DOMESTIC WASTE COLLECTION

DOCUMENTING COMMUNITY BASED DOMESTIC WASTE COLLECTION PROGRAMMES IN SOUTH AFRICA

Case Study 5: City of Cape Town – Cleansing service to informal settlements

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DOCUMENT HISTORY

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<th>Version</th>
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i. EXECUTIVE SUMMARY

This Direct SME Contract Model is currently being implemented in the City of Cape Town (COCT). The model is being implemented in 22 informal areas within the jurisdictional area of the Metro. The service is provided to 153 284 households under the programme.

There are 22 SMEs appointed with a total workforce of 505 on the programme.

Management and planning of the programme and the administration and supervision of the contracts is undertaken by the Metro.

The following service is provided under the programme:-

- The collection and disposal of domestic and garden waste;
- Litter picking;
- Street cleaning;
- Removal and disposal of illegal dumps and
- Removal and disposal of building rubble

The following services are excluded from the programme:

- Grass cutting and vegetation clearing and
- Removal and disposal of animal carcases

The contractors provide a once weekly kerbside collection service and transport the waste to strategically placed containers near their respective collection zones. The containers are transported by the Municipality and the waste disposed of at the disposal site.

Twenty two separate emerging SME Contractors have been appointed by the City to provide the service within the designated areas. The contracts were awarded to the successful tenderers on the basis of a competitive bidding process. The contractors are required to appoint their staff members from the local community. Provision of the service has created 505 jobs in the area.
The contracts are generally “labour-only” contractors and the SMEs do not require collection vehicles, although some of the Contractors use LDVs to transport some of their waste to the containers. As such this provides opportunity for entry level SMEs who do not require access to substantial financial facilities.

No management/administrative support and skills development/training is provided to the contractors and their staff under the programme.

ii. LIST OF ABBREVIATIONS

EPWSP : Extended Public Works Support Programme
DEAT : Department Environmental Affairs and Tourism
DPW : Department of Public Works
EPWP : Extended Public Works Programme
ESSP : Environmental Sector Support Programme
SME : Small Medium Enterprise
CBO : Community Based Organisations
CBWC : Community Based Waste Collection
CBWCP : Community Based Waste Collection Programme
MFMA : Municipal Finance Management Act
MSA : Municipal Systems Act
COCT : City of Cape Town
DOL : Department of Labour
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<td>C</td>
<td>Management Cost of Calculations</td>
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1 INTRODUCTION

A number of community based domestic waste collection models are currently being implemented in South Africa. These models include community based co-operatives, managed contract models and management contractor models. The models generally, albeit to varying degrees, foster the government's strategy of Black Economic Empowerment through the pro-active development of emerging contractors and the provision of business management, administrative and technical support programmes. The aim of this study is to identify examples of these models, to examine them in some detail and to document the detail as case studies. Ultimately these case studies will be disseminated to, *inter alia*, municipalities and other authorities in SA, to assist them in making informed decisions on the application of particular models within their respective areas.

The report is based on interviews conducted with the operating, supervisory and management officials within the respective municipalities, together with relevant documentation provided by them.

Each programme investigated has its particular strengths and weaknesses, and no one programme is considered better than any other.

The following waste collection programmes were examined and documented:

i) **Case Study 1: Ekurhuleni Metropolitan Municipality Domestic Waste Collection Programme.**

The model implemented by the municipality is a *Principal Contractor/SME Subcontractor* Model, where a principal contractor is appointed who contracts directly with local SME subcontractors to undertake the collection.

ii) **Case Study 2: eThekwini Emerging Contractor Waste Collection Programme**

The programme is implemented by Durban Solid Waste. It constitutes a *Direct SME Contract* model where a managing agent, contracted by the Municipality, is responsible for planning, administering and supervising collection services undertaken by SME contractors who are contracted to the Municipality.
iii) **Case Study 3: Gauteng Domestic Waste Clearing and Collection programme.**

