.3.5.b.4 Safeguard tender offers.
- c) **PG 5 is complete when tender offers received are recorded and safeguarded by a delegated person from the SCM unit.**

6.3.6 Procurement Gate 6 (PG 6)

- a) Evaluate tender offers premised on undertakings and parameters established in procurement documents.
- b) **Minimum Requirement for PG 6:**
 - 6.3.6.b.1 Determine whether tender offers are complete.
 - 6.3.6.b.2 Determine whether tender offers are responsive.
 - 6.3.6.b.3 Evaluate tender submissions.
 - 6.3.6.b.4 Review minimum compliance requirements for each tender.
 - 6.3.6.b.5 Perform a risk analysis.
 - 6.3.6.b.6 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.**

6.3.7 Procurement Gate 7 (PG 7)

- a) Award the contract.
- b) **Minimum Requirement for PG 7:**
 - 6.3.7.b.1 Bid adjudication committee review of the BEC evaluation report.
 - 6.3.7.b.2 Bid Adjudication Committee makes an award.
 - 6.3.7.b.3 Accounting Officer approval of the tender process.
 - 6.3.7.b.4 Notify successful tenderer and unsuccessful tenderers of the outcome.
 - 6.3.7.b.5 Sign contract document.
 - 6.3.7.b.6 Formally accept tender offer.
- c) **PG 7 is complete when the Accounting Officer, or the Bid Adjudication Committee where delegated, confirms that the tenderer has provided evidence of complying with all requirements stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.**

6.3.8 Procurement **Gate 8 (PG 8)**

- a) Administer and monitor the contract.
- b) **Minimum Requirements for PG 8:**
 - 1) Finance department to:
 - i. Capture contract award data.
 - ii. Manage cash flow projection.
 - iii. Administer contract in accordance with the terms and provisions of the contract.
 - i. Delivery department to:
 - 2) Ensure compliance with contractual requirements.
- c) **PG 8 is complete when a delegated person captures the contract completion/termination data (close out reports and relevant documents), including payment certificates due**

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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

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
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3. Identification of preference point system
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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
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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;

“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 (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 Notices—

(a) 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; and

(b) R. 571 of 15 June 2017 recognises, with effect from 17 June 2017, national and provincial government components 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 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.

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

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:

$$Ps = 80 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

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.



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TREASURY CIRCULAR MUN NO. 1/2023

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THE MAYOR, WEST COAST DISTRICT MUNICIPALITY
THE MAYOR, MATZIKAMA MUNICIPALITY
THE MAYOR, CEDERBERG MUNICIPALITY
THE MAYOR, BERGRIVIER MUNICIPALITY
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IMPLEMENTATION OF THE PREFERENTIAL PROCUREMENT REGULATIONS, 2022 BY MUNICIPALITIES AND MUNICIPAL ENTITIES

1. PURPOSE

1.1 The purpose of this circular is to:

- (a) advise municipalities and municipal entities that Section 2(1) of the Preferential Procurement Act requires that *'an organ of state must determine its Preferential Procurement Policy'* for implementation and adoption by **16 January 2023**;
- (b) communicate the interim approach adopted by the Western Cape Government (WCG); and
- (c) outline considerations for municipalities and municipal entities to contemplate in developing their own approach to preferential procurement.

2. BACKGROUND

2.1 **Section 217(1)** of the Constitution requires that: *"When an organ of state ... contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective."* **Section 217(2)** indicates that this *"does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for (a) categories of preference in the allocation of contracts; and (b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination."* **Section 217(3)** requires that *"National legislation must prescribe a framework within which the policy referred to subsection (2) must be implemented."*

2.2 The Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000, "the PPPFA") was enacted to give effect to the requirements of section 217(3). If an organ of state exercises its discretion to determine a preferential procurement policy, then such organ of state, must implement such policy in accordance with the prescribed framework as described under section 2(1a) -(g) and 2(2) of the PPPFA.

2.3 The PPR 2022 was promulgated via Government Gazette 47452 on 04 November 2022 with an effective date of 16 January 2023. These Regulations were developed pursuant to Section 217(3) of the Constitution and Section 5(1) with the Preferential Procurement Policy Framework Act (No 5 of 2000), and subsequent to the Constitutional Court judgment of February 2022 which declared the 2017 Preferential Procurement Regulations invalid. The PPR 2022 prescribes:

- a) the thresholds that would determine when the 80/20 or 90/10 preference point system would be applicable; and
- b) the formula which must be applied to calculate preference points.

2.4 The 2022 Regulations, amongst others requires that an organ of state must, in its tender documents, stipulate:

- a) the applicable preference point system as envisaged in the regulations; and
- b) the specific goals in the invitation to submit the tender for which points may be awarded, and proof of the claim of such goals.

- 2.5 Specific goals referred to in the Regulations are 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 and including the implementation of the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16 085 dated 23 November 1994 (RDP).
- 2.6 Given that the PPR 2022 have now streamlined what is envisaged by the PPPFA, specific goals must only be dealt with within the parameters of the 20 and 10 points available for award as preference points, as specified in the Act, within the 80/20- and 90/10-points scoring system.
- 2.7 Section 2(1)(e) of the PPPFA requires that any specific goal for which a point may be awarded, must be clearly specified in the invitation to submit a tender.
- 2.8 Section 2(2) of the PPPFA further states that any specific goals contemplated in subsection (1)(e) must be measurable, quantifiable and monitored for compliance.
- 2.9 The Provincial Treasury has also concluded an impact assessment of the PPR 2022 from which the following additional key amendments were identified:
 - a) No threshold of R30 000 is applicable;
 - b) No prescribed evidence applicable for claiming of points or specific goals albeit proof of claim for points allocated must be submitted;
 - c) A new provision has been introduced that prescribes the use of the preference point (i.e., 80/20 or 90/10) formula for the invitation of tenders to generate income or to dispose of or lease assets; and
 - d) National Treasury have indicated that they will be withdrawing Local Content Instructions.

3. WESTERN CAPE GOVERNMENT (WCG) INTERIM ARRANGEMENTS FOR PROVINCIAL DEPARTMENTS TO GIVE EFFECT TO THE PPR 2022

- 3.1 The Provincial Cabinet, in noting that organs of state may develop their own preferential procurement policies in terms of section 5 of the PPPFA, and in providing executive guidance on the WCG's way forward in response to the PPR 2022, approved that:
 - a) In order to ensure stability in the current procurement system post 16 January 2023, the WCG will in the interim continue to utilise the preferential procurement goals contemplated in section 2 (1)(d) of the PPPFA and that the relevant B-BBEE scorecards (i.e., a B-BBEE certificate / sworn affidavit as supporting evidence provided by bidders to claim preference points) as specified in the Broad-Based Black Economic Empowerment Act (No. 53 of 2003, hereafter B-BBEE Act) be accepted as supporting evidence to claim preference points, until appropriate the executive policy directives and technical reviews have been concluded; and
 - b) A technical review be undertaken, on the current procurement system in defining a legal way forward in the province that focuses on value for money, appropriate redress and reforming the current procurement system over time, informed by policy directives from the executive.
- 3.2 The interim arrangement for WCG is articulated below for departments:
 - a) The utilisation of the B-BBEE point scoring will continue to be used to give effect to the requirements of section 2 (1) (d)(i) of the PPPFA in that it:

- i) Provides an established basis on which to allocate points for preference to persons or categories of persons historically disadvantaged by unfair discrimination on the basis of race, gender or disability;
 - ii) Gives effect to at least two of the RDP goals (i.e., the promotion of South African owned enterprises and the promotion of SMMEs); for each tender process invited that uses B-BBEE certification as a means of claiming preference points;
 - iii) Is able to be measurable, quantifiable and monitored for compliance; and
 - iv) Supports compliance with National Treasury Regulation, 2005 paragraph 16A3.2 (c) that requires that a supply chain management system referred to in paragraph 16A.3.1 must amongst others be consistent with the PPPFA and the B-BBEE Act.
- b) Bidders will be required to submit an accredited B-BBEE certificate or sworn affidavit as evidence and in order to claim the points in respect of 20 points (80/20) and 10 points (90/10). Should a bidder fail to submit an accredited B-BBEE certificate or sworn affidavit, the bidder may only score points for price in terms of the 80/90 points. No points will be allocated for preference.

3.3 The PPR, 2022 introduces a new provision which prescribes a preference point formula (i.e., for the 80/20- or 90/10-points scoring system) for the invitation of tenders to generate income or to dispose of or lease assets. Tender for income-generating contracts is defined in the PPR, 2022 as: *"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.**"* Provincial departments and entities have been advised to manage their risk of non-compliance in this regard to avoid irregular expenditure.

4. CONSIDERATIONS FOR MUNICIPALITIES AND MUNICIPAL ENTITIES IN RESPONDING TO THE PREFERENTIAL PROCUREMENT REGULATIONS, 2022

4.1 The PPR 2022 requires municipalities and municipal entities that seek to implement preferential procurement to develop their own Preferential Procurement Policy in terms of Section 2(1) of the PPPFA before 16 January 2023.

4.2 Various discussions, facilitated by the Provincial Treasury (PT), have been held in anticipation of the PPR, 2022. These included workshops on 25-26 April 2022 and on 01 November 2022 with all SCM Managers and District CFO's, the subsequent establishment of a SCM Governance Workstream (Workgroup) and a briefing to the Municipal Managers Forum on 4 November 2022. These engagements, while recognising the discretionary authority of procuring entities, emphasised that municipalities and municipal entities should consider the following matters in developing their own approach to preferential procurement:

- a) Their capacity and readiness to give effect to significant changes to procurement systems, particularly during this interim period. A risk-adjusted, planned and sequenced approach will assist balance their readiness and capacity building needs and to carefully identify, assess, refine and develop specific goals, if any, for preferential procurement, while mitigating governance and audit risks.
- b) Good SCM practices require that procuring entities follow proper demand management requirements with the appropriate market, supplier and commodity research undertaken prior

to it setting specific goals within the tender process. This must be evidence-led through proper Empowerment impact assessments / feasibility assessments undertaken at the procurement planning stage of the demand management process are important tools to ensure that any specific goals are quantifiable as well as measurable, as required by Section 2(2) of the PPPFA.

- c) Any specific goals for preferential procurement must be dealt with within the parameters of the 20 and 10 points specified in the Act for preference points within the 80/20- and 90/10-points scoring system.

- 4.3 The PT will continue to support municipalities with the implementation of the Preferential Procurement Regulations and the subsequent municipal Preferential Procurement policies, including the sharing of approaches across municipalities. Municipalities and municipal entities are encouraged to further consult and discuss implementation requirements of the Preferential Procurement Policies and Preferential Procurement Regulations, 2022 within their respective districts.

5. WAY FORWARD FOR PREFERENTIAL PROCUREMENT POLICIES

- 5.1 As an interim measure, municipalities are encouraged to adopt a cautious and, to the extent possible, uniform approach to the determination of their procurement frameworks. This is intended to ensure that the appropriate redress and value for money is attained that must be evidence-led as well as, as an immediate consideration focus on stability in the systems as well as building the requisite technical capabilities within municipalities to responsibly implement policy requirements.
- 5.2 Municipalities and municipal entities should note that the WCG will, as an interim measure, pursue the preferential procurement goals contemplated in S 2(1)d of the PPPFA through the relevant B-BBEE scorecards as specified in the Broad Based Black Economic Empowerment Act, 2003 (B-BBEE Act) and Codes of Good Practice, be accepted as supporting evidence to claim preference points. This is aimed at ensuring the stability of the current procurement system post 16 January 2023, pending a review and executive policy directives.
- 5.3 Significant opportunities exist over the medium term to strengthen SCM approaches, systems and practices, and capabilities. It remains important that preferential procurement policies are not developed in isolation of the broader SCM system and strategy and support the principles on which future reforms will be implemented. These focus on value for money (which entails getting the right product at the right time and right place), redress, reforming the current procurement system over time, and achieving appropriate alignment Preferential Procurement Policies between the Provincial and Local spheres. These opportunities include:
 - a) **Strategic Procurement** that leverages economies of scale and value chain improvements, SMME development and job creation, and commodity-based procurement strategies. This requires a procurement system that is premised on effective planning, strategic purchasing, and sound contract management across the whole organization that sustains a focus on value for money.
 - b) **Governance and Capacitation** to ensure that a resilient governance platform is sustained with a primary focus on service delivery. This requires skilful SCM staff (CFO office and officials involved with SCM activities) to ensure that the regulatory and policy environment enables enhanced service delivery. The PT will assist municipalities with the Municipal Insight Performance Reporting in order to enhance transparency and accountability and make sustainable procurement choices. Initiatives that will be driven through this approach include assisting with the designing and drafting of procurement strategies and framework agreements for specific commodities unique to each district and evaluating the SCM trends and their impact on the municipal resources committed.

- c) **Digital transformation of SCM** to connect procurement planning to actual procurement processes whilst strengthening governance and reporting. The Office of the Chief Procurement Office (OCPO) is developing an SCM digital strategy applicable to all organs of state to enable improved SCM performance.

5.4 In pursuing these opportunities, the PT and the SCM Governance Workgroup will continue to share information on interim and final approaches adopted by procuring authorities in the province. Municipalities and Municipal entities will also be regularly updated on any developments and progress on WCG technical papers. This PT and SCM Governance Workgroup will also strengthen relationships with other stakeholders such as international bodies and academia.

6. REQUEST

- 6.1 Accounting Officers must note the content of this Circular and communicate the requirements to officials under their control for the functions depicted in this Circular; and
- 6.2 The requirements as articulated in this Circular will take effect from **16 January 2023**.
- 6.3 Municipalities and municipal entities are advised to utilise the revised MBD 6.1 with effect from **16 January 2023** in support of its preferential procurement policy and to meet the compliance requirements of the 2022 regulations.

7. ENQUIRIES

- 7.1 All enquiries in respect of this circular or any other enquiries in respect of procurement must be directed to: SupplyChainManagement.HDMFMA@westerncape.gov.za

8. ANNEXURES

- 8.1 Preferential Procurement Regulations 2022 (Annexure A)
- 8.3 Revised Municipal Bidding 6.1 Document (Annexure B)



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HEAD OFFICIAL: PROVINCIAL TREASURY



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CAPE TOWN
KAAPSTAD 23 NOVEMBER 1994

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GENERAL NOTICE

NOTICE NO. 1954 OF 1994

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

WHITE PAPER ON RECONSTRUCTION AND DEVELOPMENT

CAPE TOWN, 15 NOVEMBER 1994

WPJ/1 994

The White Paper on Reconstruction and Development is hereby published by the Ministry in the Office of the President for general information. This White Paper was tabled in Parliament on 15 November 1994, reference WPJ/1 994.

16085
23 NOVEMBER 1994

WHITE PAPER

ON

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SUMMARY OF GOVERNMENT PROGRAMMED TO ADVANCE THE RDP

PREAMBLE

Our country is going through a profound transformation at all levels of government and society to ensure the implementation of the RDP.

At the heart of the Government of National Unity is a commitment to effectively address the problems of poverty and the gross inequality evident in almost all aspects of South African society. This can only be possible if the South African economy can be firmly placed on the path of high and sustainable growth.

The interdependence of the objectives of reconstruction and development on the one hand, and growth on the other is now widely accepted, not only within the Government and the Parliament, but indeed throughout South African society. Achieving these objectives will require a national effort from all groups, sectors and communities.

This White Paper on the RDP sets out the initial plans of the Government to orientate its activities fully and effectively towards these goals.

The Government is fully committed to macro-economic policies which promote the RDP as an integrated and coherent growth and development strategy.

- The Government is firmly committed to the gradual reduction in the fiscal deficit, thereby avoiding the debt trap.
- To this end, the Government intends to ensure that recurrent government expenditure does not increase in real terms.
- A further commitment is to reduce government dissaving over time.
- The Government is committed to changing the ratio of government spending towards increased capital expenditure.
- The Government is committed to financing the RDP primarily through restructuring the national, provincial and local government budgets to shift spending, programmed and activities to meet RDP priorities.
- The Government will reorganise and train the civil service to ensure effective and efficient services to all citizens and progressive cost savings.
- The Government will develop our human resources, facilitate labour market reform and establish effective collective bargaining-based rights for all.

All the above measures are essential if we are to succeed in attaining the objectives contained in the RDP.

This transformation will permeate every level of government, every department, and every public institution. The Government's RDP activities therefore should not be seen as a new set of projects, but rather as a comprehensive redesign and reconstruction of existing activities. Growth and development are more than interdependent. They are mutually reinforcing. Addressing inequalities will expand markets at home, open markets abroad and create opportunities to promote representative ownership of the economy. The expansion of the South African economy will raise state revenues by expanding the tax base, rather than by permanently raising tax rates.

To succeed in both areas of endeavour the Government will need active partnership with civil society, and with business and labour in particular. While both business and labour have the freedom in a democratic South Africa to protect and promote their immediate interests, it is the Government's fervent hope that they will jointly pursue the broader challenges of extending opportunity to the millions of adult South Africans who can currently find no place in the formal economy.

The soon to be established National Economic Development and Labour Council will provide a process of engagement between government, business, labour and other groups in civil society where a commitment to common goals can be turned into collective action in a concrete programme.

The Government believes that the publication of this White Paper is an important step in establishing the dialogue in which all South Africans will take part to build a better society and economy for all, and to build our nation.

Our people have elected us because they want change. Change is what they will get. Our people have high expectations which are legitimate. While the Government cannot meet all these needs overnight, we must put firmly into place the concrete goals, time frame and strategies to achieve this change.

I thank all South Africans sincerely for the confidence they have placed in the Government of National Unity and the pledge to do all in our power to deliver the goods and services our people want.

A handwritten signature in black ink, appearing to read 'Mandela'.

Dr Nelson Mandela

President

WHITE PAPER

ON RECONSTRUCTION AND DEVELOPMENT GOVERNMENT'S STRATEGY FOR FUNDAMENTAL TRANSFORMATION

November, 1994

PREFACE

My Government's commitment to create a **people-centred society of liberty** binds us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear. These freedoms are fundamental to the guarantee of human dignity. They will therefore constitute part of the centrepiece of what this Government will seek to achieve, the focal point on which our attention will be continuously focused. The things we have said constitute the true meaning, the justification and the purpose of the Reconstruction and Development Programme, without which it would lose all legitimacy.

— President Nelson Mandela in his Inaugural Address to a Joint Sitting of Parliament, 24 May 1994

- 0.1 The election of a new government set South Africa on a path of renewal and transformation. Centuries of oppression and decades of formal apartheid require that every talent and energy be brought to the task of reconstruction. The Government of National Unity has begun to give direction to the process by working to establish a new system of governance. New ways of governing will set the example for the restructuring of the rest of our society. No-one doubts that this will be a long and arduous process but all are convinced of its importance.
- 0.2 The Reconstruction and Development Programme (RDP) is the policy instrument which will direct the progress of the transformation strategy. It is a programme of policy development and implementation procedures co-ordinated in the Office of the President, and founded in the Government of National Unity (GNU). As the programme develops it will integrate the different organs of government, centrally, regionally and locally in a concerted drive towards the national goals of renewal. Each province will, in time, prepare its own RDP in relation to the central RDP initiative. The RDP offers our country a unique opportunity to bring about renewal, peace, prosperity, reconciliation and stability. It is the product of ongoing consultation, and has been adopted and supported by all political parties in the GNU and in Parliament, and by all sections of our society. It is designed on the foundation of a national consensus and embodies the vision of the future.
- 0.3 The interdependence between growth, reconstruction and development is a crucial concept in the White Paper. The Government is committed to redistributing resources to address inherited inequalities. It is in this context that the recent proposals adopted by the Cabinet in the 'belt-tightening exercise' must be understood as the release and/or redeployment of resources for more effective utilisation for redistribution through the provision of basic services. Equally, the Government is committed to economic growth, especially to the stimulation of sustainable employment, and will take measures to support industry generally, and especially to advance the development of small and medium-sized enterprises.
- 0.4 President Mandela defined the original RDP document as representing 'the end of one process and the beginning of another'. In this text, that document is referred to as the RDP 'Base Document', and it is the basic starting point for the RDP White Paper. The Base Document underpins the GNU's approach to reconstruction and development, while this White paper translates the Base Document into a set of concrete implementation strategies. It seeks to enrich and elaborate the RDP through systematic consultation within the GNU and with all organisations of civil society. More detailed policy programmed relating to RDP goals will be incorporated into the White Papers now being prepared by different Ministries.
- 0.5 This document incorporates the oral and written submissions to the Select Committee. It reflects Government policy and it is submitted to Parliament for its adoption.
- 0.6 This White Paper will be followed by a second White Paper in March 1995 which will:
 - evaluate progress with implementation
 - set out more detailed socio-economic policy programmed.
 - set out a consistent macro-economic framework

CHAPTER ONE

INTRODUCTION

1.1 What is the Reconstruction and Development Programme?

- 1.1.1 The Reconstruction and Development Programme (RDP) is a policy framework for integrated and coherent **socio-economic** progress. It seeks to mobilise all our people and our country's resources toward the **final** eradication of the results of apartheid. Its goal is to build a democratic, non-racial and non-sexist future and it represents a vision for the fundamental transformation of South Africa by:

- developing strong and stable democratic institutions
- ensuring representivity and participation
- ensuring that our country becomes a fully democratic, non-racial and non-sexist society
- creating a sustainable and environmentally friendly growth and development path

- 1.1.2 The RDP is well aware that the birth of a transformed nation can only succeed if the people themselves are voluntary participants in the process towards the realisation of these goals they have themselves helped to define. In this spirit, the RDP, which has developed through a process of consultation and joint policy formulation, will continue to encourage organisations within civil society to take responsibility for the effective implementation of the Programme.

1.2 Why do we need the RDP?

- 1.2.1 Our history has been a bitter one dominated by colonialism, racism, apartheid, sexism and repressive labour practices. The result is that poverty and degradation exist side by side with modern cities and a developed mining, industrial and commercial infrastructure. Our income distribution is racially distorted and ranks as one of the most unequal in the world. Women are still subject to innumerable forms of discrimination and bias, rural people and youth are marginalised. A combination of lavish wealth and abject poverty characterises our society.
- 1.2.2 The economy was built on systematically enforced racial division in every sphere. Rural areas were divided into underdeveloped **bantustans** and well-developed, white-owned commercial farming areas; towns and cities were divided into townships without basic infrastructure for blacks and **well-resourced** suburbs for whites. Segregation in education, health, welfare, transport and employment left deep scars of inequality and economic inefficiency. Violence has had a devastating effect on our society and the need to restore peace and a sense of community security, is paramount.
- 1.2.3 In commerce and industry, very large conglomerates dominated by whites control large parts of the economy. Cheap labour policies and employment segregation have concentrated skills in white hands. Workers are poorly equipped for the rapid changes taking place in the world economy. Small and medium-sized enterprises are underdeveloped, while highly protected industries lower investment in research, development and training. The informal sector and 'survival sector' include many of South Africa's women workers, who are underpaid and exploited.
- 1.2.4 The result is that in every sphere of our society — economic, social, legal, political, moral, cultural, environmental — South Africans are confronted by serious problems.
- 1.2.5 Against these great odds our people have now achieved a remarkable political transition. All parties in the National Assembly have committed themselves to the RDP objectives. In a common effort, we can begin to rebuild and stabilise our society.
- 1.2.6 At the same time, the challenges facing South Africa are enormous. Only a comprehensive approach to harnessing the resources of our country can reverse the crisis created by apartheid.
- 1.2.7 No political democracy can survive and flourish if the majority of its people remains in poverty, without land, without their basic needs being met and without tangible prospects for a better life. Attacking poverty and deprivation is the first priority of the democratic Government.
- 1.2.8 How can we do this successfully? A programme is required that is achievable, sustainable and meets the objectives of freedom, and an improved standard of **living** and quality of life for all South Africans within a peaceful and stable society characterised by equitable economic growth.
- 1.2.9 The RDP is designed to be such a programme, in full knowledge of the challenges and obstacles **facing**

the country. Not **every** expectation will be met immediately but the RDP provides the framework within which choices can be made.

