

6. CONTRACT SC 1890/2018: BULK WATER SERVICES OPERATION AND MAINTENANCE: REPORT ON SOCIAL RESPONSIBILITY CONTRIBUTIONS BY VEOLIA WATER SOLUTIONS & TECHNOLOGIES SOUTH AFRICA (PTY) LTD

8/3/1/SC1890/2018

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Deputy Director: Engineering Planning

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1. Executive Summary

The purpose of this report is for Council to take cognisance of subcontracting arrangements and social responsibility contributions made to date by the successful bidder on Contract SC 1890/2018, Bulk Water Services Operation and Maintenance, following a request to this effect by Council at the Council meeting of 30 October 2019.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Infrastructure & Planning

Department: Engineering Planning (Bulk Water Services)

3. Compliance with Strategic Priorities

Provision and maintenance of municipal services

Creation and maintenance of a safe and healthy environment

The promotion of tourism and economic and social development

4. Delegated Authority

None

5. Legal Requirements

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

Municipal Supply Chain Management Regulations

Preferential Procurement Regulations

Overstrand Municipality Supply Chain Management Policy

6. Background/Evaluation/Conclusion

Background

Council requested a report on subcontracting and social responsibility contributions made to date by the successful bidder on Contract SC 1890/2018, Bulk Water Services Operation and Maintenance, i.e. Veolia Water Solutions and Technologies South Africa (Pty) Ltd (Veolia). The above

mentioned 15 year contract was awarded to Veolia on 4 September 2018 and approved by Council in terms of section 33 of the MFMA on 28 November 2018. The contract commenced on 8 December 2018.

Following an investigation into the feasibility of the potential compulsory subcontracting of some aspects of the contract to Exempted Micro Enterprises (EME's) and Qualifying Small Enterprises (QSE's), it was agreed at the Specifications Committee at the time that a minimum of 4% of Contract SC 1890/2018 will be specified in the bid documentation to be subcontracted to EME's and QSE's.

It was furthermore agreed at the Specifications Committee that it will be required of the successful bidder to become involved in social responsibility projects in the Overstrand Municipality, with a focus on vulnerable groups and designated groups. No minimum level of such involvement was specified.

Evaluation

Tables 1 and 2 below provide summaries of Veolia's performance to date in terms of the compulsory 4% subcontracting to EME's and QSE's, as well as involvement in social responsibility projects in the Overstrand:

Table 1: Subcontracting to EME's and QSE's:

Financial Year	Required Expenditure on EME / QSE	Actual Expenditure on EME / QSE	Types of services subcontracted to EME's and QSE's
2018/19	R 720 000 (4%)	R 3 346 573 (18.6%)	Security, recruitment, tanker services, cleaning and gardening, chemical supply, civil construction and maintenance works
2019/20	R 1 930 691 (4%)	R 1 444 803 (4 months to date)	

Table 2: Social responsibility projects:

Financial Year	Social responsibility involvement planned	Actual Social Responsibility involvement	Beneficiaries
2018/19	R 60 000	R 77 381	Siyazama Old Age Centre, Zwelihle; Bursaries to children of Overstrand employees; 4 Learnerships varying between 2 and 6 months
2019/20	R 100 000	R 64 500 (4 months to date)	

In their Annual Plan for 2020/21, Veolia states that they intend to provide two 12-month learnerships to unemployed youth at water and waste water treatment sites, and also financial contributions to the upgrade of early childhood development facilities in the Overstrand.

Conclusion

From the above tables it can be concluded that Veolia Water Solutions and Technologies South Africa (Pty) Ltd are exceeding the requirements of Contract SC 1890/2018 in terms of subcontracting to EME's and QSE's and social responsibility involvement.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that cognisance be taken of the subcontracting to EME's and QSE's to date, as well as social responsibility contributions made to date in the Overstrand area by Veolia Water Solutions and Technologies South Africa (Pty) Ltd in execution of Contract SC 1890/2018, Bulk Water Services Operation and Maintenance, for Overstrand Municipality.

RESPONSIBLE OFFICIAL:

H BLIGNAUT

TARGET DATE FOR IMPLEMENTATION :

N/A

TARGET DATE TO INFORM APPLICANT :

N/A

TARGET DATE TO INFORM OBJECTOR :

N/A