This programme aimed at utilising Managing Agent, NGOs and SME contractors to provide a comprehensive service to previously unserviced communities. The Managing Agent was responsible for the implementation and management of the programme, as well as the appointment of NGOs and SME contractors. NGOs were appointed to facilitate the management of beneficiaries (members from the local community who participated in the programme) and were also responsible for the day-to-day management of the programme and SMEs. SME contractors were appointed to collect waste from households for disposal at landfill sites. They were also required to transport recyclables to waste salvagers in the area.

iv) **Case Study 4: Nelson Mandela Bay Municipality (NMBM) – Co-operative Waste Collection Programme.**

The programme is implemented by NMBMM in 9 areas within the jurisdictional area of the metro, servicing some 30 000 households. The collection model constitutes that of a *co-operatives model* and is managed and administered by NMBMM. Nine community co-operatives are contracted to the Metro to provide the waste collection service.

v) **Case Study 5: City of Cape Town Service provision in low income and informal areas project.**

This model is a *Direct SME contract* model similar to the one implemented by DSW (Case Study 2). The primary difference is that the function of the Managing Agent providing planning, administrative and supervisory inputs and the support services to the emerging SME is fulfilled by the municipality.

### 2 PROGRAMME DETAILS

#### 2.1 Background

During 2006 the City of Cape Town (COCT) implemented a community based waste collection programme within unserviced informal areas located within the Metro. The
aim of the programme was to create employment opportunities, to foster the establishment of BEE SME waste collection contractors and to provide an efficient and cost effective cleansing system within the areas to be serviced.

Tenders for the service were invited and awarded on the basis of a competitive bidding process. The appointed contractors were required to appoint labour from the areas being serviced.

A once-weekly door-to-door refuse collection service and area cleaning service is provided by the appointed contractors. Currently some 153 284 households located in 22 informal areas throughout the Metro are serviced under the programme. Some 505 employment opportunities have been created and 20 local emerging SME waste collection contractors have been established under the programme.

### 2.2 Extent of the Programme

A comprehensive waste collection service is provided in 22 informal areas under the programme. The service level is comparable to that provided by the municipality in the formal areas.

The table below indicates the number of households serviced by each contractor and the number of labourers employed from within each serviced community.

<table>
<thead>
<tr>
<th>Area</th>
<th>Households</th>
<th>Job opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Slovo - Langa</td>
<td>6980</td>
<td>21</td>
</tr>
<tr>
<td>Khayelitsha - Enkanini</td>
<td>12347</td>
<td>37</td>
</tr>
<tr>
<td>Khayelitsha - Bongani, Bongani TR, Victoria Mxenge, Tsepe Tsepe</td>
<td>9003</td>
<td>27</td>
</tr>
<tr>
<td>Khayelitsha - Nonkqubela, Barney Molekwana Cnr, RR Section</td>
<td>11050</td>
<td>33</td>
</tr>
<tr>
<td>Khayelitsha - Bongweni Lansdowne Rd, Mxolise Phetani</td>
<td>7622</td>
<td>23</td>
</tr>
<tr>
<td>Khayelitsha - Silvertown, Sebata Dalindyebo Square</td>
<td>6896</td>
<td>20</td>
</tr>
<tr>
<td>Khayelitsha - Monwabisi</td>
<td>10550</td>
<td>31</td>
</tr>
<tr>
<td>Imizamo Yethu (Hout Bay)</td>
<td>8200</td>
<td>25</td>
</tr>
<tr>
<td>Small Informal Settlements - Atlantic</td>
<td>6945</td>
<td>53</td>
</tr>
<tr>
<td>Small Informal Settlements - Central</td>
<td>4022</td>
<td>14</td>
</tr>
<tr>
<td>Small Informal Settlements - Eastern</td>
<td>3831</td>
<td>28</td>
</tr>
<tr>
<td>Browns Farm</td>
<td>7500</td>
<td>22</td>
</tr>
<tr>
<td>Sweet Home</td>
<td>2875</td>
<td>8</td>
</tr>
<tr>
<td>Area</td>
<td>Households</td>
<td>Job opportunities</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Kosovo</td>
<td>5000</td>
<td>15</td>
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<tr>
<td>Gugulethu /Nyanga Infill</td>
<td>9125</td>
<td>27</td>
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<tr>
<td>Gugulethu /Nyanga Bufferstrip</td>
<td>6750</td>
<td>20</td>
</tr>
<tr>
<td>Nomzamo - Lwandle</td>
<td>3134</td>
<td>10</td>
</tr>
<tr>
<td>Du Noon</td>
<td>12789</td>
<td>37</td>
</tr>
<tr>
<td>Doornbach</td>
<td>5230</td>
<td>14</td>
</tr>
<tr>
<td>Witsands</td>
<td>4796</td>
<td>14</td>
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<tr>
<td>Hangberg</td>
<td>3416</td>
<td>11</td>
</tr>
<tr>
<td>Mfuleni</td>
<td>5223</td>
<td>15</td>
</tr>
</tbody>
</table>