1.3 The six basic principles of the RDP

- 1.3.1 The challenge facing the Government is to facilitate and give content to the six basic principles of the RDP. It is the combination of these principles that ensures a coherent **programme**.

1.3.2 INTEGRATION AND SUSTAINABILITY

First, we require an integrated and sustainable programme. The legacy of **apartheid** cannot be overcome with piecemeal; unto-ordinated policies. The RDP harnesses our resources in a coherent set of strategies which will be implemented at national, provincial and local level by the Government, **parastatals** and local authorities. Business and organisations within civil society all will be encouraged to work within the framework of the RDP. Due regard will be given to affordability, given our commitment to sustainability and to **achievable** goals.

1.3.3 PEOPLE-DRIVEN

Second, this programme must become a people-driven process. Our people, with their aspirations and collective determination, are our most important resource. The RDP is focused on people's immediate as well as long-term needs and it relies, in turn, on their energies. Irrespective of race or sex or age, or whether they are rural or urban, rich or poor, the people of South Africa must together shape their own future. Development is not about the delivery of goods to a passive citizenry. It is about involvement and growing empowerment. In taking this approach the Government will build on the many forums, peace structures and negotiations that our people are involved in through the land. The Government therefore commits itself to maximum transparency and inclusivity.

1.3.4 PEACE AND SECURITY

The **programme** and the people-driven process are closely bound up with peace and security for all. Promoting peace and security will involve all people. It will build on and expand the national drive for peace and combat the endemic violence faced by communities in South Africa, with special attention to the various forms of violence to which women are subjected. To begin the process of reconstruction and development the Government will now establish security forces that reflect the national and gender character of our country. Such forces will be non-partisan and professional; will uphold the Constitution and respect human rights. They will assist our society in developing a different, demilitarised ethic. The judicial system will reflect society's racial and gender composition, and provide fairness and equality for all before the law. Peace and political stability are also central to the Government's intention to create an enabling environment to encourage investment. The Government will not tolerate the taking of hostages nor the **wilful** vandalism and destruction of property or the environment. Decisive action will be taken to eradicate lawlessness, drug trafficking, gun running, fraud, crime and especially the abuse of women and children.

1.3.5 NATION BUILDING

As peace and security are established, we will be able to embark on nation-building. The success of the electoral process and the establishment of the GNU have set us on the road to nation-building. All parties in the National Assembly have committed themselves to the RDP. Important parties that stayed out of the election began a dialogue with the Government. All these developments are contributing to the task of nation-building. We are a single country, with a single economy, functioning within a constitutional framework that establishes provincial and local powers, respect and protection for minorities, and a process to accommodate those wishing to retain their cultural identity. It is on the basis of our unity in diversity that we will consolidate our national sovereignty.

1.3.6 MEETING BASIC NEEDS AND BUILDING THE INFRASTRUCTURE

Nation-building links reconstruction and development. The RDP is based on the notion that reconstruction and development are parts of an integrated process. The RDP integrates growth, development, reconstruction, redistribution and reconciliation into a unified programme. The key to this link is an **infrastructural programme** that will provide access to modern and effective services such as electricity, water, telecommunications, transport, health, education and training for all our people. This **programme** will both meet basic needs and open up previously suppressed economic and human potential in urban and rural areas. In turn, this will lead to an increased output in all sectors of the economy, and by upgrading our infrastructure and human resource development we will also enhance export capacity. For this process to be effective, attention will be paid to those economic factors inhibiting growth and investment and placing

obstacles in the way of private sector expansion. Success in linking reconstruction, development and growth is essential if we are to achieve peace and security for all.

1.3.7 DEMOCRATISATION

A thorough-going democratisation of South Africa is central to a coherent programme of reconstruction and development. Above all, the people affected must participate in decision-making. Democracy is not confined to periodic elections, but is an active process enabling everyone to contribute to reconstruction and development. The democratisation of society will require a process of transformation of both the state and civil society. The Government and its institutions will be restructured to fit the priorities of the RDP. Here, especially, there is no 'business as usual'.

1.3.8 ASSESSMENT AND ACCOUNTABILITY

These principles of the RDP must inspire the whole of society to accept that their individual and collective welfare is best served by enthusiastic pursuit of the goals and the programmed of the RDP. These principles require clearly identified and substantiated integrated goals. They require organised structures which can ensure co-ordinated action. They require a standard of measurement accepted by society by which the progress towards the phased achievement of the goals can be judged.

1.4 The programmed of the RDP

1.4.1 The RDP Base Document refers to five key programmed:

- . Meeting Basic Needs
- . Developing our Human Resources
- . Building the Economy
- . Democratizing the State and Society
- . Implementing the RDP

1.4.2 The five sections of the Base Document establish the long-term social objectives of the RDP. These are a guide to action and a checklist of performance for all participants. The objectives described below give the framework for participation in the programmed.

1.4.3. MEETING BASIC NEEDS

The basic needs of people extend from job creation, land and agrarian reform to housing, water and sanitation, energy supplies, transport, nutrition, health care, the environment, social welfare and security. In creating the infrastructure to meet these needs the RDP will encourage and support the participation of people in making the key decisions about where the projects should be and how they should be managed. These large scale developments are expected to stimulate the economy through the increased demand for producer and consumer goods and services.

1.4.4 DEVELOPING HUMAN RESOURCES

In developing our human resources, our people will be involved in the decision-making process, and implementation of the programmed of the RDP. This will empower them, but can only succeed if there is also an appropriate education and training programme. Proper recognition for previously disregarded skills and an integrated approach to education and training will make it possible to achieve maximum capacity. Discrimination on grounds of race, class and gender will be abolished and the creative capacity of the society will be unlocked.

1.4.5 The key support areas for the human resource initiative lie in the education system, in industry, as well as in the home. The RDP sees it as part of its role to bring these institutions together in the most productive way. It will foster the concept of life-long learning and it will work towards restructuring training and education to integrate the energies of all the institutions from the pre-school upwards.

1.4.6 The cultural diversity of our people is a major national asset. The RDP will support an arts and culture programme which will provide access to all and draw on the capacities of young and old in all communities to give creative expression to the diversity of our heritage and the promise of the future. Sport will have a significant role in the development of young people, and the cultural activities of the youth, especially of those who have suffered so severely, will be given special attention. Youth, especially young women, will be enabled to play a full role in reconstruction and development.

1.4.7 The human resources objectives underpin the capacity to democratise and renew the society. They are planned to empower the full participation of people on the basis of knowledge, creativity and skill.

1.4.8 BUILDING THE ECONOMY

The economy is in bad condition. The benefits of its strengths in mining, manufacturing and agriculture are delivered mainly to the small wealthy sector. Its weaknesses are seen in the low levels of investment in productive enterprises, in low productivity and high costs. The poor majority of the people carry the burden of unemployment, bad housing, poor health — in short of the poor performance of the economy. The RDP is committed to reversing the distortions of the economy.

1.4.9 The economy also suffers from other barriers to growth and investment, such as government dissaving and a comparatively high proportion of our gross domestic product (GDP) absorbed in government consumption expenditure. Other barriers include falling rates of return, capital, outflows, low exports and high import propensity, and stagnating productivity.

1.4.10 A critical issue in building the economy is the question of worker rights. Past policies of labour exploitation and repression will be redressed and the imbalances of power between employers and workers corrected. The basic rights to organise and to strike will be entrenched. Negotiations and participative structures at national, industry and workplace level will be created to ensure that labour plays an effective role in the reconstruction and development of our country. Negotiations have already commenced on reforms in collective bargaining and in the broader labour market to facilitate this.

1.4.11 In the world economy, the demand for raw materials including minerals has not grown rapidly and there is intense competition in the production of manufactured goods. The General Agreement on Tariffs and Trade (GATT) was recently updated to achieve substantial reductions in tariff levels. Our economy must adjust to these pressures if we are to sustain economic growth and continue to develop a large domestic manufacturing sector that makes greater use of our own raw materials and minerals.

1.4.12 A central proposition of the RDP is that we cannot build the South African economy in isolation from its Southern African neighbors. Such a path would benefit nobody in the long run. If South Africa attempted to dominate its neighbors, it would restrict their growth, reducing their potential as markets, worsening their unemployment and causing increased migration to South Africa. If it seeks mutual corporation, it can develop a large, stable market offering stable employment and common labour standards in all areas. Agreements on the Southern African Power Pool, entrance of South Africa into the SADC, restructuring the Southern African Customs Union and co-operation on security, transport and energy lay the basis for strengthening co-ordination.

1.4.13 The pressures of the world economy and the operations of international organisations such as the International Monetary Fund (IMF), World Bank and GATT affect our neighbors and South Africa in different ways. In the case of our neighbors, they were pressured into implementing programmes with adverse effects on employment and standards of living. It is essential that we combine to develop an effective growth and development strategy for all Southern African countries.

1.4.14 DEMOCRATIZING THE STATE AND SOCIETY

Democratic institutions and practices are the cornerstone on which the new society is being built. Proper development is not possible without them. The establishment of a single Public Service in South Africa is a major challenge to the economy and the GNU. The size of the civil service will have to be reduced; equitable and common conditions of service must be guaranteed; increasing efficiency, productivity and accountability are essential preconditions for the success of the RDP.

1.4.15 IMPLEMENTING THE RDP

The implementation objectives of the RDP are bold and innovative. They set out the procedures and the indicators through which the programme will mobilise the participation of the fullest range of social organisations and institutions. The details of implementation are examined and specified in the White Paper.

1.5 The RDP White Paper: a government strategy for fundamental transformation

1.5.1 The RDP White Paper is addressed to all of the personnel of the GNU, and to all South Africans who are taking an active role in the implementation of the RDP.

1.5.2 The White Paper expresses the vision for the fundamental transformation in our society and demonstrates the ways in which the processes of achieving the goals will be implemented and managed. It is the duty of the Government to manage this transformation. The Presidential projects are designed not only to meet identified basic needs but to demonstrate the processes of management through which the RDP will operate.

1.5.3 The White Paper is structured as follows:

Chapter Two outlines the role of the different levels of government in the RDP.

Chapter Three provides an overview of government economic policies to illustrate the enabling environment that will link growth, reconstruction and development.

Chapter Four considers fiscal policy and the Budget.

Chapter Five puts forward the RDP's views on the reorganisation of the public sector, with particular attention being given to the Public Service.

Chapter Six describes the planning frameworks required for effecting the forms of restructuring envisaged in the RDP.

Chapter Seven gives a commentary on the importance of the processes of consultation, popular participation and capacity-building in implementing the RDP. The goal is building the national consensus on which the success whole programme of change contained in the RDP rests.

Chapter Eight sets out conclusions and poses the major challenges to government and civil society,

Chapter Nine is an overview of short to medium-term programmed of the departments of government.

CHAPTER TWO

THE GOVERNMENT AND THE RDP

2.1 Introduction

- 2.1.1 To implement the transformation of society, the Government's first priority is to transform the way the Government itself operates. Co-ordinated, efficient, transparent and consultative government is a basic premise of the RDP. This lays the groundwork for the involvement of other sectors of society.
- 2.1.2 The Government will take the lead role in implementing the RDP, but with clear criteria so that all citizens can become involved in implementation and can monitor the Government's progress. Together, the Government and the people of South Africa will give renewed priority to the provision of goods and services to meet basic needs, develop our human resources, build the economy, and democratise the State and society.
- 2.1.3 This chapter of the RDP White Paper outlines the different roles of the Government. The 1993 Constitution provides for different levels of government at national, provincial and local levels, and allocates competencies and powers to each. When the final Constitution is adopted, the parameters for the roles of different tiers of government over the coming years will be set. It is anticipated, however, that every office of government, from the smallest village council to the largest national department, will have to be restructured to take forward the RDP.
- 2.1.4 The Government, through a process of consultation with various stakeholders and the different tiers of government, has identified the following programmed as the key medium and long-term programmed to drive implementation of the RDP:
- Meeting basic needs
 - Urban and rural development
 - Human resource development
 - Democratisation and institutional reform
 - Economic restructuring
- 2.1.5 These programmed relate closely to the major principles set out in the RDP Base Document. The programmed will include carefully identified and selected projects. The projects and the monitoring of performance are designed to ensure compliance with project business plans, and reporting of salient information.

2.2 National Government RDP structures

- 2.2.1 The National Government will set the broad objectives of the RDP and with Provincial and Local Governments provide a policy and regulatory framework to facilitate its implementation at provincial and local level. This will involve setting up RDP funding processes in the context of sound fiscal policies; the provision of research, monitoring, statistical, auditing and performance assessment for the RDP; the facilitation of intergovernmental consensus and the restructuring and reorienting of the Public Service towards the goals of the RDP. A variety of structures are already being formed to carry out these objectives.
- 2.2.2 The President is leading the transformation and renewal of our society, and is responsible for the overall co-ordination of the RDP.
- 2.2.3 The Special Cabinet Committee on the RDP, co-ordinated by the Minister without Portfolio, comprises Ministers from the departments responsible for policy formulation and implementation of the RDP. The Special Cabinet Committee will
- assist in formulating RDP policies and strategies
 - ensure interdepartmental and intergovernmental co-operation
 - set goals, targets and priorities
 - develop an institutional framework and change management strategy including performance monitoring
 - ensure that projects comply with accepted environmental norms
 - ensure adequate funding of programmed
 - monitor and evaluate progress with implementation
 - co-ordinate the preparation of RDP-related legislation
 - link RDP planning to the Budget process
 - establish a poverty-monitoring and information management system.
- 2.2.4 A Core Committee, constituted by the Ministers, Deputy Ministers and Directors-General of Finance and State Expenditure, Public Administration, Constitutional Development, Public Works and the Office of the President, supports the work of the Special Cabinet Committee,

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- 2.2.5 Within Parliament, the Select Committee on the RDP will
- provide input on RDP policy and strategy
 - receive and review reports and plans
 - provide a direct link between the Government and the grassroots in the implementation of the RDP through their constituency work
 - conduct public hearings on key aspects of the RDP
 - evaluate progress with implementation, in consultation with the Standing Committees responsible for other departments
 - review and promote RDP-related legislation.
- 2.2.6 The Minister's Annual Report on the RDP will be submitted to the Select Committee in conjunction with the Annual Budget Review. The Annual Report will set out RDP programmed and projects, and their successes and failures. It will assist in cementing the relationship between the RDP and the Budget (which is the expression of the Government's priorities and should thus conform to the priorities of the RDP). This review will better enable Parliament and the public to judge the way in which the Government has used the funds voted in the Budget and focus Budget debates more clearly on RDP priorities.
- 2.2.7 Other Select Committees with jurisdiction over RDP implementation will have similar rights and responsibilities, particularly with respect to the budgetary process and performance monitoring. Parliamentarians also have a vital role in RDP implementation and monitoring, and their ability to integrate the concerns of local constituencies with the process of governance will become crucial as the RDP is tested on the ground. Like all other institutions of government, Parliament should review its activities, structures and rules in order to advance the RDP. Significant progress has already been made in this respect.
- 2.2.8 The Minister without Portfolio has convened task teams to build interdepartmental and intergovernmental co-operation around RDP implementation. These task teams comprise representatives of appropriate national departments, Provincial Administrations and parastatals, with the assistance of technical experts and representatives of appropriate organisations of civil society. The task teams briefs are to:
- facilitate co-operation and integration of planning and implementation between government departments and with all levels of government
 - develop methodologies to facilitate policy-formulation
 - advise on implementation of programmes
 - monitor the implementation and impact of integrated strategies
 - advise the Special Cabinet Committee on the RDP on strategic priorities.
- 2.2.9 Interdepartmental task teams have been established in the following areas and others are being created as **necessary**:
- human resource and capacity development
 - urban development
 - rural development.
- 2.2.10 The Cabinet has established a Working Group of Ministers which is preparing for the establishment of the National Economic, Development and Labour Council (**NEDLAC**). The committee is comprised of the Ministers and Deputy Ministers of Labour, Trade and Industry, Finance, Public Works, and the Minister without Portfolio.
- 2.2.11 Under the Minister without Portfolio several existing planning and information bodies will be restructured into a core policy and planning capacity. This will include the Central Economic Advisory Services (**CEAS**), the Central Statistical Service (**CSS**) and the National Productivity Institute (**NPI**), among others. The roles and functions of these bodies will be reformed in line with the RDP and constitutional requirements. With a leaner, but more **co-ordinated** system of information, measurement and strategic planning, the Development Planning Branch will support the Government in development planning and change management strategies. It will also set out a draft urban development policy and draft rural development policy. This will occur in consultation with interdepartmental RDP task teams, Provincial and Local Governments, the civic movement and organised business. The Development Planning Branch will aim to complete an initial draft for submission to the RDP Special Cabinet Committee, the RDP Parliamentary Standing Committee and the **NEDLAC** by March 1995. Such policy frameworks are essential contributions to a national development strategy.
- 2.2.12 Procedures are being developed by the Public Service Commission, the Commission on Provincial Government and line function departments to access and possibly rationalise the policy capacity of parastatal institutions. All these agencies will provide support to national line function departments and to other institutions involved in RDP implementation.

- 2.2.13 The RDP is implemented through the programmed of the national line function departments and particularly of Provincial and Local Governments. The RDP Office is not in competition with these departments. The Office of the Minister without Portfolio is not an implementing agency, nor are RDP co-ordinating structures in Provincial Government. Without detracting from emerging forms of co-operation amongst Ministries, the RDP Office will ensure effective management of the transformation process.
- 2.2.14 To this end, the Intergovernmental Forum has been established to provide for consultation and joint decision-making between Ministers representing the National Government and the Premiers of the respective provinces on matters of mutual interest including the RDP. The forum meets on a monthly basis, and will be attended twice a year by the President and the Executive Deputy Presidents. The permanent members of the forum are the provincial Premiers, the Minister of Constitutional Development and Provincial Affairs, the Minister without Portfolio responsible for the RDP, the Minister of Finance and the Minister of Public Service and Administration, assisted by their directors-general.
- 2.2.15 The Intergovernmental Forum is supported by the Intergovernmental Technical Committee, comprising the Directors-General of the Departments of Constitutional Development (as chairperson), State Expenditure, Finance, Office of the Minister without Portfolio, Office of the Public Service Commission and Justice, as well as those of the nine Provincial Administrations. This forum will assist the Intergovernmental Forum on technical matters.
- 2.2.16 A number of Ministerial Forums between national Ministers responsible for Schedule 6 functions and their provincial counterparts have also been established. These forums, which will also be supported by their respective technical committees consisting of senior officials of the provincial and national line function departments, can also play a crucial role with regard to the RDP as their briefs include co-operation on:
- policy and strategy formulation and implementation
 - the co-ordination of legislation
 - the efficient and effective employment of resources
 - the transfer of information
 - national norms and standards governing the performance of these functions.
- 2.2.17 The interaction with the Financial and Fiscal Commission which advises on the fiscal transfers and financial arrangements to support those strategies, and the Commission on Provincial Government, will help ensure that all levels of government are working in harmony to implement the RDP.

2.3 **Resourcing: The RDP Fund**

- 2.3.1 The RDP Fund, established in terms of the RDP Fund Act of 1994, and administered by the Ministry of Finance, is vital for both the reform of the Government and the implementation of the RDP. Allocation of funds is controlled by the Minister without Portfolio. As a crucial tool for change management, its goals are:
- to leverage Government spending and the entire Budget to the new priorities,
 - to encourage institutional reform and public sector restructuring,
 - to redeploy the civil service in line with new priorities,
 - to kick-start the Presidential Projects and launch the long-term programmed,
 - to assist Government in directing expenditure away from consumption spending and towards capital investment,
 - to change the budgeting process.
- 2.3.2 There are several sources for the RDP Fund. First, the fund will initially draw its resources from money appropriated by Parliament for the fund through savings by the departments. In the 1994/95 Budget R2,5 billion was allocated to the RDP Fund. This amount will increase to R5 billion in 1995/96 and will progressively increase to R10 billion in 1997/98 and R12,5 billion thereafter. Future decisions on RDP Fund allocations will be made on the basis of its effectiveness as a tool for RDP implementation. In effect therefore the RDP Fund consists of funds which have been removed from departmental allocations and can be reassigned to them subject to compliance with the new priorities. Priorities will be determined through proper strategic planning by Ministries and Departments.
- 2.3.3 Second, the Government's receipt of international and domestic grant aid will be directed to the fund. The process of democratisation has normalised relationships and now allows access to the broadest possible international financial base. An interdepartmental committee has been established from the Departments of Finance, State Expenditure, Trade and Industry, Foreign Affairs and the Office of the Minister without Portfolio as well as the CEAS to consider the aid offers of donor nations and multilateral agencies. The committee will further investigate and negotiate with donors on the utilisation of aid for the funding of RDP

programmed, with a view to optimizing the use of grant aid and of concessionary finance as part of integrated funding package for each programme.

- 2.3.4 The first major donor conference was held in October 1994 on human resource development. The conference welcomed the establishment of the Interdepartmental Committee on International Development Co-operation (ICIDC) which will liaise with the donor community. It was agreed that aid would be provided within the framework of the RDP. Donors have emphasised the need for co-ordination of aid and for clear priorities from the Government. The Government distinguished between co-ordination and implementation arrangements for development assistance. The arrangements now adopted have been developed in consultation with donors.
- 2.3.5 Similar conferences will be held with donors to facilitate the process of channeling development aid. Careful attention will be given to assessing both the appropriate uses and applications of foreign support and conditions which attach to such funds. Where grant aid is utilised, care will be taken that grants used in RDP programmed are for once-off programmed and do not entail carry-through costs to be accommodated in departments' budgets in ensuing years, unless this has been included in forward planning. Where concessional loans are granted, care will be taken to assess the effective cost given currency fluctuation. It is expected that all Departments and Provinces will liaise with the interdepartmental committee in soliciting aid. In effect, the ICIDC requires that Government to Government aid is utilised subject to the same strict budget procedures as other funding
- 2.3.6 Third, the RDP Fund will benefit from interest earned from the investment of money standing to the credit of the fund.
- 2.3.7 Fourth, the RDP Fund will benefit from proceeds from the sale of state assets. The Government recognises that the location and composition of state assets may not be optimal and has begun an audit to dispose of those assets not relevant to the RDP. Due regard must be taken of section 239 of the Constitution.
- 2.3.8 Fifth, the RDP Fund will draw upon other sources of funds, including revenue from lotteries and gambling. These are potentially huge sources of revenue and a very high percentage of earnings should accrue to the programmed of the RDP.
- 2.3.9 Local Government is in the process of redirecting funds for utilisation within its total area of jurisdiction. The exact value of this redirection is not determinable at present, but over a period of years could represent a substantial amount of financial and human resources.
- 2.3.10 About half of the R5 billion allocated from the RDP Fund for 1995/96 is required for carry-over costs. The remainder of the allocation will be directed into RDP projects which are already being funded as priorities by Department, but which require further bridging finance. Proposals for the allocation will arise from the discussion on reprioritisation of the Budget which will take place with each line department and provincial government.

2.4 Presidential Projects

- 2.4.1 In his State of the Nation Address to Parliament on 24 May 1994, the President set out key programmed which would launch the delivery of the RDP in the first 100 days. The task teams in consultation with national departments and the Provincial Administrations then identified specific projects which could be initiated within the 100 days while at the same time launching the key programmed. The projects chosen conformed with the following criteria:
- high impact on the communities they serve
 - empowerment of these communities
 - economic and political viability and sustainability
 - job creation
 - provision of basic needs
 - training and capacity development
 - affirmative action with respect to gender and race
 - visibility
 - transparency
 - potential to leverage funds from old priorities to new priorities by requiring departments to provide matching funds from their budgets and to carry all recurrent costs. Other than in very exceptional cases, no recurrent costs will be funded
 - some existing capacity to start implementation.

