



DOMESTIC WASTE COLLECTION

DOCUMENTING COMMUNITY BASED DOMESTIC WASTE COLLECTION PROGRAMMES IN SOUTH AFRICA

Case Study 1: Ekurhuleni Metropolitan Municipality:
Management Contractor/ Sub Contractor Model

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i. EXECUTIVE SUMMARY

The model implemented by the Ekurhuleni Metropolitan Municipality is a Principal Contractor/SME Subcontractor Model. The Principal Contractor is appointed by the municipality and local SME Subcontractors are appointed directly by the Principal Contractor to undertake the collection. The Principal Contractor is responsible for planning, administering and supervising the collection services that are undertaken by the SME Sub Contractors.

Some 269367 equivalent households are serviced under the programme. A comprehensive waste collection service is provided under the programme including domestic waste collection, litter picking, street cleaning, removal of illegal dumps and removal of animal carcasses.

After a competitive bidding process, the Principal Contractor was appointed by EMM to implement the programme and is contracted to EMM. Thereafter the principal contractor entered into subcontract agreements with a number of SME subcontractors to perform the waste collection service. The SME subcontractors are contracted to the Principle Contractor.

The principal contractor assisted the subcontractors with the establishment of their waste collection businesses. On-going support, training and mentorship is provided to the subcontractors by the principal contractor in order to enhance the sustainability of the subcontractors and the service they provide.

Some 54 SMEs / emerging subcontractors have been contracted by the principal contractor to deliver the service. The subcontractors each employ between 10 and 14 staff members. 565 local employment opportunities have been created 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
NSP	:	National Service Provider
PIP	:	Programme Implementation Plan
SSP	:	SME Support Providers
CBO	:	Community Based Organisations
CBWC	:	Community Based Waste Collection
CBWCP	:	Community Based Waste Collection Programme
MFMA	:	Municipal Finance Management Act
MSA	:	Municipal Systems Act
TEDCOR	:	The Entrepreneurial Development Corporation
PPP	:	Public Private Partnership
EMM	:	Ekurhuleni Metropolitan Municipality
DSW	:	Durban Solid Waste

TABLE OF CONTENTS

SECTION	PAGE
i EXECUTIVE SUMMARY	i
ii ABBREVIATIONS	ii
1 INTRODUCTION	1
2 PROGRAMME.....	2
2.1 BACKGROUND.....	2
2.2 EXTENT OF THE PROGRAMME	3
2.3 SCOPE OF COLLECTION SERVICES.....	4
2.4 PROGRAMME STRUCTURE.....	5
2.5 MONITORING AND PENALTIES.....	9
3 KEY PROGRAMME STATISTICS.....	10
4 COLLECTION SYSTEM.....	10
5 PROGRAMME PLANNING	12
5.1 PLANNING FRAMWORK.....	12
5.2 FEASIBILITY STUDY	13
5.3 FINANCIAL INFORMATION	13
5.4 HUMAN RESOURCES PLAN.....	13
5.5 TRAINING AND SKILLS DEVELOPMENT PLAN.....	14
6 CONTRACT PROCUREMENT	15
6.1 PRINCIPAL CONTRACTOR.....	15
6.2 SUB-CONTRACTORS	17
7 SUB-CONTRACTOR SUPPORT SYSTEMS	17
8 SME OPERATIONAL PERFORMANCE	19

9	EMPLOYMENT OF LABOUR.....	20
10	SKILLS DEVELOPMENT	21
11	PROGRAMME ADMINISTRATION AND SUPERVISION.....	22
11.1	PROGRAMME ADMINISTRATION AND SUPERVISION	22
11.2	COMMUNICATION STRUCTURES.....	23
11.3	PROGRAMME MONITORING AND PENALTY SYSTEM	24
11.4	PAYMENT STRUCTURE	24
12	COST RECOVERY	25
13	EFFECTIVENESS OF THE PROGRAMME	25
14	KEY FACTORS	26
15	OVERVIEW OF THE PROGRAMME	27
16	REFERENCES	27

ANNEXURE A : PROGRAMME SCHEMATIC

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: eThekweni 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 unserved 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

2.1 Background

Ekurhuleni Metropolitan Municipality (EMM) is located in the central regions of the Gauteng Province, east of Johannesburg. Historically (prior to 1996), most households in EMM did not receive a weekly waste collection service. In a bid to improve service

delivery, EMM decided to outsource its waste management activities within several of the communities within its jurisdiction. Areas located in the Eastern and Southern Service Delivery Regions were identified for the outsourcing of the service.