2.3 Scope of Collection Services

The service providers provide comprehensive cleansing services within their designated areas, described as follows:

- Households receive 2 plastic bags provided by the municipality per week.
- Domestic and garden waste is collected from each dwelling once per week.
- The collected waste is placed by the service providers in shipping containers for later removal by another contractor;
- All businesses within the demarcated area, formal and informal, receive the waste collection service.
- The entire contract area, including streets, verges, public open spaces and vacant land, with the exception of privately owned land, is litter-picked and kept free of all waste;
- All illegal dumps are cleared by the service provider;
- The service excludes grass cutting and vegetation clearing.
- Any small animal carcasses (dogs, cats, goats, sheep) are bagged separately and the Council’s representative phoned for removal.
• Building rubble is removed as part of the service provided to residents. However, residents are required to request the removal of such material. The contractor will then obtain three quotes for the removal of the material and submit it to council for approval.

• Residents are required to place garden waste on the kerbside in plastic bags for collection. Residents may request additional bags for the disposal of garden refuse.

2.4 Programme Structure

A schematic of the programme structure is appended hereto at **Annexure A**. SME waste collection contractors are contracted to the COCT to provide a comprehensive waste collection service within their respective contract areas.

The following are key aspects of the programme structure:

2.5 Programme Management

The Metro utilises its own in-house resources for the planning, administration and monitoring of the programme. Resources allocated by the Metro to the programme include one Contracts Officer and eleven Monitoring Officers.

Key aspects are the following:

- **Planning**
  - Contract zoning;
  - Compilation of contract documentation and
  - Contract procurement;

- **Administration**
  - Dealing with contractual issues encountered by the contractors;
  - Processing of payments to the contractors;
  - Mentoring and support services to contractors;
  - Monitoring and reporting;
  - Processing payments to contractors;
- Re-assessment of the number of households within each contract area twice per year in order to amend contractors payments as may be necessary;
- Placement and removal of shipping containers used for the storage of collected waste material;
- The provision of limited support to the contractor

- Monitoring
  - Provision of the inspectorate;
  - Monitoring of service delivery quality on a daily basis;
  - Compilation of monitoring reports and returns;
  - Inspection of contracts to certify works completed;
  - Assessment of works schedules and returns for generation of monthly payment certificates;
  - Dealing with contractors on operational issues;
  - Dealing with complaints and
  - Liaison with communities.

2.6 Contract Services

In terms of the contract the waste collection contractors are required to hire their labour from the local community being serviced under each respective contract. In addition, the number of labourers to be hired must be in accordance with the set ratio of 1 labourer per 400 dwellings serviced. The COCT manages the process closely to ensure that these requirements are complied with.

Supervisors must be appointed by the contractor in the ratio of 1 supervisor per 6 labourers.

The emerging contractors are contracted directly to the COCT. The procurement policy of the municipality gives preference to BEE tenderers located within the COCT. Preference is determined through a 80/20 preference point system in respect of procurement with and estimated value of less than R500 000 and a 90/10 preference point system in respect of procurement of with an estimated value greater that R500 000.
The contractors collect the waste from the individual households and transport it to a temporary storage area (in shipping containers), from where it is transported by the municipality and disposed of at a landfill site. Service delivery needs to be at a level 1 in terms of the contractual agreement with the contractors.