The payment of service charges will be crucial for the funding of recurrent costs. It is recommended that

the Financial and Fiscal Commission gives special attention to the case of local authorities with severe constraints arising from a small tax base and poverty.

- 2.4.2 The projects have been approved by the Cabinet subject to two processes. First, there must be analysis of the carry-over and recurrent costs generated by the project. The Department of State Expenditure has analysed these costs and ensured that they can be accommodated within departmental and provincial budgets. Alternatively, the Minister and accounting officer concerned must undertake in writing that funds will be found in future budgets of the relevant department. Such forward planning will be a prerequisite for all projects funded wholly or partly from the RDP Fund. In addition, projects must be implemented without increasing staffing levels except in authorised exceptional circumstances. These requirements are intended to become standard for government.
- 2.4.3 Second, standard format business plans are being devised for all projects. This is dealt with in more detail later and is intended to become a standard for all programmed of the Government at all levels. The National and Provincial Government will enter into a performance contract with each other and with the local community and all other stakeholders based on the business plan. Such a performance contract will spell out the rights and responsibilities of all stakeholders.
- 2.4.4 The Presidential Projects demonstrate that the RDP Fund is not intended to provide money for a selection of isolated projects. However deserving in themselves, projects will only be funded from the RDP Fund if they have long-term implications for communities, and for the transformation strategy and programmed.
- 2.4.5 **IMPLEMENTATION AND TRANSFORMATION**

An initial misunderstanding amongst government officials, local government employees and communities is to view the RDP as merely a collection of large or small development projects. They therefore expect the relationship between themselves and the Minister without Portfolio and the Minister of Finance to be purely related to funding. As a result, many communities and all Provincial Governments are in the process of drafting their own RDPs with an external funding orientation in mind, whether from the RDP Fund or development aid. Some flexibility will be required because local government structures will not be in place in all areas.

- 2.4.6 While these initiatives are extremely encouraging and creative, the constraints on the RDP Fund will make it impossible to finance from this source alone the vast majority of projects proposed in local and provincial RDPs. Local community RDPs must therefore consider instead the reform of local spending priorities, the re-allocation of resources including staff, the reform of local government practices, increased consultation, transparency and accountability, and improved service quality to all citizens.
- 2.4.7 This transformation focus should also be the major concern of provincial RDPs. As a result, those development projects which are solely funded from external sources — whether from the RDP Fund or development aid — will be the exception. Most RDP-related projects will have to be funded either from existing funds of the Local or Provincial Governments or from the line function departments of the National Government. Some can be funded from the R250 million which has been allocated to the National Public Works Programme (NPWP) from the RDP Fund and the discretionary funds made available to the Provincial Administrations for this purpose from the RDP Fund (in total R1 00 million). Within its constraints, government will look more favorably on community projects.
- 2.4.8 In particular, Provincial and Local Governments should be required to implement efficiency programmed, and to review all existing programmed and projects in the same way as is now expected of the National Government. In spite of this reorientation, it is clear that there will continue to be a huge shortfall in the funds which communities, Local and Provincial Governments, and national government departments regard as essential for their high-priority RDP-related programmed.

2.5 Transformation plans

- 2.5.1 All line function departments and provinces have been asked to prepare a five-year strategy to reorientate their programmed, improve their efficiency and enhance their use of resources consistent with the RDP. President Mandela commented in his 100-days Speech of 18 August 1994:

'In line with the objectives of the RDP, we will, by the end of the year, require clear medium and long-term strategies from all departments and parastatal institutions on mechanisms of shifting their operations to meet the requirements of reconstruction and development.'

Difficult decisions will have to be made, including the closing of programmed, in order to redirect resources and staff to RDP priorities.

- 2.5.2 The President continued, in his speech closing the Presidential Budget Vote debate on 21 August:

'This means a new culture within the Government as a whole, to ensure hands-on management by the Ministers and the Office of the President. Yet we should constantly improve on this, to ensure that we do not allow. . . a sense of unguided drift at any level of Government. . . We [must] ensure constant monitoring and timely interventions where necessary to reorientate all departments to the major national tasks at hand. This includes a system of regular reports from Ministries on the basis of guidelines dictated by reconstruction and development perspectives.'

- 2.5.3 Implementation of transformation strategies is an extremely difficult management exercise. Departments have to situate their strategies within short, medium and long-term goals and priorities. Ministries and institutions will be asked to agree on key performance indicators and reporting procedures to comply with the President's instructions. A systematic business planning exercise for each Ministry, tier of government and parastatal institution will be facilitated where required by the Office of the President. Public enterprises, the private sector and NGOS will also be requested to make expertise available to assist.
- 2.5.4 An Act, to be called the RDP Act, will be tabled in Parliament to set out the procedures which the Government and its agencies will follow in complying with these reporting procedures. In particular, the Budget Review will be linked on a programmatic basis to the annual evaluation of the RDP, and will link RDP categories and programmed to those in the Budget for the purposes of the review and the evaluation. The Government accounts will also be redrawn to allow evaluation of the progress of reconstruction and development.
- 2.5.5 There will be a tendency for inertia when existing programmed of the Government at all levels are reviewed for the purpose of redirecting expenditure and resources. In the planning and budgeting process, it is therefore essential that departments and tiers of government place all programmed on an equal footing in allocating funds, staff and resources. Programmed should not be preferentially funded and staffed purely because they have been previously established. Similarly, a programme should not be prejudiced simply because it is new. It is only if this process of review 'on a level playing-field' takes place that significant redirection of resources can occur. Otherwise, most RDP programmed will remain as 'add-ens'.
- 2.5.6 In order to improve efficiency and effective resource utilisation, programmed must be based on clear business plans. These plans must provide for clear and measurable outputs, and for performance assessment by means of defined indicators. The structure and format of business plans as well as key performance indicators must ensure uniform performance appraisal. Key performance indicators which encapsulate the output from programmed are required to be reported regularly to the Minister responsible for each department.
- 2.5.7 High-level indicators which reflect more general progress of departments and broad programmed will be reported regularly to the President and the Cabinet. An annual evaluation of the RDP will be reported to Parliament, based on indicators which specify the results of all programmed funded from the Budget, with indicators of effectiveness and compliance with stated aims and goals. Indicators will be developed or adapted to allow, among other things, the reporting of issues such as transparency, accountability, affirmative action, accelerated development, empowerment of communities, freedom from fear of crime and repression, recreation, and educational development.
- 2.5.8 An efficient information management system is the key to the maximum utilisation of scarce resources. It is crucial that we develop an information management system that allows Government to effectively communicate and avoid duplication of effort between different Departments and Provinces. This is also a prerequisite for proper governance and performance assessment. Improvement in the statistical base is necessary if we are to collect accurate information on poverty and to ~~measure~~ progress in implementing the undertakings contained in the Constitution, the Bill of Rights and the RDP. To achieve these goals we need to define a common set of data elements, and create a common and a compatible system that is user-friendly.
- 2.5.9 The Office of the Minister without Portfolio will develop a communication strategy on the RDP. The aim of such a strategy will be to effectively communicate the objectives of and progress with implementing the RDP to allow the public to be fully informed and to participate. The communication strategy will seek to inform the nation through the effective use of the mass media and co-operating with existing organisations. The RDP is based on consensus and so depends on effective communication.

2.6 Provincial Government and the RDP

- 2.6.1 South Africa is characterised by uneven development, with extreme poverty in many parts of the country. Basic infrastructure is lacking in poorer areas of most provinces. In all provinces the spatial distribution of resources is extremely uneven. Each province should develop a strategy for implementing the RDP in the context of its particular circumstances.

- 2.6.2 All of the **provinces have established responsibility** for the RDP either in the Office of the Premier or in the Office of the MEC **responsible for economic** affairs. Provincial Administrations and Legislatures have been **encouraged to establish co-ordinating** structures of Members of Executive Committees (MECs) and of members **of the Legislatures, and** interdepartmental task teams **to assist** in the process of provincial and local delivery.
- 2.6.3 In some **provinces**, non-statutory regional economic development forums and the statutory Regional Development Advisory Committees have merged, a process the Minister without Portfolio will encourage in **all** provinces to facilitate formal inputs to Provincial RDP policy-making involving all stakeholders. These new statutory provincial bodies **will be linked** to the new statutory National **Economic, Development and Labour Council** to ensure consistent and coherent national and provincial **policy** formulation.
- 2.6.4 Provincial Governments will
- carry out RDP activities in accordance with their current responsibilities under the Constitution
 - redirect expenditure and resources to the **RDP** priorities
 - introduce the necessary reforms to meet the conditions for RDP implementation and **devolution**
 - consult with local communities on RDP programmed
 - distribute untied funds to local communities in accordance with conditions contained in the RDP contract with the National Government
 - conduct operations in such away as to meet the monitoring and auditing requirements of the National Government.
- 2.6.5 Provincial RDP **co-ordinating** mechanisms will be geared strongly towards developmental planning and delivery. Although individual line function departments and the provinces will have autonomous relationships, it is desirable that overall integrating mechanisms be established. Provincial RDP offices will develop policy advisory capacity, either on a contract basis from other levels of government and **parastatals** or from the private sector, universities, **technikons** and civil society.
- 2.6.6 What is crucial again is that the RDP is not reduced to a collection of projects, but instead becomes an integrated programme of transformation. Some of the challenges Provincial Governments must address are the
- restructuring of the provincial budgets to reflect the priorities of the RDP
 - restructuring of the Public Service at provincial level
 - development of institutional capacity to implement the RDP
 - the engagement of civil society (**labour**, community organisations, business) in a meaningful process to implement the RDP
 - harnessing and unlocking the political and creative energies of our communities to ensure a truly people-driven process.
- 2.6.7 These provincial strategies for implementing the RDP should be presented to the Minister without Portfolio, as well as to the Intergovernmental Forum.
- 2.6.8 in addition, the Constitution requires that allocations to provinces out of the National Government's fiscal resources be equitable and distributed on the basis of Financial and Fiscal Commission formulae. Equity also implies that the cost of service delivery is not excessive. Finally, the National Government requires that audit and monitoring functions be vested also in the appropriate national department or associated structure.
- 2.7 **Local Government and the RDP**
- 2.7.1 The National Government wishes to unlock the political and creative energies of the people and bring the Government closer to the people. Local Government is therefore key. The National Government, together with the Commission on Provincial Affairs and Provincial Governments, will ensure proper co-ordination of the development process, maintenance of standards and coherence of change management strategies. Local government faces critical financial problems and will have to find new financing strategies with the provincial and national government, with due regard to section 158 of the Constitution. An ad hoc committee of Parliament, including the Departments of Finance, Constitutional Development and Provincial Affairs and the Office of the Minister without Portfolio has initiated this process already.
- 2.7.2 In general, local authorities are key institutions for delivering basic services, extending local control, managing local economic development, and redistributing public resources. However, for the first time in South Africa's history, emerging democratic local authorities must work with community-based organisations and NGOS to establish minimum conditions of good governance and to implement effective

development projects.

- 2.7.3 Because the RDP depends on democracy and social stability in local communities, the management of institutional change and the delivery of municipal services must occur simultaneously. Restoring and upgrading services where they have collapsed, and extending services to new areas, are vital preconditions for the continued legitimising of the new local authorities. Improved services must be implemented in a manner which enhances appropriate institutional change within local authorities.
- 2.7.4 The principle of payment for services is fundamental to the implementation of the RDP, with due cognizance given to poverty, administrative constraints and an equitable and fair default procedure. Payments must be related to costs.
- 2.7.5 Local authorities must make sufficient resources available for the extension and upgrading of municipal services, and for capacity-building to permit community-based structures to assist in local planning and implementation of the upgrading. Local Government will need additional sources of revenue for operating, maintenance and subsidy expenses, as well as staff retraining and some new capital expenditure.
- 2.7.6 Additional funding from the RDP Fund will be conditional upon a set of criteria which demonstrate local authorities' good faith in moving to democracy as rapidly as possible. RDP funding will be made available only if amalgamation of different jurisdictions proceeds effectively, if single budgets are adopted for a single municipal area, and if the local government electoral process is under way. The transitional local authority will gain access to increased resources only if it becomes developmental in its orientation, proactive in winning the trust of all local residents, sensitive to issues of affordability, creative about financing, and more efficient in delivery of services. Local authorities must demonstrate that they are already, in the transitional phase, shifting resources (staff, management, equipment, skills), switching their spending priorities, freezing clearly inappropriate projects and engaging in consultation with community groups. Through such means, it will be feasible to build new local institutions which will take the RDP forward.
- 2.7.7 In sum, the establishment of democratic and developmental processes in Local Government is vital. In most rural areas, where the third tier of government does not exist, Provincial Government will be encouraged to initiate a process of building Local Government. This process should be driven by local communities themselves. In addition, where there are interminable delays in implementing the Local Government Transition Act, where interim councils are not being appointed, where boundary disputes are debilitating, and where preparation for the 1995 Local Government Elections is not proceeding effectively, the Provincial Government will use its power to impose solutions.

CHAPTER THREE

THE ECONOMIC POLICY FRAMEWORK

3.1 Introduction

- 3.1.1 The GNU inherited an economy characterised by a number of structural problems. These are fully set out in the Base Document and will not be repeated here. The challenge is to correct those problems and regenerate economic growth and a more equitable distribution of the benefits of such growth. The RDP provides a strategic framework to address these problems. It recognises the simultaneous necessity of meeting basic needs, developing human resources, building the economy and democratizing the State and society. In implementing these programmed, changes are necessary in institutional arrangements as well as in the orientation of policy. Reconstruction and development will be achieved through the leading and enabling role of the State, a thriving private sector and active involvement by all sectors of civil society.
- 3.1.2 The role of the Government and the public sector within the broader economy has to be redefined so that reconstruction and development are facilitated. In a wide range of areas the GNU will take the lead in reforming and addressing structural conditions. In doing so its guidelines will remain the basic people-driven principles of the RDP.
- 3.1.3 Employment creation is the central priority. We have to reverse the low levels of investment and saving and the outward flow of capital to improve the environment for productive investment. In addition the GNU will facilitate labour intensive methods in the public sector through the National Public Works Programme administered by the Department of Public Works.
- 3.1.4 Greater participation in the economy and less concentrated, more racially and gender inclusive ownership patterns are essential. Small, medium and micro enterprises need to play substantially larger part in economic activity. The RDP must address the legacy of inequality is addressed.
- 3.1.5 In the labour market discriminatory practices of the past have distorted collective bargaining and left our workforce with a distorted and inadequate skill base. In both these areas substantial progress has been made in recent years and we will now build on and accelerate these developments.

3.2 Economic policy goals and objectives

- 3.2.1 The Government's central goal for reconstruction and development is to meet the social and economic needs of the people and to create a strong, dynamic and balanced economy which will
- create jobs that are sustainable, and increase the ability of the economy to absorb new job-seekers in both the formal and less formal sectors
 - alleviate the poverty, low wages and extreme inequalities in wages and wealth generated by the apartheid system to meet basic needs, and thus ensure that every South African has a decent living standard and economic security
 - address economic imbalances and structural problems in industry, trade, commerce, mining, agriculture and in the finance and labour markets
 - integrate into the world economy utilising the growing home base in a manner that sustains a viable and efficient domestic manufacturing capacity, and increases the country's potential to export manufactured products
 - address uneven development within the regions of South Africa and between the countries of southern Africa
 - ensure that no one suffers discrimination in hiring, promotion or training on the basis of race or gender
 - develop the human resource capacity of all South Africans so the economy achieves high skills and wages
 - democratise the economy and empower the historically oppressed, particularly the workers and their organisations, by encouraging broader participation in decisions about the economy in both the private and public sector.
- 3.2.2 The RDP will foster a new and constructive relationship between the people, their organisations in civil society, key constituencies such as the trade unions and organised business, the Government, and the workings of the market.
- 3.2.3 The Government can only achieve its economic objectives if it establishes transparent, participatory and accountable policy-making procedures in both the public and private sectors. The Government, the trade

union and civic movements, business associations and other relevant organisations of civil society must co-operate in formulating economic policy. The Government will review the inherited economic departments and agencies to streamline policy-making and implementation, and to define appropriate relationships with interest forums and the various tiers of government. The National Economic, Development and Labour Council will extend and enhance the work of the National Economic Forum as a consultative structure.

- 3.2.4 Economic growth is critical for sustainable improvements in services and incomes. We must shape the expansion of the social and economic infrastructure to stimulate industry and agriculture. These policies must be co-ordinated with the development, on a co-operative basis, of the southern African region as a whole.
- 3.2.5 The Government's economic policies require human resource development on a massive scale. Improved training and education are fundamental to higher employment, the introduction of more advanced technologies, and reduced inequalities. Higher labour productivity will be the result of new attitudes towards work and especially new skills in the context of overall economic reconstruction and development. New and better management skills are urgently required.
- 3.2.6 Basic to the consultative and interactive approach to economic policy are the protection of worker rights and labour standards, and proactive labour market policies. The RDP makes a decisive break with the exploitative cheap labour policies of apartheid and moves toward education, training, skills, a living wage and collective bargaining as the basis for enhanced productivity in the economy.
- 3.2.7 Gender equality is also a major objective of economic policy. Market failure often exacerbates discrimination which already exists within the Government and the wider society, leading to comprehensive conditions of discrimination against women, to artificial notions of 'women's work' and 'men's work'; employment discrimination in public works projects; unpaid labour by women; credit constraints for women with limited collateral; insufficient resource allocation to early child care and education.

In addition to economic discrimination women also suffer under the social consequences of discrimination such as gender discrimination in law enforcement and treatment of offenders; discriminatory treatment on the basis of marital status or pregnancy, and insufficient public health services.

Policy objectives include identifying and addressing gender-biased aspects of government practice and economic management, and in particular increasing training opportunities for women, establishing parental rights, improving credit subsidies and innovative credit schemes ensuring the public provision of child care, and improved opportunities to benefit women.

3.3 An economic policy strategy

- 3.3.1 To these ends, economic policy must specifically address South Africa's problems on the basis of its strengths. The GNU draws on the following basic strategy to achieve its objectives:
- financial and monetary discipline in order to finance the RDP, reprioritise public sector activity, facilitate industrial restructuring and establish fair and equitable user charges
 - the establishment of an economic environment conducive to economic growth
 - trade and industry policies designed to foster a greater outward orientation so as to sustain high employment levels and levels of participation in the economy
 - a modernisation of human resource programmed to meet the challenges of changing production processes
 - a reform of labour market institutions in order to facilitate effective and equitable collective bargaining and the restructuring of employment patterns.
- 3.3.2 The Government has already acted decisively to bring about a structured change in fiscal policy and this will begin to have the desired macro-economic effects. The immediate challenge facing the Government has been the need to finance and staff the RDP without exacerbating the unacceptably high government debt. In particular, consumption expenditure has risen to more than 20 per cent of GDP and interest repayment is absorbing more than 17 percent of the Budget. Increasingly, the market evaluation of such a situation was that the Government could not curb expenditure, **dissaving** would continue, the balance of payments would be adversely affected and inflation would rise. As a result, interest rates rose and increased the government debt burden. In the context of such macro-economic instability, other crucial objectives can be undermined.
- 3.3.3 Therefore, not only has the RDP Fund financed the overall process for taking forward the RDP, but it is also aimed at reducing government expenditure wherever possible. Certain problems faced the Government

in **achieving** this objective in the 1994/95 Budget. These included the additional transition costs and the **incorporation** of debt incurred by the former Transkei-Bophuthatswana-Venda-Ciskei (TBVC) territories. This raised the stock of debt and interest payments that were previously accounted for as **intergovernmental** transfers. For the first time an **overall** National Revenue Fund indicating revenue and expenditure by National and **Regional** Government within **South Africa** was set out, thereby increasing transparency.

- 3.3.4 A substantial **part** of the additional transitional costs was paid for by a once-off levy. Stringent steps are being taken to curb actual expenditure and no additional expenditure is authorised unless it passes the rigorous tests of the Treasury Committee.
- 3.3.5 Guideline figures **for** the 1995/96 Budget have" already been circulated and they again **reflect** no real increase in consumption expenditure. The guideline figures also achieved no real increase in the deficit before borrowing as a percentage of GDP. It should also be borne in mind that in 1995/96 an amount of R5 billion is allocated to the RDP Fund. This effectively imposes lower real expenditure on departments which can be corrected by recourse to the RDP Fund, a process set out in more detail in the next chapter.
- 3.3.6 A process of co-ordinating and identifying all development assistance has been decided upon. This ensures that the Government will not incur further debt through such assistance and that it is utilised in the most effective manner.
- 3.3.7 The requisite fiscal and monetary discipline, and reorganizing the financial relations of National, Provincial and Local Government, will ensure that the public sector's impact on the macro-economy will be positive. The public sector will therefore better utilise its resources; increase capital expenditure and facilitate private sector investment, have relatively more resources for meeting needs, rather than paying interest.
- 3.3.8 In addition, a stable price environment will assist in the restructuring of industry and of collective bargaining structures. Improvements in social wages on a viable basis will also be facilitated by stable prices, therefore an effective user charge system can be developed.
- 3.3.9 A combination of factors therefore demonstrates the Government's commitment to reducing consumption expenditure. These include:
 - forcing the Government to **reprioritise** its expenditure rather than seeking new sources of finance
 - the redirection of consumption expenditure to capital expenditure through the RDP Fund
 - an additional decrease in consumption expenditure in the Public Service by not filling all vacancies created by natural turnover
 - a systematic change management programme linked to performance assessment
 - required forward planning on all projects and programmed
 - the introduction of systematic business plans for all projects and programmed of the Government.

3.4 Economic growth prospects

- 3.4.1 The levels of net domestic saving and net domestic investment have declined to alarmingly low levels. This must be addressed urgently. The first steps began with the election of the GNU and the remarkable political transition the country has experienced.
- 3.4.2 In the previous section of this document, some of the steps the Government has taken to consolidate confidence were set out. However, a number of other policy areas must be addressed to improve the overall environment for investment and saving.
- 3.4.3 In the 1994/95 Budget, corporate taxation was addressed. The lowering of corporate tax combined with the increase on secondary tax on companies favoured reinvestment and growth. There were, however, limits to the extent to which other adjustments could be made, because other major issues such as tax on married women and value-added tax (VAT) on basics were also under consideration. It was decided to refer this to a Tax Commission in order to take a considered, coherent approach to the problem. It must be noted that the lowering of corporate tax by itself will not necessarily promote domestic saving and investment. In particular, programmed to address the ongoing violence and criminal activity should be widely supported.
- 3.4.4 However, the President has indicated that attempts are being made not to increase the general level of tax, wherever possible. What is being considered is the specific composition of the tax system.
- 3.4.5 The fundamental goal of the RDP is an employment-creating, **labour-absorbing** economy which will ultimately lead to full employment. Secondly, redistribution must occur to alleviate poverty in the process of meeting basic needs. The RDP takes the view that neither economic growth by itself or redistribution on its own will resolve the serious crisis in which South Africa finds itself. Therefore, to achieve a successful

economy the Government will adopt an integrated approach to reconstruction and development. This will involve the promotion of a more equitable pattern of growth, an equitable distribution of assets, services and access to markets, and the maintenance of macro-economic stability,

- 3.4.6 In addition to the series of immediate measures undertaken by the Government to begin to address the structural deficiencies in the South African economy, the RDP provides a consistent, coherent framework within which several key economic initiatives — including those involving investment, trade, industrial strategy, competition, small business and labour markets — can be applied simultaneously and in a mutually reinforcing manner. Such an interlinked approach is the only means of overcoming structural barriers to growth, including high unemployment, poor social infrastructure, inequitable income distribution, primary product export dependence and excessive protection. The next sections of this document describe policy initiatives in this spirit.