During 2005, through a public tendering process, EMM procured the services of the principle waste management contractor for a period of three years.

The contract area was subdivided into smaller areas of approximately 5000 houses each. Emerging SME sub contractors were appointed by the principal contractor to provide the waste collection service within each sub division.

This case study constitutes a typical example of a management contractor model, where a municipality contracts a service out to a management contractor, who in turn sub-contracts to emerging SME contractors.

2.2 Extent of the Programme

Two regions are currently being serviced under the programme. These are the Eastern Service Delivery Region and the Southern Service Delivery Region, details of which are included in the tabulation below. A total of 269 367 households are serviced under the programme.

Areas		Number of service points
Eastern Service Delivery Region	<u>Benoni:</u> i) Daveyton ii) Etwatwa	69000
	<u>Brakpan:</u> i) Tsakane; ii) Langaville and iii) Vlakfontein	40220
Southern Service Delivery Region	<u>Germiston:</u> i) Katlehong and extensions; ii) Dikatole; iii) Tokoza and extensions; iv) Palm Ridge areas <u>Boksburg:</u> i) Van Dyk Park ii) Buhle Park Phase II	160147

2.3 Scope of Collection Services

The scope of work implemented under the contract provides a comprehensive waste collection service in the designated areas. The sub contractors are required to provide a domestic weekly waste collection service as follows:

- All domestic waste generated by households, schools and business in each contractors designated area must be collected on a weekly basis;
- The emerging contractors are required to service at least 1000 service points per day, over a 5 day period (Mon-Fri);
- Residents are required to provide their own plastic bags for the disposal of their refuse. 85l containers are provided by EMM to each household in the service area. However, if the container is damaged by the residents (e.g. burned), they are required to pay EMM for a replacement bin. The 85l containers are placed on the kerbside by the residents on scheduled days for collection by the waste collection contractor;
- The waste is loaded into specialised waste collection vehicles, equipped to load and empty the 85l “Wheely-bin” containers
- The waste collection contractors are required litter-pick their entire designated contract areas at least once every five working days;
- The central business districts and other business areas, as well as main access routes are litter picked seven days a week;
- The waste collection contractors are responsible for the removal of building rubble and bulky refuse within their designated areas on a seven day cycle;
- Animal carcasses are removed by the waste collection contractors within 8 hours of notification thereof;
- All waste collected is disposed of at the municipal landfill site;

- Disposal costs are for the EMM account.

The service provided excludes grass cutting and other vegetation trimming, clearing and disposal.

The sub contractors are required to provide all vehicles, plant, equipment, materials, consumables, PPE and everything necessary to enable them to render the required service.

2.4 Programme Structure

The structure and implementation model of the service is depicted graphically at **Annexure A** appended hereto and is further described as follows:-

The contract provides for the removal of all domestic waste, trade and industrial waste (including household and garden refuse), street cleaning in the designated area and the collection and disposal of litter in open spaces / illegal dumping.

The principal contractor is contracted to EMM to provide the waste collection service. In terms of the contract agreement the principal contractor in turn subcontracts the collection service to emerging SME waste collection subcontractors sourced from the communities receiving the waste services. The service is provided to a defined standard. Each selected subcontractor enters into an agreement with the principal contractor wherein, *inter alia*, the specifics in terms of service delivery and remuneration are agreed between the parties.

The principal contractor, in terms of the agreement, provides technical, administrative and management support and training to the emerging sub-contractors and trains and assists them with setting up and administering/managing their respective waste collection businesses. In addition, the principal contractor assists the subcontractors with access to funding to enable them to acquire the required resources for their businesses. The subcontractors are also assisted with other facets of their businesses, including the acquisition of suitable premises, staff recruitment, legal compliance and with the establishment of financial and administrative systems.

The principal contractor functions at the centre of the entire process, managing the partnership between itself and the municipality and ensuring that the sub-contractors develop the capacity and skills to fulfil their responsibilities, i.t.o. the contract and to be in a position to establish and manage a small transport business after expiry of the term contract.

The principal contractor charges a management fee of 10% for his role in service delivery.