Contractors are required to provide all the vehicles, personnel, material, consumables and equipment necessary to provide a comprehensive waste management service to the designated areas. However, plastic bags are supplied by the municipality on a monthly basis.

The contracts range in size from 2875 to 12789 equivalent households, with the average contract size being 7000 households. The contracts range from a monthly turnover of R19,023.38 to R321,771.24 (excluding VAT). Some 435 local labourers are employed under the supervision of 70 supervisors. A total of 20 emerging contractors have been contracted by the COCT to provide the service.

These contracts are generally only accessible to contractors that have access to vehicles and/or finance for vehicles and operating cash flows.

The COCT has placed a large emphasis on communication between all stakeholders and has included very specific requirement in this regard in the contract documentation. The waste collection service is provided by the contractors between 07H00 and 17H00 Monday to Friday including public holidays.

2.7 Monitoring

Contractors are required to maintain a Level 1 standard in all public areas as described in the “Standards of Cleanliness” a copy of which attached hereto under Annexure B. Should the level of cleanliness achieved by the contractor be below level 1 then the contractor is put on time to achieve the required standard and payment to the contractor can be withheld until the required standard is achieved by the contractor.

In terms of the contract the contract penalties can be applied for poor performance and can be terminated by the municipality should the contractor consistently fail to achieve the required standard.
3 KEY PROGRAMME STATISTICS

Key programme statistics are be summarised as follows:

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<th>Criteria</th>
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<th>Unit</th>
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<td>Households</td>
</tr>
<tr>
<td>NO OF INFORMAL HOUSES</td>
<td>No Info</td>
<td>Households</td>
</tr>
<tr>
<td>NO OF NON-RESIDENTIAL EQUIV HOUSES</td>
<td>No Info</td>
<td>Equiv. Households</td>
</tr>
<tr>
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<td>Equiv. Households</td>
</tr>
<tr>
<td>NO OF SKIPS/CONTAINERS</td>
<td>383</td>
<td>No.</td>
</tr>
<tr>
<td>TOTAL STREET LENGTH</td>
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<td>km</td>
</tr>
<tr>
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<tr>
<td>NO OF LABOUR ONLY CONTRACTS</td>
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<td>NO OF SKIP CONTRACTS</td>
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<tr>
<td>ANNUAL MANAGEMENT BUDGET</td>
<td>2 188 895.52</td>
<td>R per Annum</td>
</tr>
<tr>
<td>TOTAL ANNUAL BUDGET</td>
<td>18 338 559.52</td>
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<tr>
<td>AVE. TURNOVER PER COMPREHENSIVE CONTRACT</td>
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<td>R per Month</td>
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<tr>
<td>AVE. TURNOVER PER LABOUR-ONLY CONTRACT</td>
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<td>AVE. COLLECTION COST PER EQUIV. HOUSE</td>
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<td>AVE. MANAGEMENT COST PER EQUIV. HOUSE</td>
<td>1.19</td>
<td>R per House per Month</td>
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<td>TOTAL AVE. COST PER EQUIV. HOUSE</td>
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<td>R per House per Month</td>
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<td>UNIT COST</td>
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<td>TOTAL JOBS CREATED</td>
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</tr>
<tr>
<td>NO. OF WOMEN-OWNED SME’s</td>
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4 COLLECTION SYSTEM

Key aspects of the collection system are summarised as follows:-

- Each contract area is subdivided into collection areas. Each collection area contains approximately 400 households. For each collection area one labourer from the community is appointed.

- Shipping container is placed at position accessible to the collection labourers;
• Each household is provided with a black plastic bag;

• The householders are required to place their waste on the street verge for collection;

• The area’s designated labourer collects the waste and places it in the shipping container provided by the municipality;

• The shipping containers are cleared once per week by the municipality;

• All streets, street verges and open storm water channels are cleaned/litter-picked on a weekly cycle in accordance with fixed schedules.