3.5 Investment policy

- 3.5.1 The Government will make substantial public investments so as to meet the basic needs of all citizens and in particular the disadvantaged. The Government will also encourage private investment in areas not previously explored. A successful growth strategy depends critically on an increase in productive investment from both public and private sources. Public investment in sectors of the economy aimed at alleviating poverty — such as construction and building materials, communication, health and human resource development — would logically also attract private investment once they are developed as more active markets.
- 3.5.2 The Government is committed to creating an enabling environment that will encourage private investment by facilitating efficient markets and by redressing the distortions of the past. The private sector will be encouraged to enhance its competitive edge in producing new product lines that not only serve the domestic market, but also gain access to the international markets.
- 3.5.3 The Government welcomes foreign investment in accordance with its objectives for growth and development. The RDP accepts that the route to attracting foreign investment is by establishing a climate of political stability, economic growth, and transparent, stable and consistent policies. The implementation of the entire RDP is the surest guarantee to attract investment from both domestic and foreign direct investors.
- 3.5.4 The principle of national treatment will apply to foreign investors, who would enjoy the same treatment as domestic investors and would be obliged to abide by South African laws. Subject to regulations administered by the South African Reserve Bank, foreign investors will have access to foreign exchange for the purpose of remitting after-tax profits and debt service, or approved loans, purchasing inputs and repatriating proceeds on the sale of assets.
- 3.5.5 Investment would be attracted into areas which stimulate the long-term competitiveness of the South African economy.

3.6 Industrial policy

- 3.6.1 The objectives of the Government's industrial policy are employment generation, increased investments, improved trade performance and enhanced productivity. Attaining these goals will require a focus on both the restructuring of existing industries and the correct identification of new areas of industrial development, especially in ways which will encourage the adding of maximum value to the country's natural resource endowment. A new approach to industrial policy will require a commitment from the entire nation, including tripartite decision-making which draws contributions from the Government, labour and business.
- 3.6.2 Reconstruction of the economy must be linked to development. In the process, a more dynamic manufacturing sector will emerge as a growing source of productive and well-paid employment opportunities and industrial learning. The present weakness of the manufacturing sector must be judged in terms of the global trend, in which markets for manufactured commodities are growing more rapidly than those for natural resources.
- 3.6.3 Investments that follow the logic of the RDP offer tremendous opportunities for the South African industry. In particular, major investments will be made in electricity, health, housing, education, telecommunications and the information infrastructure, transport, and public works such as roads, water and sanitation. This expenditure will take place primarily in order to provide for basic needs and infrastructure. Manufacturers and service industries will therefore have opportunities to design efficient attractive products and processes, which are appropriate for local conditions and could create important export niches.

3.6.4 In this respect, the RDP provides a challenge to design products and processes which will also have a ready market in areas such as South America, Africa, Eastern Europe, Asia and the Pacific Rim. Already, products designed for community telecommunications facilities and for electrification have proved extremely successful in the export market. The RDP creates a large local market for industry which allows it to design and develop products with a stable home base. This also provides the predictability to allow the extensive restructuring which is needed to make the country's industries more efficient and effective. For instance, the domestic appliance industry expects its local market to increase by millions of new consumers, and is thus restructuring itself and designing new products.

3.6.5 The Government should facilitate the response of industry to this challenge. Rather than undirected incentives, support should be directed at those sectors which can respond to RDP investment and growth areas. This support will take the form, among other things, of the provision of training, research and development, design, technology acquisition and export marketing.

3.6.6 In addition to direct local linkages between manufacturing and the RDP, sectoral policies will be aimed at five objectives which will create sustainable employment and growing industries. First, the Government will aim to extend the international competitive edge of selected industries. Second, light manufacturing subsectors will receive support if they show the potential to emerge from existing protection. Third, the void between primary commodity industries and manufacturing industries will be filled through Government encouragement of forward linkages and minerals beneficiation. Fourth, the Government will support agro-manufacturing sectors which are less capital-intensive and can directly and indirectly create employment. Fifth, the Government will drive industrialisation towards higher value-added activities, and to raise productivity through human resource development, work reorganisation, democratisation of the workplace, and technological development.

Government will promote a greater understanding of the importance of technology in economic growth, assist by identifying the role of technology in beneficiation, increasing productivity, the development of exports, and improving health and safety, and will support the identification and utilisation of technological and design competency.

3.6.7 In the highly concentrated domestic market, the Government will pursue a competition policy designed to reform those market structures that underpin high prices and complacency, and that constitute major entry barriers to small and medium-scale enterprise. Market forces alone will, however, not be sufficient to revitalise the manufacturing sector. Policy and resources will be redirected at strengthening human resources and technological capacities, including those relating to smaller enterprises.

3.6.8 In general, industrial policy-making is a process that relies upon comprehensive commitment by the nation. The Government fully endorses those tripartite processes already contributing to industrial policy formulation. These processes will be strengthened and institutionalised. Similarly, the Government will restructure and refocus those major institutions of industrial policy, including the Board of Tariffs and Trade and the Industrial Development Corporation (IDC), Small Business Development Corporation (SBDC), the SA Bureau of Standards (SABS), the Agriculture Research Council (ARC), Council for Scientific and Industrial Research (CSIR), and other relevant institutions that have hitherto served sectional interests.

3.7 Trade policy

3.7.1 The objective of trade policy reform is to ensure that South Africa's trading patterns contribute as much as possible to the Government's overall RDP objectives, including a broader reconstruction and development of the southern African region. Trade policy reform, including improving productivity and competitiveness, will be integrated into the overall restructuring of the country's economy.

3.7.2 Trade policy must ensure a greater quantity of manufactured exports from South Africa, a process largely dependent upon the application of an effective industrial policy. South Africa will continue to participate in multilateral bodies which regulate trade. Such participation will be characterised by a linkage with other developing economies.

3.7.3 With regard to protection, this would mean continuing the firm commitment to gradual but steady trade liberalisation in all sectors of the economy, as espoused in the GAIT agreement. The Government will nevertheless make use of socially responsible supply-side measures to assist sensitive industries in adapting, in order to overcome the stronger international competition. Such measures include assistance in capacity-building, the retraining of workers, and the enhancement and better utilisation of technology. Anti-dumping measures and other countervailing strategies will also be introduced to protect local manufacturers from unfair foreign trade practices. Other elements of the new trade policy include programmed designed to realise the exporting potential of small and medium-sized enterprises which tend

to be more labour-absorbing. This will assist new enterprises, especially black-owned businesses, in their attempts to enter international markets.

- 3.7.4 Trade policy and foreign policy need to be integrated and seen as part of a broader strategy to strengthen South-South relations, to democratise international institutions, and thereby to ensure a better deal for developing countries. South Africa will seek new trade relationships with countries and regional associations which can be important partners in this process. The extension of the Generalised System of Preferences to South Africa by several countries and the Most Favoured Nation trade agreement with India, bode well for local exports.

3.8 Competition policy

- 3.8.1 The South African economy must be opened to greater ownership participation by a greater number of its people. The Government will introduce strict anti-trust legislation to create a more competitive and dynamic business environment. The central objectives of such legislation are systematically to discourage the system of pyramids where it leads to over-concentration of economic power and interlocking directorships; to abolish numerous anti-competitive practices such as market domination and abuse, and to prevent the exploitation of consumers. Existing government institutions and regulations concerned with competition policy will be reviewed in accordance with the new anti-trust policy. The Government will establish a commission to review the structure of control and competition in the economy, and develop efficient and democratic solutions. To that end, it will consider changes in regulation in addition to anti-trust measures.
- 3.8.2 Objectives of this policy are to remove or reduce the distorting effects of excessive economic concentration, collusive practices, and the abuse of economic power by enterprises in a dominant position. In addition, the policy will ensure that participation of efficient small and medium-sized enterprises in the economy is not jeopardised by anti-competitive structures and conduct.
- 3.8.3 The Government will also seek to increase the competitive nature of domestic markets and to influence the behaviour of the lead participants in highly concentrated markets in a socially desirable manner which does not prejudice the interests of workers. The Government will identify practices that restrict entry of efficient and competitive new businesses into certain industries. The Competition Board will be restructured and strengthened.

3.9 Monetary and financial policy

- 3.9.1 The Constitution asserts the need for the independence of the South African Reserve Bank, so as to ensure that it is insulated from partisan interference and is accountable to the broader goals of reconstruction and development. The main functions of the Reserve Bank are to maintain the value of the currency, to keep inflation relatively low, and to ensure the safety and soundness of the financial system.
- 3.9.2 The Government will support innovative financial institutions and instruments which promote domestic savings and extend financial services to those who do not have adequate access to these services. In particular, financing for housing and for small and medium-sized enterprises will be mobilised. The Government will discourage financial institutions from discriminating on the grounds of race and gender.

3.10 Small and medium-sized enterprises

- 3.10.1 In line with the objectives of economic policy, growth in employment can be enhanced through government support to small and medium-sized enterprises. The institutional framework of support for such enterprises will be fundamentally restructured. The Government will determine appropriate support policies which will be both focused and **sectorally** differentiated. Such a policy should not be based on hand-outs. Support to this sector will best be decided by the Government, the private sector and NGOS acting in concert.
- 3.10.2 The key areas of support to small and medium-sized enterprises will include
- access to advice
 - favorable amendments to legislative and regulatory conditions
 - access to marketing and procurement
 - access to finance
 - access to infrastructure and premises
 - access to training
 - access to appropriate technology
 - encouragement of **interfirm** linkages.
- 3.10.3 Women, in particular, are involved in micro-enterprises which will receive increased government

assistance. Discussion is needed on the problems of credit and venture capital, access to finance for research and development, simplification (not elimination) of the regulatory environment and improved competition policy. Non-traditional enterprises which allow women to develop, especially in the rural areas, will be encouraged. These include *stokvels*, informal producer co-operatives, electricity and water co-operatives.

- 3.10.4 In recognizing the value of this sector in the generation of new employment and competitiveness, the Government will endeavour to bring small and medium-enterprises into the regulatory framework for labour standards.
- 3.10.5 The Government and especially public enterprises will facilitate the entry of entrepreneurs into opportunities which arise from the RDP investments. These include especially the sale, installation and servicing of domestic appliances and wiring, construction, and related manufacturing and service activities such as software. The Government will encourage entrepreneurs to move into the manufacturing sector, since the restriction of small and medium enterprises to retailing and distribution will severely inhibit the growth and viability of this sector. The Government will therefore encourage entrepreneurs to seek technical training and joint ventures with the formal sector.

3.11 Labour market and human resource development

- 3.11.1 The South African labour market is characterised by high unemployment, deep divisions and a poorly developed and extremely distorted skills profile. The need for an active labour market policy is all the more urgent in the context of South Africa's entry into the world market where effective competition demands high productivity and quality. An active labour market policy must be geared to maximizing quality employment and minimizing unemployment and underemployment, and while doing so improve efficiency, equity, growth and social justice. Government has undertaken to implement various programmed and policies aimed at improving labour market functioning.
- 3.11.2 A coherent human resource development policy will be developed to focus on skill acquisition and adult basic education for the incumbent workforce and those who have been deprived of basic schooling. Measures will be implemented to provide an integrated approach to education and training with emphasis on the demand for specific skills in the labour market. The link between education and training will be facilitated through a National Qualifications Framework and a South African Qualification Authority. Measures to facilitate equal access of men and women to training and education at all levels will be implemented.
- 3.11.3 A coherent vocational (career) guidance counseling policy is to be formulated. This would entail among others, the improvement of placement services, labour market information and career guidance.
- 3.11.4 As a fully fledged member of the International Labour Organisation the South African government and its social partners have committed themselves to uphold and promote basic labour standards which are all the more relevant within the context of a rapidly changing global economy. To this end the Ministry of Labour has undertaken to submit to Parliament for ratification the following ILO Conventions: No 87 on Freedom of Association; No 98 on Collective Bargaining; No 111 on Discrimination and No 3 on Forced Labour.
- 3.11.5 Occupational Health and Safety competencies will be restructured to provide uniformity and coherence within the context of a national policy and strategy to reduce occupational accidents and diseases. South Africa has no overall national policy or strategy on occupational health and safety; there is no consistent legislative structure, no uniform method of reporting accidents and disease and no statistics that reflect the full extent of the loss of life and health caused at the workplace. Achieving the RDP's ideals will require a reconsideration of occupational health and safety legislation and the structure and policies of the government agencies responsible for enforcing that legislation and setting safety standards.
- 3.11.6 The Wage Board will be restructured to make it more representative and to extend its scope of activities. The Wage Board currently regulates minimum wages in areas where workers and/or employers are not organised and where conditions of employment are not regulated through collective bargaining. An additional function of the Wage Board would be to enhance or promote the establishment of collective bargaining institutions in those industries where they do not exist.
- 3.11.7 An in-depth investigation into the Unemployment Insurance Fund will make proposals to government on addressing the immediate shortcomings of the Fund and on the longer term objective of developing a national policy on unemployment coverage for all workers.
- 3.11.8 In furthering our commitment to tripartism government will seek to assist in the development of organs of

civil society which will play a fundamental role in tripartite bodies. To this end, financial assistance will be rendered to support permanent institutions such as workers colleges, to teach all aspects of the functioning of the labour market and the economy.

- 3.11.9 The institutions which have been instrumental in formulating and implementing labour market policy, the National Manpower Commission and the National Economic Forum will be transformed into a single statutory body, the National Economic Development and Labour Council (NEDLAC). The main aim of NEDLAC is to address economic, labour and development issues particularly with respect to the implementation of the Reconstruction and Development Programme (RDP). Through such a body the three parties, i.e. business, labour and government, as well as those involved in developmental issues will strive to jointly promote the goals of economic growth, participation and social equity in South Africa.
- 3.11.10 The Department of Labour is committed to ensuring that it becomes more representative of society, efficient in the delivery of services and play a proactive role in the formulation, support and implementation of labour market policy.
- 3.11.11 In addition to the above, government will implement certain fundamental legislative changes aimed at improving collective bargaining and labour "market functioning as well as giving effect to particular constitutional requirements.
- 3.11.12 A single labour dispensation will be created in South Africa by repealing the labour laws of the former TBVC and self-governing territories and the extension of the RSA Labour Relations Act to those territories.
- 3.11.13 A new Labour Relations Act will be drafted, covering all sectors of the economy. Provision will be made in the new LRA for, among others, the accreditation of independent agencies which provide services to assist in conciliation and mediation of industrial disputes; a framework for more rational and articulated collective bargaining institutions at national, industry and plant levels; a simpler and more expeditious procedure for access to the Industrial Court and the Labour Appeal Court.

Details of the programmed and policies to be implemented by the Department of Labour will be contained in the Ministry of Labour's five-year plan.

3.12 Welfare

- 3.12.1 South Africa has inherited a fragmented and inequitable welfare system which requires restructuring. For strategic state intervention to reach the most vulnerable groups and eradicate present gaps, for welfare to empower the community and foster community care, and for service delivery to be equitable, a transparent and consultative approach will be necessary. Co-ordination of programmed alleviating the needs of people living in poverty and marginalised circumstances will be essential to maximise individual potential and minimise the extent of dependency on the State.
- 3.12.2 A management plan for a tailor-made social security net should be developed to enhance the psycho-social, economic and physical well-being of all citizens, with special emphasis on those financially and otherwise disadvantaged. Access to modern and effective welfare services should also include services rendered by the various social welfare agencies.
- 3.12.3 It is unfortunately true that many communities and families depend almost entirely on the cash from social grants. Even though there has been a high level of dependency upon these services, many who are entitled to social grants do not receive them. Old people in rural areas and the mentally ill are particularly vulnerable in this respect.
- 3.12.4 Technology and the creativity of local and provincial authorities will be harnessed to ensure that social grants are delivered where people live, in order to eliminate excessive travel and long waiting periods. The Government will act decisively against corruption in the welfare system through a system of audit trails.
- 3.12.5 The efficiency of delivery of welfare to all who have an entitlement will be improved. Existing welfare services and facilities should be enhanced, maintained and be made accessible to all the people of South Africa.
- 3.12.6 Part of the reconstruction of the welfare system involves services for children. The NGO sector and UNICEF have played a critical role in sustaining services in the past and they will provide an important base for future improvement. The Government will ratify the United Nations Convention on the Rights of the Child and is committed to implementing the terms of the Convention in a National Programme of Action for Children (NPA). The RDP and National Children's Rights Committee will co-ordinate action between Government and the NGO sector in setting guidelines for action.

- 3.12.7 The Government will consult with civil society to enhance government's ability to target subsidies for welfare programmed. This is especially important to ensure that tariffs for services— which in general must be cost-related for sustainability — are also made affordable for those with limited incomes.

3.13 Science and technology policy

- 3.13.1 Science and technology have served the interests of the minority and the political goals of apartheid. This sector must confront the following problems:
- fragmentation and poor management of the science and technology system
 - lack of co-ordination between science councils, government, tertiary institutions and industry
 - lack of an effective consultative process in determining national priorities
 - skewed allocation of funds.
- 3.13.2 Science and technology have an important role to play in the development of all sectors of our society. South Africa's economy is characterised by extremely unequal distribution of resources. Therefore, technology policy must address this duality, and must also address the development of both indigenous and exogenous science and technology, in order to meet the challenges of South Africa's people.
- 3.13.3 The public sector, in partnership with the private sector, has an indispensable role to play in technology development.
- 3.13.4 The Government will implement a programme to prioritise key performance areas; identify legislation requiring amendment to achieve the integration of the science councils through a process of discussion with the relevant ministries and stakeholders, and establish linkages between the scientific and technical priorities and RDP objectives.
- 3.13.5 Institutional changes will be introduced to ensure
- the representivity of all scientific boards
 - the integration of all scientific councils through appropriate enabling legislation
 - co-ordination between the science and technology Ministry and other Ministries. To this end the cabinet decided to setup a special cabinet committee on science and technology.
- 3.13.6 A national campaign for scientific and technological education and training is essential, together with measures aimed at improving the status of technical and technological careers.

3.14 Tourism

The case for accelerated development in the tourism industry is strong. The national endowment of the country offers important opportunities for investment. The foreign exchange earnings of tourism are already significant and must grow. Ecologically sound development practices with improved economic opportunities for local communities offer important models for rural development. Government will consult with public and private sector interests in the tourism industry as well as with community stakeholders to establish the most productive patterns of development in the industry.

3.15 Corruption

Legislation is currently before Parliament which will introduce a Public Protector to give the public recourse to deal with corruption and maladministration. Years of unrepresentative governments have left a legacy of secrecy and greed. The Government in its own activities and structures as well as through legislation will seek to promote transparency and accountability and the development of individual and social integrity. The Government is committed to the exposure and punishment of corruption wherever it occurs.

3.16 Public enterprises

These play a major role in the economy. They are being made to be highly efficient; this process should continue. Effective use of these major public resources to provide cheap and efficient services and to lead in human resource development, accelerated development programmed and other innovations will be of major benefit to the economy.

The Government is presently doing an audit of all State assets. The Government is fully committed to providing basic services to its citizens and remaining involved in certain strategic areas of the economy. However, under the skewed policies of apartheid the Government inherited a range of assets that could

now be sold to release resources for the implementation of the RDP. There needs to be a considered debate on this issue with proper consultation with all relevant stakeholders in South Africa through appropriate structures,

CHAPTER FOUR

FISCAL POLICY AND THE BUDGET

4.1 Introduction

4.1.1 Who will pay for the RDP? Understandably, this is the first question asked about the implementation of the RDP. Key points concerning the financing of the RDP can be made:

- most of the expenditure on the RDP is not in fact new
- rather it is the better organisation and rationalisation of existing structures that will unlock resources.
- the Government — at all levels — will improve the capacity of the financial sector to mobilise more resources and to direct these to activities set out in the RDP.
- the Government will ensure that some public utilities, such as electrification and telecommunications, are self-financing.
- improved and reformed tax systems will collect more tax without having to raise tax levels (as the RDP succeeds, more taxpayers will be able to contribute to government revenues).
- new funds will be raised from a number of sources, such as donor aid, interest on investments, and sales of certain State assets.

4.1.2 The deficit has reached disturbingly high levels in recent years and any future borrowing strategy will be based on caution, particularly with respect to foreign loans. The Government is committed to the progressive reduction of the overall deficit. The Government's commitment to maintaining fiscal discipline is a tool to ensure sustainability of the RDP in the medium to long-term. Excessive government deficits will result in higher inflation, higher real interest rates, balance of payments problems and lower economic growth, thereby undermining the RDP. Given the inherited pressure on balance of payments, the impact of such deficits becomes more immediate, reducing the flexibility to redirect expenditure to priority areas. The Government's borrowing strategy will consciously avoid taking on debt for development projects that do not generate short-term cash-flows. Borrowing will be increased and rationalised for projects (such as housing, electrification, water, among others) for which full or partial cost-recovery can be generated. The Government intends to ensure the effective management of resources, achieve rapid improvements in the quality of services, and redistribute and redirect government spending in line with the new priorities of the RDP.

4.2 The budgetary process

4.2.1 The budgetary process will be transparent in a manner consistent with RDP commitments to transparency and a people-centred society. Local, provincial and national RDP structures, including representatives of civil society, will be invited to examine the budgetary process and to make recommendations on spending shifts, inefficiency, waste and corruption. Certain changes are envisaged which will enhance this process.

4.2.2 At present the Budget is drawn upon an incremental basis. Allocations to the different national line function departments are decided on the basis of what the allocations were in the previous year. The Government will introduce a zero-base budgetary process, by which national line function departments, provinces and other institutions of government will motivate their programmed, and on this basis determine their budgetary requirements. In addition, the Government will introduce a multi-year budgeting process, by which budgets are drawn up for a period of three years on the basis of ongoing programmed. Line function departments will participate in the Function Committee which determines the budgetary allocations for a particular function. The relevant Parliamentary Standing Committees are entitled to be represented on Function Committees.

4.2.3 There are particular aspects of the Budget process during the transitional period which have implications for the RDP, particularly at provincial level. For the 1995/96 financial year, the Budget cycle began in November 1993. Inputs based on old structures were received by the Department of State Expenditure in April 1994. Guideline allocations for 1995/96 were therefore presented to the Cabinet in August 1994. Provincial Government ultimately gains access to the budgets of the former TBVC territories, former self-governing territories, and former Provincial Administrations.

4.2.4 New Provincial Administrations will compile draft estimates according to guideline allocations during October 1994. When the Cabinet approves final allocations for 1995/96, departments of the National Government will then divide the funds for those Schedule 6 functions that potentially will be claimed by the Provincial Governments. The final allocations for 1995/96 will therefore include all potential Provincial

Government functions and services. Although provincial government funding systems will not be fully developed before April 1995, the total allocations to Provincial Governments will nevertheless be voted as both conditional and unconditional transfers. Provincial Administrations will have to compile their own estimates for presentation to their legislative bodies and citizenry. Provincial Administrations will also have limited powers to adopt their own tax policies.

- 4.2.5 The President has announced a programme of 'belt tightening' aimed at releasing public sector resources to fund redistribution and economic growth. A key element of this process is the redirection of expenditure priorities in budgets of all levels of government and of **parastatal** institutions.

The RDP is not an 'add on' programme and must therefore be funded from the Budget. Additional resources will be obtained from international donor assistance. The restructuring of the development finance institutions and the co-ordination of all concessionary finance by the Interdepartmental Committee on International Development Co-operation are aimed primarily at ensuring that all funding of programmed and projects are properly costed forward and are accommodated in the budgets of the agencies responsible for the administration and maintenance of these programmed and projects.