2.4.1 Programme Management

EMM utilises its own internal resources for the overall management of the programme. The EMM staff assigned to the programme comprises of two Solid Waste Managers, 3 contract co-ordinators and 5 contract monitors to manage and monitor service delivery within the contract area. The Solid Waste Managers report to Regional Executive Managers Solid Waste, who in turn report to the Director of Solid Waste, EMM

An operations officer is appointed by the principal contractor to administer and manage the emerging contractors.

Key aspects of the management of the programme are:-

- o **Planning**

The principal contractor is responsible for project level and operations-level planning which included:-

- The compilation of a feasibility study;
- The identification and appointment of the sub contractors in collaboration with the local community;
- The subcontractors were appointed by adverting in the local papers for entrepreneurs to participate as subcontractors to the principal contractor. Applicants were thereafter interviewed and selected. These entrepreneurs were

then assisted in establishing their businesses as subcontractors to the principal contractor.

o **Administration**

The principal contractor is responsible for:-

- The provision of technical, administrative and management support to the subcontractors
- The provision of support and assistance to the sub contractors to set up their waste collection businesses in compliance with the legal framework ;
- The provision of support and assistance to the sub contractors in accessing start-up finance;

o **Supervision / Monitoring**

The principal contractor monitors the sub contractors to ensure service provision and correct use and maintenance of plant and equipment.

o **Training**

The principal contractor is responsible for the training of the subcontractors in accordance with an agreed training programme.

2.4.2 Contract Services

In terms of the agreement between EMM and the Principal Contractor the principal contractor is required to:-

- Enter into sub-contract agreements for waste collection in the ratio of 1 subcontractor per 5000 service points;
- Take responsibility for the collection and disposal of solid waste, through the appointed subcontractors;

- Collect waste at least 20 days per month;
- Dispose of the waste at a designated licensed landfill site or any other suitable location as directed by the solid waste manager;
- Vehicles are purchased by the subcontractors with assistance of the principal contractor who arranges financing on their behalf;
- The subcontractors are required to comply with the Basic Conditions of Employment Act and the Labour Relations Act;
- All employees must be medically examined at regular intervals (at least annually) at cost to the subcontractor;
- The employees must be supplied with adequate protective clothing as contemplated in the Occupational Health and Safety Act;
- The subcontractors must:-
 - Ensure that their vehicles comply with Chapter IV of the Road Traffic Act 29 of 1989;
 - Take responsibility for the maintenance and operating costs of the vehicles and equipment used;
 - Ensure that no toxic or medical waste is handled or transported;
 - Inform the council if and when medical or toxic waste is discovered;
 - Support community based recycling projects;
 - Ensure that all conditions and requirements imposed by management at the designated licensed Landfill Site or any other disposal site are adhered to and complied with;

- Comply with all applicable legislation;
- Provide refuse bags for litter picking services;
- Comply with the municipality's Bye-Laws.

2.5 Monitoring and Penalties

Monitoring

The monitoring process adopted by EMM ensures that the requirements of the contract are complied with by the principal contractor and the sub-contractors. Key aspects of the process are:-

- o Monitoring Committee meetings attended by the principal contractor, the subcontractors and council representative are held monthly;
- o Day to day monitoring is conducted by 5 contract monitors appointed by EMM and
- o Community liaison with the aim to determine the communities' needs.

Penalties

The subcontractors are penalised as follows for poor performance:-

- i. Round Collection: Should any service area or any part thereof on the daily route not be serviced a penalty of R3 000 per day or part thereof is imposed.
- ii. Complaints: Should a complaint other than complaints received in terms of (i) above not be attended to within 24 hours after written notification, a penalty of R500 is imposed and additional penalty of R150 for every hour thereafter may be imposed.
- iii. Illegal dumping: Should illegal dumping not be removed within 7 days or within 24 hours after written notification, a penalty of R2500 is imposed, with an additional penalty of R500 per day that the illegal dumping is not removed.

- iv. Animal carcasses: If animal carcasses are not removed within 12 hours of a written notification, a penalty of R1000 is imposed and an additional penalty of R350 is imposed for every hour the carcass is not removed.