• Illegal dumps, piles of rubble and refuse and animal carcasses are removed as and when identified.

• Street drums are provided at points of high litter generation (such as Taxi Ranks) and are cleared on a twice weekly basis.

• Contractors are required to provide the labourers with the following equipment:
  o Trolleys;
  o A large broad flat spade;
  o A broad hard bristle broom;
  o Rakes and
  o Gloves

• Illegal dumping is be cleared by the contractor on the day it is reported or identified. In the case of large illegal dumping the contractor must obtain three quotes for the removal thereof and present it to the council representative for approval. Once approved the illegal dump is cleared.

• The contractor is required to undertake an initial and total clean-up of all streets, sidewalks and open public areas within the designated contract area in order to remove all accumulated refuse.
• On completion of the initial clean up, and throughout the contract period thereafter, the contractors are required to maintain all public areas in a clean state in accordance with the Level 1 Standard (refer Annexure B). Should a lessor standard be achieved by the contractor then the contractor is put on time to achieve the required standard, failing which contract payments to the contractor can be withheld and/or the contract could be terminated by the municipality.

• The contractor is not required to collect, load, handle, transport and dispose of:
  o Medical waste;
  o Pharmaceutical waste;
  o Liquid waste and
  o Chemical wastes.

5 PROGRAMME PLANNING

The programme was implemented under the following planning framework:-

• **Promotion of BEE contractors**: Use whatever means possible (not in contravention of the Council financial rules) to provide business opportunities to emerging BEE contractors and if possible from within the area to be serviced.

• **User-friendly tender documentation**: To draft tender documentation that is as user-friendly as possible to tenderers but also providing sufficient contractual muscle to protect the Council’s rights to enforce the specifications and thereby honour its duty of service delivery to residents.

• **Assistance in tendering**: To have a more user friendly and helpful tender process structured to provide maximum assistance to new tenderers.

• **Monitoring**: To assist council personnel in achieving the necessary skills to effectively and adequately monitor service delivery by the contractors.

• **Financial sustainability**: To ensure financial sustainability of the programme, through a sustainability clause allowing Council, as part of its adjudication process and in case of low priced submissions, to require the tenderer to provide a breakdown of their tender price costing in order to confirm that all cost
components have been included and provided for (e.g. at the legal minimum in the case of worker wages);

- **Demarcating contract areas**: Informal areas were demarcated into contract areas based on community and/or ward boundaries;

- **Counting of informal households**: Households were counted by the municipality (and repeated every six months due to accommodate changes in the settlement pattern in the informal areas);

- **Provision of Labour**: Contractors were required to employ 1 labourer for every 400 household and 1 supervisor for every 6 labourers and

- **Costing model**: A costing model was drafted by the municipality to check the sustainability of the received tenders.

## 6 PROCUREMENT OF SERVICE PROVIDERS

Key aspects of the procurement process adopted by the COCT are the following:

### 6.1 Documentation

Key features of the documentation were:

- Tender and contract documents were kept as simple as possible to promote accessibility to emerging contractors;

- The documentation was based on the quantities determined (i.e. number of households, labourers and supervisors) during the planning process;

- The tender documentation was compiled by the Supply Chain Management Department in the COCT;

- The tender and contract documents were structured as follows:

  - General
6.2 Tendering

Tenders were compiled in accordance with the COCT’s Procurement Policy. Key aspects of the process were:-

- The tenders were publicly advertised
- A non compulsory briefing session was held to assist emerging contractors. During this session tender requirements, contractual risk and scope of work were explained. These meetings were conducted in both English and Xhosa.
• Tenderers without tendering experience were advised obtain assistance from government and other agencies to assist with the compilation of their tenders if necessary;

• A 4 week tender period was allowed to allow sufficient time for tenderers to apply the diligence necessary to compile and submit accurate tenders.