In order to move to a multi-year budget with zero-base budgeting, the following procedure has been agreed by the cabinet:

Broadening of the Budget committee of the Department of the State Expenditure to include representatives of the Office of the Minister without Portfolio and of Members of Parliament.

A task group from the Departments of State Expenditure and of Finance, the Office of the Minister without Portfolio and the Central Economic Advisory Services will meet departments to analyse the programmed which constitute the activities of each department and Provincial Governments. They will assist each department and province to redirect expenditure to new priorities. The results will be included in an adjustment to the Budget to be published in February 1995.

The task group will continue with a long-term analysis from January to July 1995. Departments and provinces will be asked to identify long-term goals and the programmed to achieve the goals. The programmed will then be costed and recommendations made to Cabinet for allocation to priority programmed. It is likely that the Cabinet will have to make hard decisions, including the cutting of programmed, in order to be able to redirect funds to socio-economic areas and to stimulate economic growth.

It is intended that this will lay the foundation for the 1996/97 budget to be a major step towards multi-year, zero-base budget.

Departments will be encouraged as part of the process to establish key performance indicators and clear monitoring procedures and business plans. Staffing plans will be required as part of the reprioritisation.

4.3 Taxation

- 4.3.1 A Tax Commission has been appointed to advise the Minister of Finance. The South African tax system will be reviewed to ensure that it supports and facilitates the aims of the RDP, in particular equity and efficiency. The general level of tax (as a proportion of GDP) is comparable with international standards. However, over the past decade the burden of tax has moved from corporations to individuals, primarily on the income group R20000-R80 000 per year, who now pay 70 per cent of all personal tax. This group consists mainly of wage earners and those with private sector pensions. In addition, regressive forms of taxation include unequal treatment of married women and excessive indirect taxation.
- 4.3.2 Support will be given to the Commissioner of Inland Revenue to increase the efficiency of collection, and to crack down on evasion and leakage. All tax incentives and exemptions should be listed and a cost-benefit analysis carried out. Incentives that comply with the Government's development, industrial, " investment, human resource development, and social policies should be subject to cost-benefit analysis and an explicit political decision should then be taken on each. All other incentives should be terminated. Additional tax collected should as far as possible not be directed to consumption expenditure.

4.4 Intergovernmental fiscal relations

- 4.4.1 An important challenge facing the Government is the establishment of the new Provincial Administrations. In particular, it must ensure effective control over current expenditure during the transition and establish a more viable intergovernmental fiscal relationship.
- 4.4.2 With regard to the former issue, the National Government's approach has been to assist provinces with

administering financial flows through the previous structures, whilst allowing the new Provincial Administrations to be established unencumbered by the financial problems of those previous structures. This has required continuous interaction and the rapid identification of problem areas and their correction.

4.4.3 The previous complex government structure, and the de jure independence of the TBVC states, led to a complex and unsatisfactory intergovernmental financial situation. It was possible for self-governing territories and the TBVC states to incur debt and deficits that eventually fell to the National Government. This was the basis for ad hoc transfers and an increasing loss of control.

4.4.4 The 1993 Constitution corrects this state of affairs by

- establishing a revenue-sharing principle
- establishing a stable, transparent and more objective system of intergovernmental grants
- establishing the revenue sources of all levels of government
- regulating borrowing and guarantees by different levels of government.

4.4.5 The Financial and Fiscal Commission will begin to translate these principles into more detailed, concrete recommendations which will result in a major structural reorganisation of intergovernmental fiscal relations. Closer co-operation must be built up between the Financial and Fiscal Commission, the Commission on Provincial Affairs, the Public Service Commission, and the RDP Core Committee to achieve a coherent strategy for fiscal relations which enhances the RDP.

CHAPTER FIVE

PUBLIC SECTOR RESTRUCTURING

5.1 Introduction

- 5.1.1 The RDP aims to rebuild a Public Service which is the servant of the people: accessible, transparent, accountable, efficient, free of corruption and providing an excellent quality of service. All departments will undertake reviews in order to discontinue policies, programmes or projects that act against the spirit of the RDP and the Constitution. Public employees will be redeployed in terms of RDP programmes, as new staffing plans are submitted to correspond to the RDP's programme.
- 5.1.2 The Government at all levels will take steps to reduce consumption expenditure while increasing capital expenditure. As a result of past policies, about 60 per cent of consumption expenditure is for remuneration. Initially, the Government will keep the size of the Public Service constant (or at worst growth will be contained to one per cent in 1994/95), but without compromising affirmative action goals. At present, the rate of turnover of employees is about eight per cent per annum. It is the intention of the Government not to recruit new employees for all positions that become vacant. It is anticipated that only about five per cent of vacancies should be filled. To achieve this Government will have to redetermine priorities in respect of functions and redeploy posts and personnel.
- 5.1.3 The problem of disparity and the need for affirmative action must be dealt with urgently and holistically. The existing remuneration and personnel systems must be revised and modernised into simple systems, particularly simplified grading and remuneration systems, which allow for clear career paths and lifetime training. The ending of disparities should then be carried out and linked to the improvement of efficiency, especially at management levels, and improved allocation of resources.

5.2 Affirmative Action: creating a broadly representative Public Service

- 5.2.1 The GNU aims not only to address disparities created by apartheid, but also to establish a proactive programme which will serve to eradicate racism, gender inequality and other forms of inequality. Such a programme will be implemented within the framework of the Constitution and the need to empower the disadvantaged communities. The Public Service that develops should be broadly representative of the South African community. All levels of government will be expected to implement this policy. While it is the duty of the State to create a representative Public Service, implementation will be effected in co-operation with the employee organisation representatives within the public sector. This will require fair and equitable conditions of employment to regulate conduct at the workplace.
- 5.2.2 Special programmes based on accelerated development and on a review of the criteria for recruitment and promotion will be designed to address the under-representation of specific categories of persons at different levels of the Public Service. This process will be supplemented by the promotion of the Public Service as a career amongst the under-represented groups.
- 5.2.3 All employee organisations in the Public Service have expressed strong support for these Constitutional demands. Affirmative action will only be effective if the present rules governing qualifications for positions and for salary notches are reviewed. The present rules, which require formal qualifications and penalise applicants who have not previously had access to the Public Service, have the effect of perpetuating discrimination. The measures pertaining to personnel practices and salary recognition, will have to be reviewed to accommodate those who have not had access to the Public Service. There are at present very many capable women in the Public Service. Very few are in senior positions. Their positions must be addressed by means of special programmes and a review of previous promotion practices.
- 5.2.4 An all-embracing, integrated framework for affirmative action is also being established to assist both public and private sector organisations. This approach will extend beyond employment opportunities, into many other aspects of socio-economic life, including geographical inequalities.

5.3 The RDP Fund and public sector restructuring

- 5.3.1 The RDP Fund aims to reorientate the budgets of all departments and institutions of the State to the new priorities of the RDP. Departments will negotiate with the RDP Office for funding of programmes and projects. This will require an assessment of their capacity to absorb new recurrent costs associated with these programmes. In general, the total staff complements in departments will not be adjusted upwards.

Therefore, departments will redeploy personnel to meet the staffing requirements of RDP programmed. A continuous process to evaluate the need for every post is required, and posts which are not consistent with the new priorities should be removed.

5.4 Rationalisation in the Public Service

- 5.4.1 The rationalisation of the Public Service should reflect a unified country. The fragmentation of the Public Service into racial entities, and the many occupational categories, continued to create disparities which conflict with the Constitution and the realisation of the RDP. Cost-effective departments at national and provincial levels of government are required to serve the government of the day and the people of South Africa effectively. The provision of uniform service dispensations for the entire Public Service in terms of salaries and benefits is therefore necessary.

5.5 Revision of existing legislation and regulations

- 5.5.1 The Public Service Act of 1994 brought the 11 different administrations under one fold and established 27 national departments. Moreover, the 1994 Public Service Labour Relations Act merely consolidated the existing arrangements and the Act needs to be reviewed in order to amend it according to existing needs. The establishment of a unified Public Service Labour Relations Act or a unified Labour Relations Act must be investigated specifically.
- 5.5.2 Public Service Regulations and the Public Service Staff Code set the terms and conditions of service. However, the 1994 revisions still contain anomalies between different categories of personnel which must be rationalised.
- 5.5.3 The Public Service Commission Act is being considered for revision. During this process the Public Service Commission's relationship to the Public Protector and the Minister for the Public Service and Administration, as well as the Commission's general position within the system of Public Administration will have to be assessed anew. Provinces are being encouraged to establish Public Service Commissions, which will be important vehicles in the rationalisation of administration. However, collective bargaining and the setting of conditions of employment will remain subject to national ratification. A mechanism will be created whereby the national Public Service Commission can meet provincial commissions in order to harmonise the establishment of a coherent, restructured Public Service.

5.6 The Public Service Training Institute

- 5.6.1 The training and retraining of public sector employees is central in the transformation process. The Public Service Commission is restructuring the Training Institute, focusing on research and development, training and international comparative programmed. Modules will be developed to meet the needs of both the Public Service and the wider society. Critical to this will be the introduction of educational programmed in project management, and the introduction of administrative and human rights law issues, to enhance RDP implementation and management. This will entail widening the availability of Institute training facilities to extend into civil society, and also extending the skills taught so that they become transferable between the Government and civil society. Accreditation of Institute training programmed will occur within the context of the National Qualifications Framework.
- 5.6.2 The Training Board for Local Government Bodies has an equally important role to play in respect of the training and retraining of local government personnel and councillors.
- 5.6.3 It is important that there be co-operation between national and provincial governments on training, to avoid unnecessary, duplicated expenditure on consultants to conduct civil service training at provincial level.

5.7 Productivity gains

- 5.7.1 Substantial productivity gains envisaged will be achieved through the introduction of a system of performance measurement of programmed. The employee organisations in the Public Service will be consulted upon a range of performance enhancing methods such as work reorganisation, more efficient work practices, simplification of reporting structures, removal of duplication and greater use of modern technology. Each department will be required to prepare a report on the productivity gains that can be made, to be submitted to the Office of the Public Service Commission.

5.8 Freedom of information

- 5.8.1 The Constitution guarantees the right to information, which is a major departure from past practice. Precise

guidelines are therefore required and the Government is currently drafting a bill on freedom of information which will be presented to parliament for debate in the near future.

5.8.2 Information will be available unless there is a good reason to withhold it.

5.8.3 Information collected by government departments is generally fragmented and not adequate for adequate performance assessment and monitoring, nor for effective integrated planning. The Government's information management is currently under review.

5.9 **Industrial relations**

5.9.1 Sound industrial relations require strong employee organisations that have the confidence of their members. The Government will promote the extension of basic trade union rights to all its employees. Procedures will be negotiated to enhance workplace democracy and collective bargaining.

CHAPTER SIX

CONSULTATIVE PLANNING FRAMEWORKS

6.1 Introduction

- 6.1.1 In order to align public sector programmed with the goals of the RDP, the Government will develop a ten-year vision embodied in a National Strategic Framework. A major strength of the RDP is that it promotes integrated development. Effective implementation therefore requires greater co-ordination in economic, physical and social planning, both within the Government and with key role-players outside the Government.
- 6.1.2 In order to ensure broad alignment of all public sector programmed with the goals of the RDP, an effective strategic and business planning process must be established. There are dangers inherent in producing inflexible long-term plans. The National Government must however provide a medium-term framework to guide annual planning and budgetary processes. It is essential that this planning process regularly reviews and revises the goals and priorities of the RDP.

6.2 National strategic framework for the RDP and the Budget

- 6.2.1 In order to guide the development of a multi-year budget and strategic programmed, government will co-ordinate the development of a national strategic framework. This will set out a long-term vision, which includes goals and critical success factors, macro-economic and expenditure guidelines, and priority focus areas.

The framework will set parameters on what must be done, define intergovernmental relationships, and set guidelines for the utilisation of government resources.

Government at all levels will follow a strategic planning cycle:

- national strategic priorities will be agreed upon through a consultative process
- national strategic priorities will guide the production of all public sector business plans
- monitoring mechanisms will be established.

Using these national strategic priorities as a framework, a national action plan will be drawn up by combining the business plans of the national departments, the provinces, the parastatals and local government. The views of civil society, through forums such as the NEDLAC, will be taken into account.

- 6.2.2 A full consultative process both inside and outside the Government will be used to ensure that the views of all sectors of society are taken into account in setting the strategic framework. Drafting of this framework will be co-ordinated through the Minister without Portfolio, in close liaison with the Departments of Finance and State Expenditure.
- 6.2.3 The National Strategic Framework will be tabled in Parliament and will be revised annually to correct weaknesses in the implementation of the RDP or changes in circumstances. Priority focus areas for the annual planning and budgetary process will include sectoral priorities, geographic priorities in consultation with the Financial and Fiscal Commission, gender and demographic priorities, and institutional and organisational priorities, in order to correct any gaps which are identified in the annual monitoring process.

6.3 Business planning process

- 6.3.1 Government at all levels will move to a multi-year Budget which uses zero-base budgeting methods. That is, the Budget will be based on programmed which are necessary to achieve the goals set out in the RDP and the National Strategic Framework. Government will move away from the system where amounts are allocated in the Budget based mainly on what was allocated in the previous Budget.

The multi-year Budget will be derived from the long-term national action plan. A three-year rolling action plan and budget, reviewed annually, will probably be most practical and flexible.

- 6.3.2 The terms of the Constitution provide for development planning to fall within the competency of the Provincial Governments. Provinces will therefore have to work out a rolling, three-year programme and an annual business and spatial plan. The plan must cover all functions within the constitutional competence of provinces and local authorities. To ensure that national standards and priorities, especially for equitable delivery across the country, are taken into account, line function departments will be responsible for
-

reaching agreement with provinces on overall targets in each sector and the division of these targets between provinces.

6.3.3 In order to be consistent with the national framework it is recommended that the Provincial action plans should comprise an analysis of

- the external environment and development context
- development strategies and sectoral policies
- provincial priorities and delivery targets
- budgets and funding mechanisms
- responsibilities allocated to provincial/metro/local authorities
- the impact of proposed strategies on other provinces.

6.3.4 Provincial plans should

- be compatible with provincial fiscal capacity
- be consistent with national minimum standards for service provision
- be guided by national development strategies
- support local, district and metro action plans and be developed in consultation with local authorities.

6.3.5 Local government constitutes the most concrete level of planning. Annual action plans will be formally prepared for each local and district/metro area in terms of an amended Physical Planning Act, which will be broadened to include all facets of integrated development.

6.3.6 With respect to annual departmental and parastatal planning, the National Strategic Framework will provide broad guidelines. Business plans will

- comprise a rolling three-year programme
- clarify funding strategies, fiscal flows and audit trails
- establish key performance indicators for monitoring progress.

6.3.7 Performance assessment will be applied to all programmed of Government and its institutions at all levels to ensure efficiency, effectiveness and development of RDP priority areas. All branches of government will be required to compile business plans for all their activities and each business plan will be required to include key performance indicators and the methods for measuring and reporting them.

Non-traditional indicators such as community empowerment and consultation, affirmative action, training and transparency will be included.

Managers will be expected to develop key performance indicators to provide the necessary management information. The Minister without Portfolio will negotiate high-level key performance indicators for each department and province based on its goals and the goals of the RDP, and will report progress on the RDP to Cabinet and Parliament based on these indicators.

6.3.8 Statistical indicators — including appropriate modifications of the United Nations Development Programmers Human Development index (HDI) — will be measured and reported regularly. The aim is to be able to measure progress towards achieving the goals and commitments set out in the Constitution, the Bill of Rights and the RDP. Many of these things, such as peace and security or the ability to participate in and enjoy arts and culture, will require the development of new indices. The CSS, acting together with the Human Sciences Research Council (HSRC), will be directed to develop an HDI for South Africa. Whereas many indicators are still to be developed, a higher profile will accompany concrete goals and upgrading of existing measures for factors such as child mortality, reduction in epidemics, rates of adult literacy, provision of low-income housing, employment equity in both public and private sectors, incidents of family violence, provision of child care services and the provision of infrastructure, among other things.

6.3.9 Projects which are wholly or partly funded from the RDP Fund will have to comply with strict controls. An implementing agency (a line department of the Government, a province, a Local Authority, a development agency) must be appointed and it must appoint a Project Manager. Each project will require a business plan which conforms to a standardised format. The business plan must set out agreed key performance indicators. Procedures have been established to facilitate the drawing up of business plans in order to avoid delaying projects. Assistance with human resource and capacity development will be co-ordinated from central and provincial government level and will utilise a network formed by existing educational and technical institutions. These procedures drawn up for the RDP projects will be amended if experience shows the need to do so and will then be required for all programmed of government.

The RDP Project Steering Committee reporting to the Special Cabinet Committee on the RDP has been established to co-ordinate the processing of business plans.

CHAPTER SEVEN

CONSULTATION, PARTICIPATION AND CAPACITY-BUILDING

7.1 Introduction

- 7.1.1 Although the Government has a crucial role in facilitating and co-ordinating the RDP, the programme will be implemented through the widest possible consultation and participation of the citizenry of South Africa. In terms of government's role, the RDP will be implemented by the line function departments of the National Government, by Provincial and Local Governments, and by **parastatals**. Structured consultation processes at all levels of government will be introduced to ensure participation in policy-making and planning, as well as project implementation. The empowerment of institutions of civil society is a fundamental aim of the Government's approach to building national consensus. Through this process the Government aims to draw on the creative energy of communities. The Government will support capacity-building initiatives in community organisations.

7.2 RDP task teams

- 7.2.1 Under the supervision of the Minister without Portfolio, the task teams will have a key advisory role in policy-making methodology. This methodology will draw on project experience to a large extent, and hence will engage in extensive local-level consultation and participation. For example, Presidential Projects initiated in the Urban Renewal, Rural Development and Human Resource Development Programmed of the RDP will provide essential learning and pilot studies for the definition of clear urban, rural and human resource development policies. Although the technical aspects of programme management will be supervised by the RDP Programme Steering Committee, the development and **socio-economic aspects** will be dealt with by the task teams. They will consist of senior representatives of relevant departments and provinces, with some experts from civil society. Expertise for this purpose is broadly defined to ensure proper representation of the interests of disadvantaged groups and communities.

7.3 The National Economic Development and Labour Council

- 7.3.1 The Cabinet has taken the decision to establish the **NEDLAC** as a mechanism of consultation, co-ordination, engagement, and negotiation by keystakeholders. The structure of the **NEDLAC** will include **labour**, business, Government, while also making room for the participation of a broader group of interests and organisations. The **NEDLAC** will include a Development Chamber which will bring together participants from different levels of government, institutions and organisations of civil society, organised **labour** and organised business. The three other Chambers are Public Finance and Monetary Policy, Trade and Industry, and Labour. **NEDLAC** will incorporate the functions of the National Economic Forum and the National Manpower Commission.
- 7.3.2 **NEDLAC** will be the key body to build consensus on economic and development policy and mobilise the entire South African society behind the objectives of the RDP.
- 7.3.3 Effective representation by disadvantaged groups such as women and rural people will require the encouragement of non-traditional organisations such as **stokvels**, producer co-operatives, housing and **electricity** co-operatives. The Government will enter into a process with a broad range of organisations to determine the representatives of the Development Chamber.

7.4 Sectoral forums

- 7.4.1 A variety of **sectoral** negotiating forums has developed a participatory approach to policy formulation. National line function departments will be encouraged, where appropriate, to continue ongoing policy interaction with **sectoral** forums, which comprise key **sectoral** stakeholders and technical experts. Forums will advise Ministers either on request or **proactively**.

7.5 Provincial and local consultation

- 7.5.1 To facilitate local and sub-regional consultation and participation, Provincial Governments should encourage the establishment of sub-regional and/or local forums which will consist of representatives of all the stakeholders in the areas. Provincial Governments will agree on the boundaries of these sub-regional forums. In consultation with these forums, local authorities will promote the development of their local areas. At provincial level, consultative councils should be established which consist of

representatives of both stakeholders' and sub-regional forums, Their function will be to ensure broad consultation, co-ordination, engagement and negotiation. Structures which in the past performed such functions will be reintegrated or rationalised.

7.6 Capacity-building for effective participation

- 7.6.1 Capacity-building is essential for effective participation of civil society in RDP implementation. Through initiatives such as Presidential Projects, path-breaking approaches to consultation, participation and local control will be explored. The Government will co-operate with civic organisations, and other community-based organisations, to develop capacity during the course of an RDP campaign to establish local government legitimacy and hence improve both service delivery and user payments. Development projects such as those funded through the National Public Works Programme (with a business-labour-community commitment to labour-based construction methods) will also contain a far greater training and capacity-building component, with women and youth targeted as beneficiaries. The Public Service Training Institute will make its resources available to civil society in addition to the Public Service. Increasingly, organisations of civil society will be involved in planning and policy-making through a variety of boards, commissions, forums and other venues by which experience is gained and skills are acquired. The new approach to freedom of public information will also play an enhancing role in capacity-building.
- 7.6.2 The particular roles of NGOS are worth more detailed consideration. NGOS proliferated during the years of apartheid, when they took over many roles of planning, education, policy development and support which a democratic government would normally have played. In addition, they provided support for the democratic forces when resources of the apartheid state were denied to them. Since almost all governments refused to supply aid to the apartheid state, most aid was channeled through NGOs.
- 7.6.3 The Government, especially at local and provincial levels, must now carry out these functions as part of its normal operations. This includes the normalisation of the development finance relationship as primarily an intra-governmental function. Further, the resources of the Government (especially in the area of research) must be made available to mass organisations as they are to business and other constituencies.
- 7.6.4 A human resource and capacity development programme has been established by the National Government to facilitate and co-ordinate RDP efforts. Provincial and Local Governments are the key areas of delivery of the RDP. The task teams will therefore focus initially on the development of the ability of the Public Service and of communities at provincial and local level to drive the programme planning, implementation and management required for the RDP programmes effectively. As far as possible, existing institutions will be utilised. A nation-wide network of institutions, including universities, technikons, technical and teacher-training colleges, private and public sector training facilities, the Public Service Training Institute and NGOS is envisaged. This network will be challenged to provide the necessary training, in modular form and consistent with the National Qualifications Framework and the National Training Strategy. In order to respond to this challenge, institutions will be encouraged to begin the process of reforming themselves. Provincial and local task teams will be essential in order to stimulate and develop integration and co-ordination of the institutions' responses.
- 7.6.5 Future government support for NGOS will be based on their role in taking forward the RDP, a process that can be assisted and evaluated through some form of accreditation for all such NGOS which receive government funds. Rationalisation of service delivery to communities is a general guideline for donors. However, it is both necessary and desirable for healthy, efficient and effective community-based development organisations and NGOS to exist. The Government should not have a monopoly of resources in this area. Organisations of civil society should continue to have the choice of access to alternative sources of services such as policy research so that it is not completely dependent on the Government. In addition, community-based development organisations will receive more extensive financial and logistical support once representivity, accountability and effectiveness are confirmed.
- 7.6.6 The Government must ensure that its service arms are accessible to civil society, especially mass organisations with limited resources. They must be able to provide an even-handed service even in areas (such as industrial strategy, development planning or other areas of multipartite negotiation) where interests may be opposed to current government policies. NGOS can and should therefore provide a crucial benchmark for quality against which the Government or parastatal institutions can be measured. The Government strongly favours the establishment of a co-ordinating body for NGOS. This body should be constituted as far as possible from the rationalisation of existing bodies, and should be substantially independent of the Government. The Government should be sympathetic to it and should not interfere in its activities except through regular consultation in order to facilitate coherent development policies.