3 KEY PROGRAMME STATISTICS

Key programme statistics are:

Criteria	Number	Unit
NO OF FORMAL HOUSES	No Info	Households
NO OF INFORMAL HOUSES	No Info	Households
NO OF NON-RESIDENTIAL EQUIV HOUSES	No Info	Equiv. Households
TOTAL NO. OF EQUIV. HOUSES	269 367	Equiv. Households
NO OF SKIPS/CONTAINERS	N/A	No.
TOTAL STREET LENGTH	No Info	km
NO OF COMPREHENSIVE CONTRACTS	54	No.
NO OF LABOUR ONLY CONTRACTS	N/A	No.
NO OF SKIP CONTRACTS	N/A	No.
ANNUAL COLLECTION BUDGET	53 013 276.00	R per Annum
ANNUAL MANAGEMENT BUDGET	5 890 364.04	R per Annum
TOTAL ANNUAL BUDGET	58 903 640.04	R per Annum
AVE. TURNOVER PER COMPREHENSIVE CONTRACT	71 763.69	R per Month
AVE. TURNOVER PER LABOUR-ONLY CONTRACT	N/A	R per Month
AVE. COLLECTION COST PER EQUIV. HOUSE	14.39	R per House per Month
AVE. MANAGEMENT COST PER EQUIV. HOUSE	1.60	R per House per Month
TOTAL AVE. COST PER EQUIV. HOUSE	15.99	R per House per Month
TOTAL MASS COLLECTED	Unknown	Tonnes per Annum
UNIT COST	Unknown	R per Tonne
TOTAL JOBS CREATED	565	No.
AVE. NO. OF EQUIV. HOUSES PER JOB	477	Equiv. Houses per Job
NO. OF SME's	54	No.
NO. OF WOMEN-OWNED SME's	No Info	No.

4 COLLECTION SYSTEM

The scope of the service provided is described in paragraph 2.3 above. Key aspects of the collection system are summarised as follows:

- The EMM contract area is divided into 54 subcontract zones each comprising of approximately 5000 households;
- The subcontractors are required to collect the waste placed in 85l bins from the service points on the agreed service day (Mon-Fri). No plastic bags are provided by the contractors to the households. These containers are provided by EMM to each household in the service area. However, if the container is damaged by the residents (e.g. burned), they are required to pay EMM for a replacement bin;
- The subcontractors utilise specialised collection vehicles. These are 14 Tonne tip trucks with purpose-designed 25m³ gravity compaction containers
- The collection vehicles are purchased by the subcontractors, assisted by the principal contractor who arranges the finance for the vehicles;
- All collected waste is transported by the subcontractors to a licensed landfill site for disposal. Disposal costs are excluded from the contract price and is for the Councils account;
- Complaints received are addressed within 24 hours after receipt thereof;
- Illegal dumping sites are cleared and disposed of at the landfill site within 7 days of notification;
- Animal carcasses are removed and disposed of at the landfill site within 12 hours of notification;
- The subcontractors litter pick their respective contract areas.

The adopted system is considered to be both appropriate and efficient since:

- It achieves parity of service in respect of all residents of EMM, regardless of the socio-economic status of the communities serviced;
- The programme achieves a high level of cleanliness, similar to/ or better than areas that serviced by the municipality;
- It provides a holistic and comprehensive service that deals with cleanliness of the community as a whole, and not only collection from households.
- It is properly scheduled which ensures efficient service delivery and accommodates proper inspection and supervision;
- The service is cost effective and
- The service is labour intensive.

5 PROGRAMME PLANNING

5.1 Planning Framework

EMM required the provision of a domestic waste collection service in specified areas of Ekurhuleni The aim of this was to:-

- Provide some 269 367 service points (households, businesses and schools) with a comprehensive domestic waste service, which includes collection, litter picking, removal of animal carcasses and clearing of illegal dumping.
- Central to the programme was the involvement of emerging contractors from the local communities.

Key requirements were:-

- The provision of a high level of service delivery;
- Service delivery to be on par with the then existing service provided elsewhere by EMM;
- The provision of cost effective service delivery;

- Costs to be comparable with or less than the cost of the service provided elsewhere by the municipality for a similar service;
- Sustainability;
- The support local economic development;
- The support of the development of contractors from the local community and
- The employment of local labour.

5.2 Feasibility Study

Immediately after award of the contract the principal contractor completed a feasibility study in order to determine the project requirements and project specifics. The aim of the feasibility was to:

- Identify type of equipment required;
- Determine the exact number of collection points;
- Determine the nature and frequency of services (e.g. clearing of illegal dumping);
- Determine the number of subcontractors required in accordance with the specifications (i.e. 1 subcontractor per 5000 households) and
- Define the subcontract areas

5.3 Financial Information

In terms of the contract the principal contractor was required to submit specific information to EMM with regard to certain financial matters. This included:

- The projected cash flow;
- Proof of a bank account to facilitate the electronic transfer of funds;
- Proof of a separate account into which an amount is transferred monthly by debit order for the repair and maintenance of the Contractor's equipment and
- Proof of registration with SARS and Vat Number.