6.3 Tender Adjudication

Tenders were adjudicated in accordance with the COCT’s Procurement Policy. Key aspects were:-

• The price tendered was assessed in terms of its sufficiency to sustain the service (determined by the municipality through the compilation of a costing model);

• The various individual rates tendered should be balanced;

• The tenderer must be able to access the necessary equipment required (i.e. PPE, tools, etc).

• The tenderer must have the capacity, or the potential to achieve the capacity, to manage the contract;

• The 90/10 preferential points system was used by the municipality.

• The adjudication process aligns with the requirements of the MFMA and was generally as follows:
  o The theoretical minimum price necessary to sustain the service was calculated based on a theoretical model and the then current market related rates.
  o All received tenders were checked for compliance with the conditions of tender. Those not complying were not considered further.
  o A shortlist of tenders with the most viable tender prices was selected.
  o The rates tendered were then checked to ensure balanced rates. Those with substantial imbalanced rates were not considered further.
The preferred tender, generally being the tender with the highest adjudication points, is selected.

A high level of diligence is applied to the adjudication process, with the view to ensuring that the recommended tender is viable and sustainable. To date no contract has been terminated.

7 SUPPORT SYSTEMS

No business administration/ management support is provided by the municipality to the contractors.

8 OPERATIONAL PERFORMANCE

The operational performance of the service providers is summarised as follows:-

8.1 Compliance with Regulatory Framework

SMEs are contractually required to comply with the relevant legislation. This includes inter alia:

- The Basic Conditions of Employment Act;
- The Labour Relations Act (LRA);
- The Occupational Health & Safety Act and

Proof of compliance with this legislation is required by the municipality on an annual basis. At the time of writing this report, however, the information from the contractors had not yet been due since the programme only commenced in 2006. Municipal officials are confident, however, that the contractors compliant with the legislation. This is supported by the fact that no contractors have failed to date.

The municipality completed an assessment in terms of Section 78(1) of the Municipal Systems Act during 2002. It would seem that an assessment in terms of Section 78(3) was not completed by the municipality, however.
8.2 Business Management

The SMEs contracted by the municipality are coping well with the management of their operations. This assessment is supported by the very low failure rate of the SME Contractors (less than 5% as indicated by the municipality), which is attributed to the close monitoring conducted by the municipality.

It has, however, been mentioned that difficulties have been experienced with certain administrative processes. Invoices in particular need to be returned several times for corrections. This could be indicative of a need for the provision of business/administrative support.

No training/mentorship/support is provided by the municipality to the emerging SME contractors.

8.3 Financial Sustainability

The individual SME contracts appear to be financially sustainable, with contractors realising a profit from their activities. This is supported by the fact that there is very low failure rate of the contractors that are participating in the programme.

A contributing factor is the fact that the contractors do not require high start-up and operating capital to participate in the programme. Contractors do not need to purchase vehicles for the collection of the waste material as the shipping containers are placed centrally to the area requiring the service. Consequently the debts that need to be serviced by the contractors are relatively low.

8.4 Labour Practices

It is a condition of contract that the SME contractors comply with the SA’s labour legislation in every respect.

The contractors are required to report annually on the issue of compliance with regard to labour legislation. The annual anniversary of the contracts had not yet occurred at the time of writing. The municipal officials interviewed were, however confident that the contractors were compliant.
8.5 **Compliance with Specifications**

There is a well-structured inspection and measurement system in place that ensures that the contractors are only remunerated only for works completed to a specified standard. The contractors are penalised for work not complying with the required standard.

The contractors are generally compliant in this regard.

8.6 **Vehicle Procurement Management**

Vehicles are not required for the provision of the service provided by the SME contractors.

8.7 **Financial Structuring**

There is no structured support system in place designed to assist contractors in raising start-up and operating financing. The contractors are, however, provide with support, on request only, when applying to financial institutions for financial facilities. This support is limited to confirmation of contract details and viability.

This does not appear to have had a negative effect on the ability of the service providers to raise start-up and operating financing, however.

9 **EMPLOYMENT OF LABOUR**

It is a condition of the contract between the municipality and the contractor that the contractor complies with the LRA in every respect.