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- 7.6.7 With respect to mass-based organisations of civil society — especially the labour movement and the civics — their role in the establishment of political democracy was central. They have also won very substantial improvements in the social and economic lives of their constituents. A vibrant and independent civil **society** is essential to the democratisation of our society which is envisaged by the RDP. Mass-based organisations will exercise essential checks and balances on the power of the Government to ensure that Government does not act unilaterally, without transparency, corruptly, or inefficiently.
- 7.6.8 The RDP envisages a social partnership and the Government should therefore provide services and support to all sectors, especially organised labour, the civics, business, women's groups and the religious and cultural bodies. Moreover, the Government has a duty in terms of the RDP to encourage independent organisation where they do not exist, such as rural areas. Strong consumer and environmental movements are essential in a modern industrial society and should be facilitated by the Government.
- 7.6.9 The Government must therefore provide resources in an open and transparent manner, and in compliance with clear and explicit criteria to mass organisations to ensure that they are able to develop or maintain the ability to participate effectively as negotiating partners of the Government. The social partnership envisaged by the RDP does not, however, imply that mass organisations do not retain the right to their own interpretation of and their own goals for the RDP. It does imply that there is agreement to find solutions to constraints which will emerge in the RDP's implementation. For example, if construction industry bottlenecks are identified as constraints to government efforts to reach housing targets, the relevant organisations and institutions will be encouraged to reach consensus on solutions to address the specific bottlenecks or shortages that are identified. Thus a series of agreements or accords will be negotiated to facilitate the full participation of civil society, together with the Government, in order to find ways to take down the barriers which emerge during the course of the RDP.
- 7.7 **Empowerment of women, youth, rural and disabled people**
- 7.7.1 The Government has completed a report on women in South Africa in preparation for the United Nations conference in Beijing on the status of women next year. The RDP office has been mandated to spearhead a broader empowerment programme for women, taking into account that women often represent the poorest, most exploited and most marginalised sector of our society.
- 7.7.2 As described elsewhere in this document, the Government will formulate an integrated and sustainable rural development policy in consultation with rural people, their organisations and stakeholders. In particular, attention will be given to broaden access to services and support to small-scale agricultural producers by ensuring access to land, appropriate markets, credit facilities, training and support. The capacity to implement development programmed in rural areas is a serious bottleneck, which will be addressed as a priority.
- 7.7.3 The Government will design, in consultation with disabled people, a comprehensive programme for the disabled which will enhance their engagement in society and remove discriminatory practices against them, especially in the work place. Government will also discuss means to reintegrate mentally and physically disabled people into their communities. Where people are entitled to disability grants, these should be paid to them. Special attention will be given to mental illness and physical disability arising from trauma and violence, which can prevent people from functioning normally in society.
- 7.7.4 The youth of our land played a major role in the achievement of freedom. They are our country's most **important** resource. Effort will be required to ensure that they **are equipped to play a major** role in the reconstruction and development of 'South Africa. The Government "will consider 'establishing special programmed aimed at addressing the needs of young people, in particular, to address the backlog in education and training, job creation and recreation. Young people are our country's most important resource.
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CHAPTER EIGHT**CONCLUSION : A NATIONAL CONSENSUS FOR THE FUTURE**

This first White Paper on Reconstruction and Development has set out the vision of social transformation and the means by which the process of change can be effectively managed. In particular it has focused on the roles which government at all levels should play in realising the national goals which have been expressed in the consensus on change. This is the first in a series of such papers. The second will be published for comment in March 1995 and will set out in more detail specific policies and standards for the evaluation of the policy and implementation process.

Daunting challenges face government in implementing the programme set out in this paper. It will require a sustained and intensive campaign which brings together Central Government, Provincial Governments, existing local authorities, civic, trade unions, business and other community organisations.

As the Paper shows, the Programme faces major challenges in the reorganisation of government, in the systematic reform of the civil service and in the reordering of budget priorities.

Perhaps the most crucial is the establishment of credible and effective Local Government, in both urban and rural areas. Without this, implementation of development programmes on the ground will be seriously hindered. The stability of Local Government services depends on the regular payment of user charges. The first step in achieving this is to make all aspects of Local Government finances completely open and transparent. This must be done also with the finances and cost structures of both municipal and national utilities.

Further planning of a campaign to restore stability to local authority finances must be done together with mass organisations and especially with trade unions active in Local Government. The campaign will only be successful if government at all levels is prepared to go out to the people, to talk, clarify and explain, and to answer questions. The issue of affordable tariffs, targeted subsidies, and targeted welfare delivery must be resolved as a matter of urgency. Local Government development will also require a huge effort in human resource and capacity development. Existing institutions will be challenged to provide this input in a co-ordinated manner.

In a spirit of self-reliant and proactive initiative communities must be prepared to commit themselves to performance contracts in terms of which they undertake to participate in the planning, management and promotion of development programmed.

The RDP must be a 'people-driven' programme and this can only be achieved within a vibrant civil society. The Government cannot 'deliver on its own'. Communities and organisations need to empower themselves in setting up projects in co-operation with Local and Provincial Governments. Government cannot operate the RDP on the basis of 'hand-outs' — there are not sufficient resources and such a process would effectively disempower the people it has been designed to help.

A further major challenge is to ensure that the change management process in government moves sufficiently rapidly to allow significant changes in the deployment of staff and expenditure before the Budget in March 1995. This must include changes in budgeting procedures, control and management of programmes and asset policies.

The responsibility for the renewal and transformation of our nation is, however, not the responsibility only of the Government, nor of particular elected officials. It is a joint responsibility of all sections of our nation, and calls for all to put their energy and creativity into finding ways of doing things better and differently. The constraints and obstacles which can prevent delivery of a better life for all our people can be solved if those constituencies most involved in a sector, apply their minds to the problem jointly.

This partnership and national consensus does not mean that different constituencies and organisations of civil society cannot or should not have their own aims and goals. It does, however, mean that they should attempt to make those aims and goals consistent with the aims of the RDP and renewal of our society, in a conscious and honest process. It is essential that organisations of civil society do, in fact, have clear goals which reflect the real interests of their members, but they should lead their members in attempting to align those goals with the RDP.

In this way the energy of the nation can be harnessed for the good of all.

South Africa has begun, for the first time in its history, to undertake the task of the equitable development of the life opportunities of all its citizens. It has a unique opportunity at this time to transform the means and the methods through which its social goals are to be achieved. The Reconstruction and Development Programme is the instrument which will embody the purpose and provide the leadership to accomplish the urgent, difficult, but great historic task.

ANNEXURE ONE

LEAD PROJECTS

1. RURAL DEVELOPMENT PROGRAMMED

1.1 RURAL WATER PROVISION

Aim	To support the provision of water and sanitation to rural areas, particularly the needs of communities in ex-TBVC states and SGT's. To develop local Water Boards as institutions for Local Government.	
Scope	Twelve (12) projects in seven (7) provinces for supply, extension of services, small project support and to foster rural economic activity: Nebo/Arabi*, Kutame/Senthumule, Makhodo* (NTvl), Bushbuckridge (ETvl); Vulindlela* (KwaZulu/Natal), Transkei* (EC), Winterveld, Moretele (PWV/NW); Supply (NW); Kutlwanong*, Monyakeng* (OFS).	
output	*Those ready to start immediately	
RDP Fund	R 59,5m	1 994/95
	R135,4m	1995/96
	R 87,8m	1996/97

1.2 LAND REFORM PILOTS

Aim	To develop and support integrated sustainable rural development and rural local government models through land restitution, redistribution, tenure reform and settlement support to kick-start a wider land reform process. Linked with other land programmed.	
Scope	One Pilot District per province.	
output	Pilot District identification — September 1994. Pilot in each province to commence — October 1994.	
RDP Fund	R 26,6m	1994/95
	R168,3m	1995/96
	R120,8m	1996/97

1.3 LAND RESTITUTION

Aim	To support the restitution of land to communities with land claims to state land, support settlement planning and infrastructure development to ensure sustainable development processes.	
Scope	Ten (10) communities/areas: Roosboom, Alcockspruit, Charlestown (KwaZulu/Natal); Zwelendinga/Zulukama/Thornhill (Eastern Cape); Riemvasmaak, Smidtsdrift (Northern Cape); Goedgevonden, Bakubung, Zwartsrand (North West); Doornkop (Eastern Transvaal).	
output	All ready to be implemented before the end of 1995.	
RDP Fund	R23,8m	1 994/95
	R26,8m	1995/96
	R11,8m	1996/97

1.4 LAND REDISTRIBUTION

Aim	To provide settlement support to seven rural communities who have acquired land in terms	
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of the Provision of Certain Land for Settlement Act 1993 (Act 126 of 1993)

<i>Scope</i>	Seven (7) communities: M Buthelezi, Amaswazi, Thembalithe, Cornfields, Khumalo, Amahlubi, Mekemeke.	
<i>output</i>	All ready to be implemented before end of 1995.	
<i>RDP Fund</i>	R 2,1m	1 994/95
	R30,75m	1995/96

1.5 SMALL-SCALE FARMER DEVELOPMENT

<i>Aim</i>	To respond to demands of land-based communities for small-scale agricultural production training and support. Also, development of appropriate training modules, development of mobile training units. Building capacity of existing institutions to train trainers to serve the sector.	
<i>Scope</i>	In all provinces in consultation with MECS and Provincial Departments.	
<i>RDP Fund</i>	R4m	1 994/95

2. URBAN DEVELOPMENT PROGRAMMED

2.1 URBAN INFRASTRUCTURE INVESTMENT PLANNING TEAM

<i>Aim</i>	To facilitate the development of local infrastructure investment plans.	
<i>Scope/Output</i>	Developed methodology for urban infrastructure planning, provides technical support to local investment planning teams and facilitates funding for local plans via project preparation facilities. Consultation with key departments in progress. Co-ordinating committee to be established by Urban Development Task Team.	
<i>RDP Fund</i>	RI ,5m	1 994/95
	R1,4m	1995/96

2.2 NATIONAL URBAN RECONSTRUCTION AND HOUSING AGENCY (NURCHA)

<i>Aim</i>	To promote development of small and medium-scale enterprise in relation to housing and urban development by providing equity, underwriting risk, providing seed capital for enterprise development co-operation.	
<i>Scope/Output</i>	Negotiations with donors underway, CEO appointed. Consultation on composition of Boards of Directors initiated.	
<i>RDP Fund</i>	R20m	1994/95

2.3 EXTENSION OF MUNICIPAL SERVICES (URBAN AND RURAL)

<i>Aim</i>	To ensure a rapid and visible improvement in the provision of municipal service, facilitate the democratisation of Local Government. Lay the basis for the sustained payment of rent and services by local communities.	
<i>Scope</i>	Rehabilitation of collapsed infrastructure, system and facilities for providing basic municipal services. Extension of infrastructures, systems and facilities for providing basic municipal services to new areas. Creation of institutional and financial capacity to operate and maintain new and restored services. Implementation of the Local Government Transition Act, and associated changes at local level.	
	Applications to the RDP fund should meet the following prerequisites:	
	— Funds should only be paid out in respect of each local area once a Transitional Council has been established in terms of section 7 of the Local Government Transition Act.	

		<ul style="list-style-type: none"> — Applications must be supported by agreements on how operations and maintenance of new and rehabilitated infrastructure will be financed and sustained. — The applications must demonstrate that budgeting and planning for the amalgamated local authority area is being managed in an integrated manner. — Projects should be directed at improving the quality of life of the poorest section of the community.
output		<ul style="list-style-type: none"> — Consultation with organised Local Government and Civics underway. — Department of Constitutional Development Planning a summit for Reconstruction and Development at Local Government level. — Department of Environment Affairs launching a township clean-up campaign. — Decentralised system of decision-making on funds, under direction of Local Government, MEC's Forums, to be established.
RDP Fund	R500m	1 994/95
	R350m	1995/96

2.4 URBAN RENEWAL PROJECTS

Aim To kick-start development *in* major urban areas, focusing on violence-torn communities and communities in crisis.

Scope — Integrated provision of infrastructure, housing, community facilities, job creation, environment and recreation facilities, in communities selected according to national criteria.

— Facilitation of non-racial and democratic Local Government.

Focus areas

• **'KATORUS'**, East Rand — repair of damaged houses, upgrading of hostels, repair of infrastructure, improved service provision, new housing development, provision of community facilities.

□ **KWAZULU/NATAL** — rebuilding and upgrading of urban communities affected by violence.

□ **DUNCAN VILLAGE**, East London — integrated development of greater Duncan Village area, including land servicing and housing programmed.

□ **IBHAYI**, Port Elizabeth — provision of infrastructure, community facilities and housing to Ibhayi and Soweto-on-Sea community.

□ **OFS** — integrated development and upgrading of Botshabelo and Thabong communities.

EI SERVICED LAND PROJECTS — focus on Cape Flats townships and communities, with upgrading of infrastructure, land servicing, job creation, housing and provision of community facilities.

output

□ Preliminary identification of seven lead urban projects.

□ **Co-ordinating** committee established, consisting of

- National Housing
- Provincial Affairs
- State Expenditure
- Public Works
- Provincial RDP Co-ordinators
- Chairs of Regional Housing Boards.

CI Detailed technical evaluation of projects underway

☐ Business plan to be finalised with each project implementing agency.

RDP Fund	R304,6m	1 994/95
	R486,5m	1995/96

3. HUMAN RESOURCE DEVELOPMENT PROGRAMME

3.1 NATIONAL LITERACY PROGRAMME

Aim	To launch a National Adult Basic Education and Training Programme through line departments and institutions to address the literacy and numeracy gap in the country.
Scope	Identification of appropriate mechanisms for harnessing resources and skills for the provision of literacy and training. Mechanisms should conform to the criteria of national acceptability, inclusiveness, integration with the RDP, be action-orientated and be cost-effective. Operates primarily through existing capacity.
output	Planning for implementation — September-December 1994. Implementation phase — January 1995-1999.
RDP Fund	None — donor funded to 1997.

3.2 CULTURE OF LEARNING

Aim	The aim of the programme is to restore a culture of learning in education institutions. The programme caters for physical improvement of school buildings as well as quality of learning by targeting improvement of school guidance.
Scope	Rehabilitation of schools damaged during the past and construction of new schools.
output	Planning phase — September-December 1994. Implementation phase November 1994-1999.
RDP Fund	R100m 1 994/95

3.3 PRIMARY SCHOOL NUTRITION SCHEME

Aim	To contribute to the improvement of education quality by enhancing primary school pupils' learning capacity, school attendance and punctuality and contribute to general health development by alleviating hunger. Educating pupils on nutrition and also improving nutritional status through micro-nutrition supplementation. Parasite eradication where indicated. To develop the nutrition component of the general education curriculum.
Scope	Provision of an early snack, meeting 30 per cent of the energy requirement, in areas targeted on the basis of poverty criteria, particularly rural areas and peri-urban informal settlements. Project committees at identified schools will submit proposals to provincial teams for appraisal and approval. Training and capacity-building are included to ensure effective implementation, and to link to other education quality improvement and community development initiatives. Plan to incorporate it into national nutrition scheme.
output	Scheme implemented in 50 schools per province — September 1994.
RDP Fund	R472,8m 1 994/95 R500m 1995/96

3.4 CAPACITY BUILDING

Aim	To contribute to capacity building programmed.	
Scope	Programmed on capacity building linked to RDp programmed and projects to enhance the capacity of existing institutions.	
RDP Fund	R18m	1 994/95

4. HEALTH PROGRAMMED

4.1 FREE HEALTH CARE

Aim	Provide free health care for children under six and mothers pre- and post-natal at State facilities.	
RDP Fund	Under negotiation.	

4.2 CLINIC BUILDING

Aim	To provide clinics especially in rural areas and informal settlements to ensure availability of free health services.	
Scope	To be done with Public Works Programme Erection and upgrading of clinic facilities.	
RDP Fund	R25m	1 994/95
	R65m	1995/96
	R65m	1996/97

4.3 AIDS AWARENESS AND PREVENTION CAMPAIGN

Aim	Campaign to promote awareness and prevention to ensure effective national and provincial responses.	
Scope	Promotion of safer sexual behaviour, condoms and control of STDS. Counseling care and social support. Mobilise and unify resources.	
RDP Fund	Departmentally funded.	

5. OTHER

5.1 PUBLIC WORKS PROGRAMME

Aim	Maximise job creation potential of all capital projects.	
Scope/Output	All infrastructure projects funded by RDP Fund are linked to Public Works Programme. R250m allocated for special community-based programmed. Training and capacity-building to provide long-term job prospects.	
RDP Fund	R250m	

5.2 PROVINCIAL PROJECT PREPARATIONS FACILITIES

Aim	Give provinces capacity to plan projects with community involvement.	
Scope	Supports development of projects through:	
	— consultation	
	— feasibility study	

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- preliminary design
- business planning
- establishment costs.

Does not include detailed design or implementation.

RDP Fund R28,3m 1 994/95

5.3 PROVINCIAL PROJECTS

Aim Discretionary allocations to provinces.

Scope To be drawn for projects conforming to the criteria established by the Cabinet, primarily community projects.

RDP Fund R100m 1 994/95

CHAPTER NINE

SUMMARY OF DEPARTMENTAL PROGRAMMED TO ADVANCE THE RDP

Note: Figures set out in this chapter unless otherwise specified are amounts requested by departments and may still be subject to change

MINISTRY IN THE OFFICE OF THE PRESIDENT

POLICY OBJECTIVE	PROGRAMMED	TARGETS	LEADING MINISTRIES	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENT
1. Provision of Basic Needs	1.1 Urban development strategy including urban investment strategy	Draft for Discussion March 1995	Office of the President, Housing, Constitutional development & Provincial Affairs	Co-ordination of activities through Urban Development Task Force		Funded by Ministries
	1.2 Rural development strategy	Draft for Discussion March 1995	Office of the President, Water Affairs, Land Affairs	Co-ordination of activities through Rural Development Task Force		Funded by Ministries
	1.3 Renewal of Urban Areas	Development of Key Urban Areas up to 2 000	Housing	Integration through Urban Development Task Force & Provincial co-ordinating structures, RDP Project Steering Committee	development Facilitation Act	R304 million 1994/95 from RDP FUND
	1.4 Rehabilitation & Extension of Municipal Infrastructure & Services	Set out in Business Plans	constitutional development & Provincial Affairs	Incentive to local government transition; integration through RDP Project Steering Committee		R500 million 1994/95 from RDP FUND
	1.5 Rural development leading projects	Set out in business plan	and Affairs, Water Affairs	Integration through Urban Development Task Force and provincial structures, RDP Project Steering Committee		R630 million 1994/95 from RDP FUND
	1.6 Other rural and urban leading projects in health, education, electrification, telecommunications	Set out in business plans, electricity & telephones for all clinics and schools in two years	Education, Health, Public Works, Public enterprises, Mineral & Energy Affairs, Post & Telecommunications			Funded by RDP FUND-Eskom, Telkom, Local Authorities, Ministries
	1.7 Job creation	All Departments to utilise National Public Works Programme optimally, long-term jobs through stimulation of industry	Public Works, Trade & Industry			R350 million 1994/95 from RDP FUND for projects directly based on public works, other programmes to utilise labour — intensive procedures
	1.8 Co-ordination & prioritisation of international concessional finance & grant aid	Agreements with all major donors, analysis completed August 1994	Finance, Foreign Affairs, Trade & Industry, Office of the President	Establishment of Interdepartmental Committee for International Development Co-ordination		Funded by Ministries

POLICY OBJECTIVE	PROGRAMMED	TARGETS	LEADING MINISTRIES	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
	1.9 Reform of development finance institutions	Transformation plan for DBSA by end 1994, regional institutions by April 1995. Analysis of existing DBSA projects & provincial debt by end 1994	Finance, State Expenditure, Constitutional Affairs, Office of the President	Transformation plan for DBSA & other institutions		Funded by Ministries & DBSA
	1.10 Monitoring of poverty & human development	Define indices & revise surveys on living standards by March 1995	Office of the President, CSS, Welfare	Transformation of Css		Funded by CSS & Ministries
	1.11 Country programme for UN and other agencies; UN development agenda preparation	UN Conference March 1995	Office of the President, Foreign Affairs, Welfare			Funded by Ministries
2. Increasing efficiency & effectiveness of government	2.1 Development of national strategic planning process & framework	Draft for discussion March 1995; legislation by June 1995	Office of the President, CEAS, Css	To be defined	Arising from agreed process & framework	Funded by Ministry, CSS, CEAS
	2.2 Introduction of business planning process in government	Prototypes by January 1995. Legislated requirements November 1995	Office of the President, State Expenditure		Setting out requirements from all branches of government	Funded by Ministry
	2.3 Information Management	Rationalised data bases, standards, MIS by end 1996. Public information availability	Office of the President, Public Service Commission, State Expenditure, Executive Deputy President			R2,3 million from RDP FUND
	2.4 Performance assessment system	First draft key performance indicators for national government RDP programmes July 1995	Office of the President, PSC, State Expenditure, Auditor-General	Aim for general use in government	As required to institutionalise	Funded by Ministries
	2.5 Programme & project management system	Protocols completed. Testing on Presidential Projects: finalisation March 1995	Office of the President, Public Works	For general use in government		Funded by Ministries & parastatal institutions
	2.6 Belt-tightening programme: release of resources for redistribution & economic growth	Under discussion	Finance, State Expenditure, Public Service, Office of the President	Reform of Public Service	To be clarified	
	2.7 Second White Paper on Reconstruction & Development: major policy statement of government	Publication March 1995	Office of the President			Funded by Ministry
	2.8 Evaluation of State assets	Under discussion	Public Works, Public Enterprises, Finance, Office of the President		To allow for sale if necessary	

POLICY OBJECTIVE	PROGRAMMED	TARGETS	LEADING MINISTRIES	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENT!
1. Democratisation & Institutional Reform	3.1 Prioritisation of Budgets	Short-term by February 1995, long-term by July 1995	State Expenditure, Finance, CEAS, Office of the President			
	3.2 Developing effective, democratic local government in urban & rural areas	Some infrastructure delivery & capacity development and payment of charges: June 1995, consolidation of structures & capacity by May 1996	Constitutional Affairs, Office of the President, Housing, Land Affairs			Utilise R500 million from RDP FUND. Other ministry funds
	3.3 Utilisation of RDP FUND	Ongoing: leverage change in expenditure patterns and resource use at 3 levels of government	Office of the President			At least R5 billion for 1995/96
	3.4 Development and empowerment of vulnerable groups	Draft programmes for submission to Cabinet by February 1995 on: — children — women — disabled	Office of the President, Safety and Security, Welfare, Health, Education			Funded by Ministries
	3.5 Maintaining and developing consensus and support for RDP	Liaise with and inform constituencies, facilitate agreement to unblock constraints	Office of the President, Trade & Industry, Labour, Finance, Constitutional Affairs, Housing	developing NEDLAC & other structures for RDP consensus building		Funded by Ministries
1. Economic Restructuring	4.1 Strengthen the economic measurement, advisory & co-ordination function & poverty monitoring	Institutional change management programme for discussion by February 1995	Office of the President, CSS, CEAS, NPI	Transform CSS, CEAS, NPI & other parastatal policy facilities		Funded by Ministry and components
	4.2 Southern African development strategy	Co-ordinated planning based on infrastructure & trade	Mineral & Energy Affairs, Trade & Industry, Foreign Affairs, Labour, Transport			Funded by Ministries
	4.3 NEDLAC Development Chamber	Establish Chamber May 1995	Office of the President			Funded by Ministry of Labour
	4.4 Stimulate industry & SME's based on RDP programme investments; economic empowerment	Maximise job creation; export capacity; SME development	Trade and Industry			Funded by Ministries
	4.5 Negotiate investment by major pension and provident funds in RDP	Conference to agree strategies & vehicles February 1995	Office of the President, Finance, Housing, Constitution Affairs			Funded by Ministries