5.4 Human Resources Plan

In accordance with the specifications a Human Resources Management Plan (HRMP) was submitted by the principal contractor to the Council for approval. The HRMP addressed *inter alia*:

- The employment contract between the subcontractors and their employees in order to ensure compliance with the Basic Conditions of Employment Act and the Labour Relations Act;
- The rate of pay for employees in terms of the Basic Conditions of Employment Act, 1997, Amendment of sectoral determination 9: Wholesale and retail sector, South Africa (2006);
- Estimated labourers required;
- Procurement of labour;
- The issuing of payslips on the date of payment; and
- Proof of registration with the UIF and the Compensation Commissioner.

5.5 Training and Skills Development Plan (TSDP)

In accordance with the contract specifications a Training and Skills Development Plan (TSDP) was submitted by the principal contractor to the Council for approval after award of the contract. The TSDP contained the outcomes of the training to be conducted by the principal contractor. Key aspects of the TSDP were:-

- Through the training programme employees were to be provided with an opportunity to participate in the world of work;
- A minimum of 2% of the project budget was to be allocated to the funding of the training programme;
- Training was to be sustainable, certified and accredited;

- The focus was to be on life skills, functional and entrepreneurship training;
- There was to be a balance between formal training with structured work place learning and
- The training would equip employees with skills that could be used to secure other employment opportunities.

6 CONTRACTOR PROCUREMENT

6.1 Principal Contractor

6.1.1 Documentation

Key aspects of the tender documentation in respect of the procurement of the principal contractor are:-.

- The documentation was compiled by the EMM Waste Management Department and the EMM Procurement Department;
- The documentation is comprehensive and includes detailed specifications and details of the tender adjudication process;
- Only the number of service points are indicated in the schedule of rates and prices. Regular joint service point counts (at least once, but preferably twice per annum) are undertaken to ensure that all service points are serviced and that the contractor is paid for all the service points serviced
- Provisions for penalising the contractor for poor performance are included in the documentation;
- Included in the documentation are provisions allowing for the utilisation of in-house resources by EMM, or the utilisation of another contractor, in the event of non performance by the principal contractor;
- Vehicle specifications and vehicle operation are included in the specifications;

- The documentation includes specifications with regard to the employment of labour, including compliance with the Basic Conditions of Employment Act, the Labour Relations Act, the Unemployment Insurance Act and the Compensation for Injuries on Duty Act.

6.1.2 Tendering

Key aspects of the tendering process adopted by EMM were:-

- Tenders were publicly advertised in the newspapers;
- A compulsory briefing session was held to provide a detailed understanding of the scope of work, the tendering requirements and the contractual risks and conditions related to the contracts;
- The tender documentation was only available in English and
- A 4 week tender period was provided to allow sufficient time for tenderers to apply the diligence necessary to compile and submit accurate tenders.

6.1.3 Tender Adjudication

Tenders were adjudicated in accordance with EMM's procurement policy, key elements of which were:

- A 90/10 preferential points system (in respect of this project);
- Preference points were given for HDI status, SMME status, Job Creation and local Content;
- Compliance with the Conditions of Tender, including:-
 - Registration with SARS;
 - Submission of a Tax Clearance Certificate;
 - Completion of all tender documentation;
 - Attending the briefing session.

Should the tender not be compliant in respect of the conditions of tender then the tender is rejected.

- Availability of resources;
- Size of enterprise and current workload;
- Staffing profile;
- Previous experience;
- Financial ability to execute the contract;

6.2 Subcontractors

In terms of the contract agreement the principal contractor was required to give preference to employing subcontractors from their respective local communities when making the selection for subcontractors.

Subcontractors were appointed by advertizing, in local papers, positions entrepreneurs to participate as subcontractors to the principal contractor. Thereafter the applicants were interviewed and selected. The entrepreneurs were then assisted in establishing their business as subcontractors to the principal contractor.