In order to maximise the benefit to the local community the municipality requires that labour be recruited from the area to be serviced by the contractor. The recruitment process to be employed by the contractor is specified in detail and is monitored and audited by the municipality to ensure compliance.
The following criteria were set by the municipality:-

- Only persons with no other income should be considered;
- 50% male and 50% female should be employed;
- Provision should be made for the employment of the disabled;
- All employees must be of working age (i.e. between the ages of 16 and 65).
- All employees must be able to carry out the type of work required.

10 SKILLS DEVELOPMENT

No formal skills development programme is provided by the municipality.

11 ADMINISTRATION AND SUPERVISION

Programme management, administration and monitoring is facilitated internally by the Solid Waste Department of the COCT. An appointed Contracts Officer is responsible for the implementation of the programme. Supporting the Contracts Officer are eleven Monitoring Officers, dedicated to the programme. Responsibilities of the unit include:

- Overall planning, which includes the selection and demarcation of contract areas and recounting the households twice per year to update contractor payments;
- Drafting and finalising tender documentation;
- Dealing with contractual issues that may arise;
- Monitoring performance of contractors;
- Processing payments;
- Calculating of penalties due poor performance;
- Processing complaints received from the community;
- Assisting the contractors with the hiring labourers from the local community;
- Co-ordinating the placement and removal of shipping containers used for the temporary storage of the waste;
- Monitoring service delivery and
- Communicating with the waste collection contractors
12 COST RECOVERY

No cost recovery is effected for this service to the informal areas and is therefore effectively cross-subsidised. It is generally accepted that these residents cannot pay for the service.

13 EFFECTIVENESS OF THE PROGRAMME

The effectiveness of the programme is summarised as follows:

- **Unit Cost**: The cost associated with the collection service provided through the programme varies between R 6.07 and R 25.16, with the average being R 8.78 per household per month or a total of R 16 149 664 per annum (31% of total cost). Clearing, transportation and disposal of waste collected from the shipping containers costs R 1700 per container or R 35 159 400 per annum for all the containers (69% of total cost). The total cost associated with the provision of the service amounts to R 29.09 per month per household. The management cost incurred by the municipality is an estimated R1.19 per household per month.

The high level of cleanliness achieved under the programme indicates that the service is efficient and cost effective when compared to the cost of rendering the service in-house.

When compared to similar programmes elsewhere, however, the cost is relatively higher. The cost of clearing and transporting the shipping containers is high and contributes significantly to the cost of the total service. The containers are currently cleared on a weekly basis. Should, however, the containers be cleared three times per week as was originally planned then the cost of the service may not be sustainable.

- **SME Development**: An opportunity is provided to emerging contractors to establish a business in a competitive market. However, a structured support system equipping contractors with the necessary skills to effectively and efficiently manage their business is lacking.
• **Levels of Cleanliness:** A good level of cleanliness is achieved by the programme, generally between levels 1 and 2.

• **Community participation:** Communities are extensively consulted during the early planning phases of the programme which results in a general increase in understanding and awareness.

• **Job Creation/Poverty Alleviation:** This is achieved largely through job creation at the community level which in turn results in increased expenditure within the community. Currently some 505 people have gained employment through the programme.

• **Programme Integrity and sustainability:** The programme complies with all relevant legislative requirements, with the exception of section 78 of the Municipal Systems Act.

The programme has been running at its current scale successfully since 2006 (excluding the pilot phase), confirming sustainability.

14 **KEY FACTORS**

The following are considered to be the key factors that have contributed to the success of the programme:

• Comprehensive planning and testing of the programme design during the pilot phase;
• A rigorous monitoring system with penalties;
• Maximisation of job opportunities through the utilisation of labour intensive methods;
• Procurement of labour is done in an open and transparent manner;
• Emerging contractors are provided an opportunity to establish a business in a competitive market.
The following could be addressed to improve the success of the programme:

- A more structured support system could be instituted to equip the emerging contractors with the necessary business management/administrative skills

15 OVERVIEW OF THE PROGRAMME

A comprehensive waste collection service has been provided in the informal areas. The programme has achieved a good level of cleanliness and emerging contractors have established themselves in the market.