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POLICY OBJECTIVE	PROGRAMMED	TARGETS	LEADING MINISTRIES	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENT!
5. Human Resource and Capacity Devel- opment	5.1 Create Nat- ional & Provincial networks of exist- ing institutions to provide support for planning & management ca- pacity for devel- opment projects & programmed	Modular standar- disd courses and instruction for civil servants, local authorities and communities	Office of the President, Educa- tion , Labour, Pub- lic Service , De- fence	Institutions to transform them- selves to respond to new challenges		R1 8 million 1994/ 95 from RDP FUND
	5.2 National Adult Basic Education & Training Cam- paign , National Literacy Cam- paign	Modular courses available in all areas through existing institu- tions	Education, La- bour, Office of the President, Cor- rectional Services			Donor Funding
	5.3 Provincial Project Prepara- tion facilities	Facility for prepa- ration up to imple- mentation stage	Office of the President, Consti- tutional Affairs, Public Service			R28,3 million 1994/95 from RDP FUND
	5.4 Mass commu- nication	Inform and in- volve all sections of the public and civil service	Office of the President, Post, Telecommunica- tions and Broad- casting			Funded by Minis- tries

MINISTRY OF AGRICULTURE

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. To initiate, promote and support the contribution of Agri- culture to the devel- opment of rural com- munities, society at large and the nat- ional economy, in order to enhance Income, food secu- rity, employment and the quality of life in a sustainable way	1. Entrepreneurial development with special reference to broadening access to agriculture	1. To settle and support new farmers on 300000 ha State land in collaboration with the Department of Land Affairs and the provinces	1. To restructure the National Department of Agriculture into an efficient instrument for the fulfillment of its functions and in support of the RDP	1. A new White Paper on Agriculture	1. Budget R1 306,6m
	2. Resource conservation and manage- ment	2. To provide training in hands-on vegeta- ble gardening to ten communities in 1994/95 and to expand to 50 communities in 1995/96	2. To deregulate and re-direct marketing, agricultural finance, and co-operative institutions according to the dictates of the RDP and the needs of the agricultural communities	2. Agricultural Mar-keting Act (amended)	2. Central R403,6m
	3. Animal production services	3. To ensure the sus-tainable utilisation and conservation of agricultural land by individual farmers and communities, with special reference to badly de-graded areas		3. Agricultural Credit Act (amended)	3. Provinces R622,7m
	4. Crop production services	4. To develop a mar-ket environment which will ensure equitable access for all participants		4. Co-operatives Act (amended)	4. Transfers (ARC, etc.) R280,3m
	5. Agro-economic services	5. To implement and co-ordinate struc- tures necessary for inter-departmental liaison and liaison with client communi-ties which benefit from agricultural sup-port systems		5. Plant Improve-ment Act (amended)	5. 1994/95 RDP projects R6m from depart- ment, R4m from RDP fund, and R6m from China
		6. To partake in Southern African regional and other international agreements and conferences vital to agri-culture		6. Abattoir Hygiene Act (amended)	
		7. To promote the transfer of powers and functions to provinces			7. 1995/6 RDP projects R40m from reallocation in De- partmental budget

MINISTRY OF ARTS AND CULTURE, SCIENCE AND TECHNOLOGY

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. To help establish and maintain a science and technology system in which the financing, regulation and incentives provided by the state to ensure maximum possible exploitation of science and technology for the country's growth, reconstruction and development	1. Science and technology programmed in support of the RDP are in progress at all science councils. More than 60 programmed have been identified. The research and development institutions are autonomous and the department does not get directly involved in their management. It does, however, intend to make the guiding of the activities possible through a new funds allocation and reporting mechanism. In the context of the RDP, this is its most important programme. Funds will thereby be allocated based on the extent to which national priority needs, like those of the RDP, are being addressed by the recipients	1. The implementation of the new funds allocation and reporting mechanism for science councils as soon as possible	1. Reports received from science councils indicate that they have all made significant progress with institutional reform. The process is continuing and further reporting and evaluation will take place in 1995	1. Drafting and revision of national legislation	1. New funds allocation mechanism to support RDP
1. To promote the language rights of citizens in their interaction with the state and the development of official languages based on the principles contained in the constitution	2. Translation and language editing of government publications in the official languages; language advisory service; language planning service; envisaged comprehensive language facilitation for the entire population	2. To establish comprehensive language services for all official languages and to eradicate historical imbalances in the supporting of languages	2. Proposed expansion of the existing establishment in the department to accommodate all official languages and various kinds of language services	2. Drafting of legislation to establish the Pan African Language Board	2. R1 1 m allocated for expanded language services for 9 African languages in 1994/95
1. To enhance the quality of life of the people of South Africa by rendering a professional service on the national level with regard to the promotion of the arts and the conservation of the national cultural heritage	3. The arts and culture objectives of the RDP are met by subsidising institutions, organisations and projects	3. To establish systems for the promotion of the arts and the conservation of the national cultural heritage that will empower the population	3. The establishment of Arts Councils. Restructuring the system of national museums		3. Funds to be allocated according to RDP priorities

MINISTRY OF CONSTITUTIONAL DEVELOPMENT

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
<p>1. <i>Constitutional Development</i></p> <p>— To provide advice and support on structural constitutional matters, strategic planning and the drafting and promotion of legislation related to the constitutional development process which broadly centres on the implementation of the constitution and the further constitution-making process.</p> <p>— To, through a process of public awareness and liaison provide the constitutional support necessary to ensure that the restructuring of government aligns with the RDP objectives of meeting the needs of the people</p>	<p>1. <i>Constitutional Development</i></p> <p>— Research on the constitutional implications and requirements to support the goals of the five major policy programmes of the RDP</p>	<p>1. <i>Constitutional Development</i></p> <p>1.1 Short-term activities are focused to ensure the adherence of the target dates provided for in the constitution in regard to:</p> <ul style="list-style-type: none"> ● the establishment of provincial Houses of Traditional Leaders and the Council of Traditional Leaders. ● referendums in the affected areas. ● the drafting of the new constitutional text ● the pan South African Language Board, ● provincial Service Commission ● the appointment of a panel of constitutional experts. <p>1.2 Liaison with the Department of Justice to ensure the establishment of:</p> <ul style="list-style-type: none"> ● a Human Rights Commission ● a commission of gender equality ● a public protector 	<p>1. Constitutional Development</p> <p>Institutional development and democratisation of second and third tier government are being facilitated through a process of planning, advice and research and which encapsulates the goals of socio-economic empowerment</p>	<p>1. <i>Constitutional Development</i></p> <p>The following Bills, which are in different stages of preparation are to be tabled in Parliament during 1994:</p> <ul style="list-style-type: none"> ● Constitutional Amendment Bill ● Council of Traditional Leaders Bill ● Volkstaat Council Bill ● Local Government Transitional Bill 	<p>1. <i>Constitutional Development</i></p> <p>The department is systematically re-prioritising services and expenditure in the current financial year in order to ensure the policy of the Government of National Unity</p>
<p>2. <i>Local Government</i></p> <p>— To create legitimate, democratic, economically viable and sustainable local authorities by integrating the RDP, the local Government transition Act, the Agreement on Finance, Services and Service Rendering and the allocation of intergovernmental grants with a view to improving the quality of life of as many as possible of the poorer section of all communities</p>	<p>2. <i>Local Government</i></p> <p>— Rehabilitation of collapsed infrastructure, systems and facilities for providing basic municipal services</p> <p>— Extension of infrastructure, systems and facilities for providing basic municipal services in new areas</p> <p>— Creation of institutional and financial capacity to operate and maintain new and restored areas</p>	<p>2. <i>Local Government</i></p> <p>The provision of affordable services. Improvements to the general quality of life of communities and especially that of the poorest section of each community.</p> <p>Enhancing the legitimacy of local government structures. Establishing greater transparency and vesting accountability.</p> <p>Establishing a culture of payment for services and maintenance of new or rehabilitated infrastructure.</p> <p>Broadening the local government tax base.</p> <p>Job creation and the simultaneous provision of proficiency and functional training</p>	<p>2. <i>Local Government</i></p> <p>Institutional reform is already taking place in terms of the Local Government Transition Act, which provides for the restructuring of local government by way of transitional level and metropolitan council until elections are held at local government level</p>	<p>2. <i>Local Government</i></p> <p>The local Government Transition Act Chapter 10 of the Constitution provide the framework for local government restructuring of local government in terms of their legislative competences</p>	

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
<p>3. <i>Provincial Affairs</i> — To advise, promote and facilitate on inter-governmental relations with the view to ensuring co-operation between governments, efficient and effective provincial government and sound development relations between national Government, provincial Government and other role-players</p>	<p>3. <i>Provincial Affairs</i> The facilitation and promotion of vertical and horizontal multi-lateral and bilateral relations between the national Government and provincial Government. The facilitation and promotion of the implementation of provincial RDP programmes in co-operation with the RDP office. The establishment and management of a process for the evaluation and monitoring of the socio-economic development of the provinces</p>	<p>3. <i>Provincial Affairs</i> All provincial affairs programmed form an integral part of the continuous process of implementation, monitoring and evaluation of RDP at provincial level</p>	<p>3. <i>Provincial Affairs</i> Provides a supportive and advisory role especially in regard to the Commission on provincial Government. Internal Institution Development In accordance with its line function to also, among other things, facilitate and promote the implementation of the RDP on the broader (national) level, the Department's organisation and establishment are at the moment being reviewed</p>		

MINISTRY OF CORRECTIONAL SERVICES

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
1. The protection of the community by ensuring the safe custody and risk management of those persons entrusted its care	1.1 Dynamic security based upon active and consistent interaction between personnel and offenders 1.2 Static security with its various physical means of containment 1.3 Informed comprehensive risk assessment	1.1 Upgrading and development of personnel, as well as an improved member/ offender ratio 1.2 Provision of sufficient prison accommodation, improvement of prison structures and the use of modern security equipment 1.3 See par 2	1.1 See par 6 1.2 See par 2 1.3 See par 2	● A new Act on Correctional Services is in the process of being compiled, and wide-ranging consultation with all interested parties will take place. ● Section 29 of the current Act amended to remove unsentenced children from prisons	● Approximately 73% of the 1994/95 Correctional Services' budget is either directly related to, or complements the RDP ● An indicated 40A cut on the 1995/96 Budget insufficient — additional funds are being bargained for
2. To incarcerate and treat prisoners in a humane manner and to create a climate which is conducive to rehabilitation	2.1 The acknowledgement of the fundamental rights of offenders which are embodied in the Constitution 2.2 The provision of adequate prison accommodation which complies with accepted standards 2.3 The classification of prisons and the effective separation of prisoners according to their levels of security risk 2.4 The provision of an ethical and clinically independent health care service	2.1 To allow offenders all human rights embodied in the Constitution and other legislation, provided that it is not in conflict with the aims and purpose of the specific penal sanction 2.2 A departmental programme which entails: ● the building of new prisons; ● the upgrading/renovating of existing prisons; ● the utilisation of suitable alternative structures; and ● the utilisation of double bunks in communal cells 2.3 Ideally, to detain prisoners in prisons specifically classified as maximum, medium or minimum security prisons 2.4 To provide a health care service based on: ● accessibility ● availability ● equity ● acceptability, and ● affordability	● The promulgation of Regulation 123 to afford prisoners the right of access to legal representatives and to institute litigation should a constitutional right be infringed upon ● The building of more maximum security prisons and the upgrading of medium security prisons to that level ● An inter-departmental working committee has been established to investigate the provision of health care services to prisoners		● R7,41 billion over a twenty-year period

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
3. To provide the necessary infrastructure for the rehabilitation of offenders	3.1 The utilisation of a behaviour regulation system 3.2 Education and training programmes 3.3 The provision of formal and informal training, as well as job opportunities 3.4 The provision of religious care, social work services and psychological services	3.1 To regulate behaviour on a premise of managing incentives and not as punishment 3.2 The provision of a programme which provides for literacy and numeracy skills, as well as training in occupational, life and entrepreneurial skills 3.3 To prevent idleness, to train prisoners in diligence and labour and equip them with basic vocational and entrepreneurial skills 3.4 To enhance the prisoners' spiritual, social and mental well-being	3.2 The development, in collaboration with external experts, of an integrated education and training model 3.3 Reviewing the existing gratuity system to include a monetary incentive system to motivate prisoners to: ● greater levels of productivity; ● earn money to further facilitate their reintegration into society; and ● to enable them to contribute to the support of their family 3.4 The greater utilisation of volunteers and external organisations in the rendering of these services		3.2 R162 million over the next five years
1. To provide separate facilities and specifically designed treatment programmes for juveniles sentenced to imprisonment	1.1 A literacy and numeracy programme, as well as a basic educational programme up to Std 5. Classroom tuition up to Std 10 level is also available 1.2 Training to develop their market-related potential 1.3 Recreational programme 1.4 Library programme	4.1 A specifically designed treatment programme aimed at: ● the specific nature, character and needs of the juvenile; ● a multi-disciplinary treatment and development programme; ● parental involvement; ● the maintenance of sound discipline and appropriate privilege system and accompanying physical care; and ● an approach which aims at equipping the juvenile with the life-skills which will be required on release	4.1 The removal of unsentenced children from prisons [see page 1] 4.2 The further development of the current programme to place more emphasis on need-directed training combined with basic educational needs 4.3 More emphasis on support systems in society and its willingness to accept released juveniles without reservations	see par 1	promised R37 million from RDP funds for the development of the defunct Vryheid Collieries into a youth offender development centre

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
5. The provision of an adequate infrastructure for alternative or community-based sentences	5.1 Correctional Supervision and Parole Supervision	5.1 To ensure that the maximum number of offenders which can be dealt with safely and effectively outside prisons, serve their sentences in community and thus reducing the costs of incarceration. To maximise community programmed focused on developing and maintaining support systems, gainfull employment and social services to improve the offender's potential to become a law abiding citizen	5.1 The making available of community corrections offices in every town of South Africa		The per capita cost of a probationer/parolee is R11,17 compared with R44,27 per day per prisoner
6. To ensure a professional personnel corps broadly representative of the SA community	6.1 Training programmed to develop the potential of personnel to the maximum through: ● modular competency-orientated education to ensure client satisfaction; ● the management of development activities aimed at the creation of greater managerial independence; ● a continuous follow-up approach; and ● training aimed at post requirements 6.2 Development through the acquiring Of academic qualifications as well as Specific training courses and in-practice guidance and evaluation based on job performance 6.3 The recruitment of adequately qualified and career-proven personnel externally 6.4A management development programme aimed at a more representative management corps in the Department	6.1 The optimal development of personnel irrespective of race, colour or sex 6.2 The continued education to the highest level of the individual's working abilities 6.3 Increased spending on training from the current level of 2,3% of the basic salary budget to a level of 4% 6.4 Creating opportunities for personnel to develop themselves and thus be career-orientated 6.5 To achieve a representative personnel corps with the emphasis on managerial levels	6.1 The establishment of a National Training Committee onto which representatives of tertiary institutions, as well as other specialists in the field of human resource development and labour unions are to be co-opted	● Official acceptance of the Public Service Labour Relations Act to afford personnel the opportunity to participate formally in sound personnel management practice and provide for an additional legitimate channel through which the needs and grievances of personnel can be addressed	

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
7. To be open and accessible to public scrutiny, responsive to public criticism and continuously seeking improvement	<p>7.1 The conducting of performance audits to ensure that decisions with an impact on the Budget can be accounted for in terms of national/departmental standards</p> <p>7.2 The involvement of the community in correctional matters through bodies such as the National Advisory Council on Correctional Services and Correctional Boards</p> <p>7.3 The accessibility of prisons through visits by interest groups from the community as well as the media. Furthermore, judges, lawyers as well as international organizations such as the ICRC and Human Rights Watch visit prisons regularly</p> <p>7.4 Offenders have access to legal counsel as well as the envisaged Public Protector and Provincial Public Protectors and may also make use of various persons and bodies inside and outside the prison environment to air their complaints, requests and grievances</p>	7.1 A White Paper on the Correctional Services Policy vision for the future was recently published to stimulate public debate on a new legislative framework for the activities of the Department	7.1 The outcome of the debate on Correctional matters, as well as the affordability of the services envisaged, will determine the reform of Correctional Services	Refer to par 1	
. To establish and maintain positive and instructive partnerships focally, nationally and internationally	<p>8.1 The Department contributes to the broader goals of the Criminal justice system by sharing the knowledge of operations and challenges With partners and to be receptive and responsive to information and solutions</p> <p>8.2 The Department maintains universally accepted standards and norms with regard to the treatment of offenders and pursues constructive relations and co-operation with the international penological community</p>	<p>8.1 The Department aims to continue to pursue bilateral and multi-lateral co-operation through:</p> <ul style="list-style-type: none"> ● closer contact with African Correctional/Prison administrations; ● participation in UN Congresses on the prevention of crime and the treatment of offenders; and ● liaison with internat <p>tional penological institutions</p>	8.1 The Department will endeavour to keep abreast of international developments in the penological field and adjust its policy according to local circumstances and affordability	Refer to par 1	

MINISTRY OF DEFENCE

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Protect sovereignty of the RSA and integrity of its borders and to provide and maintain essential services	1. Safe environment 2. Voluntary — NPWP 3. Land resettlement 4. Old goods — needy 5. Water — rural areas 6. Medical Services 7. Air/road transport 8. Vocational training 9. Adult education 10. Added value skills 11. Market technology 12. Apolitical NDF 13. Integration process 14. Resource Management	1. Collateral utility 2. Integration 3. Service brigade 4. Defence secretary	1. Integration of Forces 2. Parliamentary control of the NDF via office of the Secretary for Defence	1. Integration of Forces 2. Legislation to apply collateral utility (Treasury) 3. Joint planning between SAMS and other departments 4. Service Brigade not complete with private sector entrepreneurs	1. No specific RDP budget

MINISTRY OF EDUCATION

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Improved access to all levels of education	1. School building and rehabilitation	1. More equitable student-teacher ratios	1. Reorganise divided education depts into single national dept and 9 provincial depts	1. Single national education department	1. Education budget
2. Provide high quality education	2. Teacher education and development	2. Improved rural-class ratios	2. Establish council of education ministers	2. National qualifications framework	2. RDP — supplement
3. Provide increased equity and efficiency	3. Electrify schools	3. Improved learning outcomes	3. Derive new system of consultative bodies of stakeholders	3. Provision of training in collaboration with the department of labour	3. Develop funding partnerships
	4. Education quality improvement programme (EQUIP)	4. Improve attendance, participation and retention rates	4. Review current institutional forms of delivery, i.e. schools, colleges, technikons, universities, etc.	4. Consultative framework	4. Grant & loan finance in consultation with RDP and finance
	5. School governance	5. Reduction of age profile of students		5. Employment and conditions of service	5. Private household financing especially of higher education
	5. Student health promotion & nutrition	6. Reorient enrolment towards science, maths and technology			
	7. Adult basic education	7. Internal & external efficiency in teacher and technical college			
	3. Early childhood development				
	3. Tertiary education loan and bursary fund				

MINISTRY OF ENVIRONMENT AFFAIRS AND TOURISM

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Effective protection and sustainable use of the environment for the benefit of all	1. Co-ordination towards all levels	1. improvement of co-ordinated management	1. Towards local authorities	1. Facilitating reform	1. Large RDP support
2. Integrate environmental objectives with reconstruction and development plans	2. Physical and spatial planning	2. Ensure environmental soundness	2. Assistance to local and provincial authorities in reform	2. Regulatory mechanisms	2. Substantial RDP support
3. Optimise socio-economic benefits of tourism in an environmentally sustainable manner	3. Human living environment	3. Environmental improvement	3. Expansion of department	3. Support restructuring	3. RDP funds
	4. Pollution control	4. Improved management strategy	4. Capacity building	4. Parliamentary ratification	
	5. Coastal zones	5. Orderly development and environmental sensitivity	5. Community involvement		
	6. Resource economics	6. Develop economic and fiscal incentives			
	7. Tourism	7. Co-ordinated training — youth involvement — 1 million overseas			
	8 Integrated environmental management	8. Impact assessment			
	9 Biodiversity	9 Conservation plan			
	10. Environmental education	10. Formal curricula — develop ethics — expansion of knowledge			
	11. Weather/climate	11. Improve predictive ability and service quality			
	12. Marine resources	12. Full participation			
	13. Regional and international co-operation				

MINISTRY OF FOREIGN AFFAIRS

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Foreign aid for RDP	1. Diplomatic in-house training include RDP		1. Training programme adapted for RDP		1. Facilitate foreign grant aid
2. Donor co-ordination					
3. Market RDP abroad for trade and investment					
4. Regional co-operation (SADC)					

MINISTRY OF HEALTH

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Development of a National Health System (NHS)	Develop health services at three levels using primary health care approach	A NHS organised at central and provincial level by December 1994	Rationalise, amalgamate and restructure previous fragmented administrations	Proclamation for division of powers between central, provincial and local levels	Funded by: department ± R4m
2. Reduce malnutrition	Primary school feeding programme. Comprehensive nutrition programme. Nutrition surveillance programme	Within 3 years every South African must get his/her basic nutritional requirements for the day	Develop an integrated nutrition programme consolidating present fragmented programmes	None	Funded by (1994/95): RDP Fund R477,8m Department R440m
3. Improve maternal and child health (MCH) care services	Develop an MCH programme that includes free services to needy pregnant and lactating women and children under 6 years	(a) Care for 100% of needy pregnant women and 100% of needy children (b) Build clinics to make the services accessible (c) Increase immunisation coverage to 85% by 1997	Establish an MCH Unit in the restructured Department	None	Funded by (1994/95): RDP Fund R25m Department R27,4m
4. Reduce the spread of sexually transmitted diseases (STDs) and HIV/AIDS	STD prevention and control. Condom availability. School sexuality programmes. Information and education of public	Include sexuality programme in the new school curriculum	Establish STD/AIDS Unit in restructured Department. Improve condom distribution network	None	Funded by: Department (1994/95): R41,935m for AIDS and R4,142m for STDs
5. Diseases of poverty	Improve tuberculosis control programme	To implement new treatment regimens in 1995	Establish tuberculosis units in each province	None	Funded by Department (1994/95): R28,4m

MINISTRY OF HOME AFFAIRS

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Protect South Africans against illegal immigrants	1. Revised policy to control aliens	1. To be introduced as soon as possible	None	Depending on Cabinet approval	1.a Aliens control will place heavy burden on department's budget 1.b Proper aliens control will create jobs
2. Facilitate the local government process by introducing a proper electoral system	2. Implement report of the technical committee on local government elections	2. To be implemented as soon as possible	None	Depending on Cabinet approval	2. None as yet
3. Utilisation of existing peace structures in support of the RDP	3. Implement proposals submitted to cabinet on the future utilisation of peace structures	3. To be implemented as soon as possible	None	Depending on Cabinet approval	None