The criteria applied by the principal contractor when selecting the subcontractors were:-

- The subcontractor must be locally based;
- The subcontractor must be literate;
- The subcontractor must have a valid drivers license;
- the subcontractor must be unemployed or an exiting municipal worker and
- The subcontractor must show leadership qualities

Final selection of the subcontractors is conducted in a transparent manner involving the municipality, the community and other stakeholders.

7 SUBCONTRACTOR SUPPORT SYSTEMS

Integral to the programme is the provision of technical, administrative and management support given by the principal contractor to the subcontractors.

Detailed Financial Management Plans, Human Resource Management Plans and Training and Skills Development Plans and Business Plans were compiled in respect of each subcontract. These documents provide guidance to the subcontractors in the management and administration of their businesses

The following is a brief summary of the support provided.

7.1 The principal contractor in terms of the contract assisted each of the subcontractors with setting up their businesses. Support is provided in respect of *inter alia*:-

- Recruitment of staff;
- Acquisition of plant and equipment;
- Setting up operational procedures and
- Establishing legally compliant business entities.

7.2 The principal contractor provides each of the subcontractors with on-going support for the duration of the contract. Support is provided in respect of *inter alia*:

- Payment of salaries and wages;
- Payment of creditors
- Taxation compliance
- Asset management;
- Financial management and
- Financial Control.

7.3 The principal contractor facilitates the provision of appropriate and outcomes based training to the subcontractors and their staff. The training was developed in consultation with the Services Education Training Authority (SETA) and is accredited by the University of South Africa.

UNISA / Technicon SA certificates are issued to candidates who successfully pass their courses.

7.4 Day-to-day operational support is provided by the principal contractor through an operations manager appointed by the principal contractor.

7.5 The principal contractor convenes weekly meetings with the sub-contractors to provide further operational guidance and support.

8 SME OPERATIONAL PERFORMANCE

▪ COMPLIANCE WITH REGULATORY FRAMEWORK

In general the emerging contractors comply with regulatory requirements. The principal contractor ensures that the subcontractors are compliant.

▪ BUSINESS MANAGEMENT

The majority of the SMEs are coping well with management of their operations. This can be attributed to the support provided by the principal contractor.

▪ FINANCIAL SUSTAINABILITY

Despite the relatively low cost per household when compared to a similar service provided by the municipality elsewhere (R18.68 per household vs R40¹ per household), the emerging subcontractors contractors are managing their contracts correctly and are clearly realising reasonable profit levels.

▪ LABOUR PRACTICES

The contract between EMM and the principal contractor stipulates that labourers were to be recruited from vulnerable and disadvantaged communities, namely, single and female headed households, women, youth, people with disabilities, households coping with family members suffering form HIV/AIDS, people who have never worked and those in long term unemployment. In order to spread the benefits

¹ The cost for providing the refuse removal service in-house was provided by the municipality as an estimated average cost.

as broadly as possible in the community, a maximum of one person per household was to be employed. The proposed social targets were:

- 10% women;
- 70% youth and
- 1% disabled.

Minimum wages are paid to the labourers in accordance with the Basic Conditions of Employment Act (75 of 1997): Amendment of Sectoral Determination 9: Wholesale and Retail Sector. This amounts to R1505.50 per month for a general assistant and R2531.10 for a driver of a vehicle exceeding a gross vehicle mass of 16 tons.

▪ **COMPLIANCE WITH SPECIFICATIONS**

There is a well structured inspection and measurement system in place that ensures that the service providers are only paid for works completed. The service providers are penalised for work not completed in accordance with specifications.

This high level of inspection and the penalty system contributes substantially to the general high level of compliance with the servicing specifications.

▪ **PROVISION OF VEHICLES**

New vehicles that comply with EMM specifications are purchased by the subcontractors. The principal contractor assists the subcontractors with the procurement and financing of the vehicles.

Typically the vehicles used by the subcontractors are 14 Ton tip trucks with purpose designed 25m³ gravity compaction containers with special stable door for loading.

In case a standby vehicle is required, such a vehicle needs to be rented by the subcontractor, which is facilitated through the principal contractor.

▪ **FINANCIAL STRUCTURING**

The principal contractor assists the subcontractors with access to funding from financial institutions for the implementation of their respective contracts. In particular

the vehicles used for the collection service are financed through the financial institutions and become the property of the subcontractors when paid up.