The success of the model has been proven. However, training mechanisms are lacking in the programme. It would seem that there is a need to institute an administrative training program.

Some 505 sustainable job opportunities have been created through the programme. The model can be easily replicated within other municipalities.
ANNEXURE A

PROGRAMME STRUCTURE
CoCT Waste Programme
Project Structure

City of Cape Town

- Planning (Programme level)
- Contract procurement, administration and supervision
- Contractor support – Informal operational Mentorship
- Payment of contractors
- Assistance in procurement of labourers
- Monitoring

Contract with emerging contractors

Labourers
- Local labourers appointed by the contractor with assistance from the municipality

Contract with contractors
- Planning (Project Level)
- Project administration and supervision
- Comprehensive service delivery
- Community awareness

Expanded Public Works Support Programme
ANNEXURE B

STANDARDS OF CLEANLINESS
This brochure explains and indicates the standard of cleanliness required within the operational area as awarded by tender to your company for the provision of solid waste services.

The contractor is expected to achieve Level 1.

- **Level 1** would result in no delay of payment to the contractor.
- **Level 2** would result in the contractor being given notice to achieve Level 1 within 31 consecutive days. There would be delay of payment unless the 31 days have not resulted in Level 1 being achieved. Payment would then be withheld until the standard of cleanliness is reached.
- **Level 3** would result in the contractor being given notice to achieve Level 1 within 14 consecutive days. No payment will take place on the area cleaning portion of the invoice until rectification is complete (refer to clause 4.5.2 of the tender document).
- **Level 4** would result in the contractor being given notice to achieve level 1 within 7 consecutive days. A penalty equivalent to 10% of the monthly area cleaning cost will also be applied. No payment will take place for area cleaning until rectification is complete (refer to clause 4.5.2 of the tender document).
Standards of Cleanliness – Informal Settlements

Level 1
Desired standard of cleanliness

Level 2
Fair / reasonable standard of cleanliness

Level 3
Unacceptable standard of cleanliness

Level 4
Totally unacceptable standard of cleanliness
ANNEXURE C

MANAGEMENT COST CALCULATIONS
ANNEXURE C: MANAGEMENT COST CALCULATIONS

The following cost calculation provides an estimate of the cost incurred by the municipality for the management, administration and monitoring of the cooperatives.

Since limited information is available the following assumptions have been made:

Salaries:

The following salary structures are assumed

- The Contacts Officer (1) is appointed with a salary of R25 000 per month.
- The Monitoring Officers (11) are appointed at a salary of R 10 000 per month.

Multiplier:

A 1.5 multiplier is applied to incorporate cost associated with operational expenses, e.g. resources – office, IT, electricity, etc.

Time allocations:

The following time allocations were assumed.

- Contracts Officer spends approximately 50% of his time on activities related to the programme
- The Monitoring officers spend 100% of their time on the programme.

Based on the above assumptions the total cost incurred by the municipality for the management of the programme can be estimated as:

Contracts Officer (CO):

\[ CO = \text{Salary} \times 12 \times 1.5 \text{ multiplier} \times \text{TA} \]
\[ = R25 000 \times 12 \times 1.5 \times 50\% \]
\[ = R225 000 \text{ p.a} \]

Monitoring Officers (MO):

\[ \text{MO Cost} = \text{Salary} \times 12 \times 1.5 \text{ multiplier} \times \text{TA} \]
\[ = R10 000 \times 12 \times 1.5 \times 100\% \]
\[ = R180 000 \text{ (each)} \]
Where,

CO = Contracts Officer
MO = Monitoring Officers
TA = Time allocation in %

Therefore the cost to manage/administer/monitor the project is estimated as:

Cost = (R180 000 x 11 MO) + (R225 000 for the CO)

= R2 205 000 per annum or R 1.19 per household per month at 153 284 households