MINISTRY OF HOUSING

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Provide overall National Strategic Framework for Housing after consultation with provincial governments. This will be finalised with presentation of Housing White Paper to cabinet in November 1994. Full details in White Paper	1. Land release	1. Adequate and well located land for human settlement and development and decrease in land invasion		1. Development Facilitation Bill	1. Department budget with Land Affairs
	2. Long-term review of planning legislation; rationalisation, repeal or amendment		2. Create Development and Planning Commission	2. Development Facilitation Bill	2. Department budget with Land Affairs and RDP
	3. State subsidy for most needy	3. Comprehensive package of subsidy applications	3. National computerised data base	3. Housing Second Amendment Bill 1994	3. Seeking improved budgetary allocation for fiscal year 1995/96
	4. End User Finance Agreement with Association of Mortgage Lenders	4. Improved private sector gearing of public finance	4. Create Mortgage Indemnity Scheme — create service company		4. R50m initial capitalisation 1994/95
	5. Retail lending capacity	5. Improved capacity and competition for end user finance	5. Undertake appropriate restructuring and rationalisation of state corporate sector	5. Is indicated throughout programme	
	6. Housing support	6. Provide assistance to poorest in housing delivery process	6. To be investigated with both tiers of sub-national government	6. Unlikely to be necessary	6. Department budget will be quantified in early 1995
	7. Institutional	7. To assist housing programme and to satisfy Constitution	7. Restructure and rationalise public sector institutions	7. May be necessary in next session	7. Unquantified
	8. Rural housing	8. Rural housing brought into mainstream of national housing approach	8. Examine possibility of pilot projects for rural housing	8. Under discussion with Departments of Agriculture and of Land Affairs	8. Quantification to follow
	9. Stabilise/normalise public environment	9. Appropriate climate for housing investment; address issues of sub-standard construction, legal process, bond boycotts, etc	9. Successful local government transition necessary. (See MIS and Service Company)	9. Not indicated	9. Joint exercise with other state departments — campaign quantification currently underway

MINISTRY OF JUSTICE

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Justice for all	1. SA Law Commission conducting investigation into simplification of criminal procedure	1. To be done in a systematic way without causing instability		1. Legislation to provide for certain ancillary matters pertain ing to Office of Public Protector, Human Rights Commission, Commission on Gender Equality, and Judicial Service Commission	1. The following amounts are included in the 1994/95 budget: SA Law Commission R4,781 m, Judicial Service Commission R1,898m, Magistrates' Commission R1,393m, Legal Aid R66,325m Total R74,397m
2. Promote peace and security through judicial system	2. SA Law Commission investigating the harmonizing of customary law with common law	2. Short, medium and long-term objectives . Transformation of Department of Justice (refer to Minister's Budget Vote speech, 26 August 1994)		2. Legislation relating to the rationalisation of court structures	2. Funds are required for: Legal Aid for women's rights R10m, Public Defender R15m, Legal Aid (section 25 of Constitution) R201,640m, Public Protector R3,424m
3. Ensure basic human rights	3. Legal aid			3. New system of juvenile justice	3. Funds which are required, but not yet determined for the following: Lay magistrates, Human Rights Commission, Commission on Gender Equality and Rationalisation of court structures
4. Committed to the principles of RDP	4. Pro Deo defence provided for capital offences			4. Feasibility of combining the bar and side-bar	
5. Promote respect for law	5. Legal forum to be established for restructuring of justice system			5. Language requirements for admission to side-bar	
6. Promote credibility, accessibility and restore legitimacy	6. Commission of Truth and Reconciliation to investigate human rights violations			6. New criteria for appointment of judicial officers	
7. Transformation of justice system to make it more representative in terms of race and gender	7. Appearance of para-legals is being investigated by Association of Law Societies. Department is awaiting proposals			7. Utilisation of lay officials in judicial system	
	8. Public defence system in district of Johannesburg			8. Abolition of system of articles and entrance examinations	
				9. Alternative methods for dispute resolutions	
				10. Simplification of court procedures	
				11. Rights of audience for para-legals and advice office workers	

MINISTRY OF LABOUR

POLICY Objectives	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. To provide a vision of the Department of Labour at the centre of socio-economic policy and placing labour policy in the contextual framework of the RDP	1. Active labour market policy formulation	1. Report: December 1995	1. National Economic Development and Labour Council 01/95	1. One labour law dispensation in SA — December 1995	1. Re-organise priorities
	2. National training policy	2. Bill to Parliament in June 1995	2. Build new Labour department — March 1995	2. New labour relations Act — Bill to Parliament — May 1995	2. Off budget
	3. Vocational/career guidance counseling policy	3. White Paper in March 1996	3. Research and development unit	3. Review existing legislation — ongoing	3. Technical assis- tance
	4. Strengthening civil society	4. Implement support in April 1996	4. Restructure Wage Board		4. RDP fund
	5. Ratify ILO conventions	5. Bill/Resolution to Parliament in April 1995	5. Provide mediation and conciliation		
	6. Restructuring occupational health and safety competencies	6. Constitute national council in July 1996	6. Restructure industrial court and agricultural labour court		

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GOVERNMENT GAZETTE, 23 NOVEMBER 1994

MINISTRY OF LAND AFFAIRS

POLICY OBJECTIVES	PROGRAMMES	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Eliminate poverty in rural areas	1. Restitution of rights in land	1. Establish land claims commission and court	1. Restructure department	1. Restitution Act Promulgated	1. Budget review
2. Redress forced removals and dispossession	2. Redistribution — pilot land reform — land acquisition support	2. Register all land claims within 3 years	2. Land commission and land claims COWI	2. Land Administration Bill in Parliament now	2. RDp fund
3. Improve access to land and market	3. Tenure reform	3. Conclude adjudication within 5 years	3. Decentralised govt. institutions to administer land matters at local level	3. Rationalise land related legislation (1995)	3. Donor funding
4. Surety of land tenure	4. Land administration reform	4. Financing and administrative systems in 2 years		4. Development Facilitation Bill	
5. Sustainability in land and resource use	5. Settlement support	5. Tenure reform investigation (1995)		5. Legislation for group land-holding is being drafted	
6. Accompany access to land with services and infrastructure	6. Rural finance inquiry commission (1995)				
		7. Pilot land reform programme (1994-97)			
		8. Assign land administration function (1995)			

MINISTRY OF MINERAL AND ENERGY AFFAIRS

POLICY OBJECTIVES	PROGRAMMES	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. To develop South Africa's mineral wealth to its full potential and to the maximum benefit of the entire population	1. Support to small mining ventures	1. To electrify 2,5ml households by 2000	1. Abolition of mineral and energy structures in former TBVC and SGTS and absorption of relevant staff	1. Introduction of uniform mineral and energy legislation for the entire national territory	1. Accelerated electrification may be financed by the creation of a national electrification fund based on levies, and by introducing a national domestic tariff structure
2. To ensure access to appropriate and affordable energy to the entire population, thereby enhancing the quality of life and socio-economic development	2. Facilitating mineral development	2. Submit Mineral and Energy Laws Rationalisation Bill to Parliament in October 1994	2. Restructuring department following in-depth study of its aims, functions and personnel	2. Amendments to the Electricity Act aimed at the establishment of a National Regulator	2. Most of the other RDP directed actions and objectives can be financed from the normal budgets of the Department and its associated institutions. Additional funds from Treasury will, however, be required for additional Departmental staff and to finance SADC projects
	3. Improve safety and health in work place	3. Immediate improvement of access to mineral rights through streamlining of procedures and consultation with current holders of rights	3. Restructuring of department's safety and health function in terms of the Leon Commission	3. Revision of all legislation administered by the Department in order to effect amendments as required by the Constitution and the RDP	
	4. Rehabilitation of abandoned mines	4. Implementation of recommendations of the Leon Commission as soon as these have been approved by Cabinet — February 1995	4. Restructuring the electricity distribution industry and the Electricity Control Board, pending recommendations of NEF		
	5. Technology development aimed at value addition	5. Complete restructuring of department — end 1995	5. Possible restructuring of Soekor, pending recommendations of NEF		
	6. Strategy to handle laid-off workers during mine closure	6. Complete review of Departmental legislation — end 1995	6. Possible restructuring of the nuclear industry, pending the outcome of the investigation into the future of nuclear energy in South Africa		
	7. Human resource development and affirmative action				

MINISTRY OF PUBLIC ENTERPRISES

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
Manage state interests and shareholding in the public enterprises with a total asset base of more than R1 00bn. Maximise the contribution of the public enterprises to the national economy. Improve and ensure accountability and transparency in the process of stewardship over public resources. Promote and ensure effective management of public enterprises	The Office of the Public Enterprises has no specific programmes and targets . Each enterprise is individually geared to contribute towards assisting the RDP . None. None except that arrangements are being made for the transfer of the Competition Board from the Office for Public Enterprises to the Department of Trade and Industry. None. Only administrative expenses are provided for in the budget. All public enterprises are self-sufficient				

MINISTRY OF PUBLIC WORKS

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Develop a new vision and focus for the department within the ambit of the RDP	1. Development of a change management programme and a medium-term strategic plan for the department	1. Strategic change management team operational within 3 months	1. Departmental restructuring focusing on the RDP	1. Draft amendments to legislation governing statutory Built Environment Councils (early 1995)	1. Reorientation of 1994/95 departmental budget to bring it in line with RDP priorities (positive impact envisaged on R300m of current department budget)
2. Representative public service	2. National public works programme	2. Expenditure of R200m on community-based National Public Works Programme in 1994/95 financial year	2. Incorporation of NPWP Directorate within the Department		2. Community-based NPWP (RDP) R250m
3. Intersectoral co-operation and collaboration	3. Review of consultants roster panel in department	3. 'In Principle' recommendations on appointment of consultants by January 1995	3. Democratisation of statutory Built Environment Councils		3. Departmental savings to fund NPWP setup (R10m)
4. Efficient and effective management of assets	4. Review of roles and composition of statutory Built Environment Councils	4. Amendments to contract documentation to enable participation in programmed by emerging contractors			
5. Fostering of government/non-government partnerships	5. Review of contract document to facilitate participation of emerging contractors	5. Framework for contractor training programme — June 95			
6. Ensure transparency, equity and accountability in the operation of the department	6. Development of a contractor training programme				
7. Redirect focus of department to that of service providers to the broader public. Facilitating the provision of infrastructural assets whilst simultaneously creating sustainable employment and building capacity of beneficiaries	7. Provision of technical and institutional support to the provinces				
	8. Development of guidelines to ensure equity, transparency and fiscal discipline in the management of state assets				

MINISTRY OF SAFETY AND SECURITY

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Create a safe and secure environment conducive to implement the RDP	1. Compile and implement a proactive and reactive crime combating programme based on the principles of community policing	1. Promote community safety by means of problem-solving approach	1. Institutionalise partnership approach	1. Implementation of applicable sections of the Constitution Act	1. R21 750000
2. Promote community empowerment on safety and security matters	2. Establish and activate community police forums as envisaged in the Constitution Act	2. Ensure community involvement in police decision-making and functioning	2. Implementation of community policing	2. Draft Police Bill	2. R21 250000
3. Ensure community empowerment on safety and security matters	3. Compile and implement education programmed — crime awareness, crime prevention, human rights, police procedures, victim aid	3. Ensure community development regarding safety and security matters	3. Institutionalise partnership approach in accordance with principles of community policing		3. R33 500000
4. Promotion of accessibility of policing services	4. Redistribution of resources in accordance with priority areas	4. Development of police services in deprived areas	4. Introduce service-rendering culture based on community needs		4. R50 000000
5. Improvement of quality of policing services	5. Training based on principles of community policing, Adaptation and implementation of local crime prevention and crime combating strategies in accordance with community needs	5. Internal training and retraining programmes on community policing to ensure organisational transformation	5. Transformation of traditional policing approach to community policing		5. R15 000000
		6. Policing service based on consultation in order to meet needs of communities	6. Adopt community values and redirect organisational transformation		

MINISTRY OF SPORT AND RECREATION

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. To provide basic facilities in disadvantaged areas	Utilise proceeds from sale of strategic material of R1,0m for each Province	Creation/upgrade of facilities	Encourage decision-making at lowest level on democratic basis, e.g. Local Authority/MEC	Process to be driven by MEC responsible for sport in each province	Funded from facilities non-recurrent allocation of R12,9m
2. Increase participation in sport at both social and competitive level	Sport for all programmed aimed at increasing awareness	One person — one sport drive	Amended programme to be Nationally driven	Involvement of MEC offices in delivery at Provincial level	To be funded partly by the Department ± R1,0m
3. Use sport to keep youth off the streets	National Youth stars where talent in selected sports is identified and nurtured in camps	National federations where participation by all races is most likely	Determination of role models aimed at attracting young people	Possibility of exploring upgrading of selected voluntary sports bodies to statutory bodies	Funding requirements ± R1 0,0m
4. Create healthy society via a culture of sport	Walks, health-week etc, aimed at health consciousness	Non-participants where incidence of health-related problems high	Themed sports campaigns, e.g. health week etc	None	Funding requirements ± R10,0m
5. Prepare élite athletes for continental/international competition	Coaching academies by sport type via formal training camps	Grading athletes into categories, e.g. medal probabilities gold, silver and bronze class	Responsibility of National Federations to co-ordinate and identify expertise	Exchange agreements with other countries	Funding requirements in 1995 ± R20,0m
6. Identify talent wherever it exists and make sport accessible to all communities	simultaneously deploy talent scouts by sport type and ongoing research on formula	Rural and platteland areas	Need to commission formal researcher	None	Funding requirements ± R9,0m
7. Provide support service for sport on a formal basis	Establish sports ethnological service info centre and drug testing	Proximity of academic expertise, e.g. CSIR	Consolidating of current ad hoc initiatives	Proclamation that testing for drugs not optional	Department funding parts of projects, e.g. testing Commonwealth team
8. Encourage position of incentives for elite athletes	Support and restructuring of Operation Excellence	Elite, Olympic athletes	Creation of similar structure for non-olympic sport	None	Partly funded by Government and Private sector
9. Redress imbalances in: • gender • demography • race • able-bodied vs disabled • senior citizens • best in SA vs best in world	Sports Trust	disadvantaged sports persons	Incentives for Provincial Sports Trust	Incentives to sponsors via tax concessions and sports 2001s	National Sports Trust — part funders
10. Generate alternative methods to fund sport	Sports Pools	Ministries of Finance and Justice	consideration to similar arrangements at Provincial level	Enabling legislation	Reduce dependence on Government grants
1. Image builder	hosting/participants selected continental world events	• F1 Grand Prix • All Africa Games • World Cross Country • World Cup • Olympic 2004 • RWC '95	Centralisation of sports budgets in sports Ministry	To effect that sport is more than leisure activity	adequate versus demand

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POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
12. Financial assistance to National Federations	Management of Sports Department to provide service; Promotion of sport and recreation and mass participation; Information/technological support system	All 140 National Federations	Advisory Forums involving state and sport for priorised needs	Provincial/National approach to professional sports management	Department currently developing focused approach to give meaning to its annual budget of R39,0m for 1994/95

MINISTRY OF TRADE AND INDUSTRY

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
1. To simultaneously strive to raise em -employment, invest -ment, improved trade performance and productivity in our industries	1. Restructure and strengthen existing industries	1. Contribute to target 300000 new jobs p.a	1. Line function responsibility to promote small, medium & micro enterprise development	1. Amend legislation which inhibits the achievement of programmes to broaden industrial development away from the past capital intensive path, e.g. IDC	1. Reduction in cash handout incentives such as GEIS to be matched by a corresponding increase in resources to pursue the supply-side programmes outlined above
2. To ensure that maximum advantage is taken to develop internationally competitive industries using all opportunities that will arise from sustained expenditure on RDP infrastructural projects	2. Increase benefici -ation of natural resources	2. Increase productivity and competitiveness	2. Bring Competition Board within the DTI and dovetail competition policy within industrial policy. A commission will be established to examine this	2. Amend legislation relating to SMMES, including the SBDC Act	2. RDP fund for specific programmed relating to supply-side measures to raise industrial competitiveness without major labour shedding
	3. Strengthen industries engaged in producing RDP inputs on a competitive basis	3. Develop greater linkages between capital and energy-intensive material-based industries and manufacturing	3. Devolve responsibility of certain centralised functions to provinces	3. Amend legislation relating to consumer protection, e.g. Usury Act	
	4. Provide support through for firms pursuing above objectives	4. Develop labour-intensive agro-manufacturing industries	4. Examine role of development corporations to promote industrialisation	4. Amend legislation relating to anti-competitive behaviour, e.g. the Promotion on Monolistic Practices Act	
	5. Strengthen consumer protection legislation	5. Increase contribution of higher value-added activities to GDP	5. Reorganise & strengthen institutions involved in trade promotion, investment, education, research, science and technology		
	6. To maximise benefits of trade and industry policy devolution of certain activities to the provinces	6. Develop integrated approach to industrialisation between the centre and provinces			
		7. Develop coherent approach towards industrialisation and the S. African region			

MINISTRY OF TRANSPORT

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
<p>The Department's policy objectives have been formulated with regard to the five priorities for reconstruction and development, viz:</p> <ul style="list-style-type: none"> ● attacking poverty and deprivation ● building the economy ● human resource development ● urban development and ● rural development <p>Attacking poverty and deprivation Attacking poverty and deprivation by supporting employment — generating growth through the creation of jobs on national roads</p> <p>Projects and directing spending on infrastructure provision and subsidisation of commuter transport in favour of small, medium and micro enterprise (SMMES)</p> <p>Building the economy Building the economy through the provision of a national roads network which supports economic growth and provides for urban and rural immunities to employment opportunities and essential services through subsidised transport, implementing policies which promote the provision of transport services at the lowest possible cost to the end consumer, facilitating entry by disadvantaged communities to the road transport profession and combating the high cost to the economy of a lack of traffic safety.</p> <p>Human resource development</p>	<p>The Department's programmed for implementing its policy objectives are discussed per function sector. The following programmed are being executed or are in the planning stage:</p> <p>Roads</p> <ul style="list-style-type: none"> ● Execution of national roads projects with enhanced labour components; extended participation by SMMES on the basis of revised General Conditions of contract, Design guidelines and specifications ● provision of roads on the basis of a multi-criteria approach which takes into account basic needs, e.g. accessibility, in addition to purely financial considerations ● Extended participation by civil society in the needs identification and planning process through the implementation process ● Enhanced training projects for persons employed in publicly-funded projects ● Education and training of the existing and potential new corps of professional, technical and administrative personnel in the roads component of the Department. ● and transport ● Revising subsidy procedures and criteria to promote the wider payment of subsidies to providers of community transport services, in particular SMMES. ● Promoting greater efficiency and productivity amongst ex- 	<p>Primary Targets of the Department's RDP programmed are:</p> <ul style="list-style-type: none"> ● Disadvantaged sectors of urban and rural communities requiring accessible transport services supported by adequate infrastructure provision ● Disadvantaged members of urban and rural communities who can be economically empowered or employed through projects funded from public sector sources and in the road transport industry ● Existing and future professional, technical and administrative personnel from disadvantaged communities employed or to be employed or in the public sector in the transport field 	<p>Institutional reforms envisaged by the Department are:</p> <ul style="list-style-type: none"> ● Restructuring the Department to facilitate and support the implementation of the RDP ● Accelerated employment practices to ensure that Departmental officials are reflective of society in terms of race, class and gender ● Reviewing the composition and structure of existing statutory bodies in the transport field ● Establishing new structures between the national and provincial levels of government to ensure ongoing consultation and co-ordination in support of an integrated approach to transport management ● Establishing a new executive structure to undertake executive and technical functions in respect of national roads, subject to overall policy and strategic planning responsibility vested in the Minister of Transport ● Promoting consultation with existing or to be established structures of civil society in support of an holistic management approach 	<p>In view of the provisions of the Constitution, the Department has identified a number of national Acts the administration of which may be assigned to the provinces, viz the Road Traffic Act, 1989, the National Road Safety Act, 1972, the Urban Transport Act, 1977 (subject to provisos), as well as the Advertising and Ribbon Development Act. The assignment has identified a large number of residual powers, duties and functions to be performed in terms of Sec 126(3) of the Constitution, which necessitates the introduction of new legislation in respect of:</p> <ul style="list-style-type: none"> ● road traffic and road traffic safety; ● road transportation; ● urban and rural transport planning, infrastructure provision and commuter subsidisation; and ● roads. <p>Such legislation will also give effect to the creation of new institutional structures referred to in 24.4 and will be tabled in 1995.</p>	<p>RDP programmed will be financed from</p> <ul style="list-style-type: none"> ● Existing budgetary allocations which have been reprioritised and redirected between functional areas and expenditure categories ● The RDP Fund in respect of approved projects ● Funding through road user charges ● Private sector funding for high standard, high demand infrastructure restructuring ● Allocations from the fuel levy towards the maintenance, management and provision of a primary road network

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMMED	FINANCIAL ARRANGEMENTS
<p>Promoting the training and economic empowerment of members of disadvantaged communities through projects funded from Departmental sources and promoting the training and empowerment of a corps of professional, technical and administrative officials reflective of society in terms of race, clans and gender.</p> <p>Urban development Promoting the provision of adequate public transport service as the primary mode for transportation for urban communities through integrated planning which enhances transport efficiency, ensures the provision of adequate infrastructure and promotes equitable urban growth.</p> <p>Rural development promoting the provision of adequate public transport services to ensure access for rural communities to employment opportunities and essential services through integrated planning which ensures the provision of affordable infrastructure and promotes sustainable rural livelihoods</p>	<p>isting subsidy recipients to ensure a greater availability of existing funds and a better spread of payments to provide services to commuters other than workers and to a larger number of communities in both urban and rural areas.</p> <p>Promoting integrated land use and transport planning by second and third tier authorities in consultation with communities to facilitate the more accessible and affordable provision of transport services.</p> <p>Empowering members of disadvantaged communities to become economically active at all levels of the road transport profession</p>				

MINISTRY OF WATER AFFAIRS AND FORESTRY

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Water is an indivisible national asset belonging to all South Africans	1. Twelve water supply schemes to communities in 1994/95 from RDP fund	1.20-30 Litres of water per capita per day, (within 200 m), safe sanitation and refuse removal (5-7 years)	1. Democratisation of Water Boards	1. Bill to establish statutory local water committees	1. R3m for emergency rural water supply
2. Community-based development of water and sanitation Services	2. Emergency drought crisis intervention	2.50-60 Litres of water per capita per day (within 200 m), improved outside sanitation and refuse collection (medium term)	2. Restructuring and rationalisation of old departments	2. Bill to take the function of sanitation	2. R278,6m from RDP over 3 years for water projects
3. 'Some for all' rather than all for Some			3. New branch of the department has been established to address community water supply and sanitation	3. Bill to enable community committees to interact with department on water and sanitation	3. To meet targets R8,8bn is required over 5 years at 1994 costs
			4. Establishment of statutory water committees	4. Bill to regularise water related legislation of old administrations	
				5. Complete review of water legislation during 1995	

MINISTRY OF WELFARE AND POPULATION DEVELOPMENT

POLICY OBJECTIVES	PROGRAMMED	TARGETS	INSTITUTIONAL REFORMS	LEGISLATIVE PROGRAMME	FINANCIAL ARRANGEMENTS
1. Basic social welfare rights for all South Africans	1. Provision of community-based and workplace care centres	1. Train 3000 community development workers within 5 years	1. National co-ordinating body to review existing welfare system (stakeholders)	1. New legislation to provide development oriented social welfare system	
2. Affirmative action for disadvantaged and vulnerable groups	2. Remove children from prison and police cells		2. Establish inter-sectoral co-ordination units to plan and implement integrated strategies aimed at improving child care, juvenile justice and women status	2. Review National Welfare Act of 1978	
3. Empowerment of communities to participate in decision-making	3. Human resource development (planning and development)			3. Review Social Work Act of 1978	
4. Role of civil society in establishing guidelines for co-operation	4. Special programmes for the disabled			4. Review Acts dealing with child and family welfare	
5. National social security system and social safety nets	5. Programmed for children to influence the motivation, attitudes, and behaviour with regard to drug use			5. Protection of the Rights of Children. Review of the Child Care Act of 1983, Act 74. Protection of the Rights of Children	
6. To improve the standard and quality of life of all South Africans (through social policies that are specifically designed to overcome such problems)	& Programmed to prevent and combat crime (Probation Services Act, 1991, Act No 116 of 1994, administered by the Ministry)			6. Review Acts dealing with Family Welfare	
	7. Promote non-residential programmed for juvenile and adult offenders				
	8. Programmed to address the needs of the old (housing, care, medical needs, economic needs, e.g. consumer voucher coupons, etc.)				

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