9 EMPLOYMENT OF LABOUR

The contract between EMM and the principal contractor stipulates that labourers were to be recruited from vulnerable and disadvantaged communities, namely, single and female headed households, women, youth, people with disabilities, households coping with family members suffering from HIV/AIDS, people who have never worked and those in long term unemployment. In order to spread the benefits as broadly as possible in the community, a maximum of one person per household was to be employed. The proposed social targets were:

- 10% women;
- 70% youth and
- 1% disabled.

Minimum wages are paid to the labourers in accordance with the Basic Conditions of Employment Act (75 of 1997): Amendment of Sectoral Determination 9: Wholesale and Retail Sector. This amounts to R1505.50 per month for a general assistant and R2531.10 for a driver of a vehicle exceeding a gross vehicle mass of 16 tons.

10 SKILLS DEVELOPMENT

The principal contractor facilitates the provision of appropriate and outcomes based training to the subcontractors and their staff. The training was developed in consultation with the Services Education Training Authority SETA and is accredited by the University of South Africa.

UNISA / Technicon SA certificates are issued to candidates who successfully pass their courses.

Training provided by the principal contractor targets primarily the subcontractors themselves. Limited training is provided to labourers of the subcontractors but is limited to safety and work-specific related issues (e.g. collection of waste, training on equipment).

Topics presented under the induction training programme include:

- Overview of the agreement;
- Overview of all other contracts, e.g. insurance, retirement fund, medical aid, loan & maintenance agreements;
- Practical training on equipment;
- Practical training on the service and planning of weekly programmes;
- Recruitment of workers and relevant employment contracts;
- Liaison with the community;
- The role of the principal contractor and
- First aid.

Topics presented under the ongoing training programme include:

- Introduction to business;
- General management;
- Personnel management;
- Management of services;
- Procurement management;
- Administration management;
- Financial management;
- Marketing management and
- Management of external relationships (e.g. meeting procedures and handling of complaints).

11 PROGRAMME ADMINISTRATION AND SUPERVISION

Following is a description of the programme administration, supervision, communication structures, monitoring and payments.

11.1 Programme Administration and Supervision

EMM utilises its own internal resources for the overall administration and management of the programme. The EMM staff assigned to the programme comprises of two Solid Waste Managers, 3 Contract Coordinators and 5 contract monitors to manage and

monitor service delivery within the contract area. The Solid Waste Managers report to two Regional Executive Managers Solid Waste, who in turn report to the Director of Solid Waste, EMM.

An operations officer is appointed by the principal contractor to administer and manage the emerging contractors.

The key administrative responsibilities of EMM are:

- Procurement of the principal contractor;
- Contract management between EMM and the principal contractor;
- Monitoring service delivery
- Determination of penalties (if any);
- Processing payment certificates to the principal contractor
- Attending monthly monitoring meetings;
- Assisting with the selection of subcontractors;
- Resolving contractual issues that may arise;
- Processing complaints;
- Verification of the number of service points every 6 months.

The key administrative responsibilities of the principal contractor are:-

- Completion of a feasibility study to determine the specifics with regard to service delivery;
- Selection of subcontractors;
- Formalising the contractual relationship between the principal contractor and the subcontractors;
- Performance monitoring of subcontractors;
- Training of subcontractors;
- Provision of financial management services and ongoing technical, administrative and management support to the subcontractors;

11.2 Communication Structures

Formal communication structures/channels have been established between EMM, the principal contractor and the subcontractors. This includes:

- Weekly meetings held between the principal contractor and the subcontractors;

- Three-monthly operations meetings between the principal contractor, subcontractors and EMM;
- Monthly committee meetings attended by representative(s) from EMM, the principal contractor and the subcontractors;
- Inspection reports completed by the municipal contract monitors on a daily basis submitted to the principal contractor for discussion and action at the weekly meetings and
- Ad Hoc daily Communication as may be necessary with the principal contractor and the subcontractors via cell phone, land line, fax or email.

11.3 Programme Monitoring and Penalty System

An integral part of the programme and a major contributor to its success is the monitoring system implemented by the municipality, as described under **paragraph 2.5** above.

The service providers are financially penalised for poor performance.

11.4 Payment Structure

11.4.1 Municipality to Management Contractor

The principal contractor is paid for the service provided by EMM at the tendered rate for the first year. Thereafter the rate is increased in proportion to the annual increase in the waste removal tariffs.

Payment is made by EMM to the principal contractor within 30 days after receipt of the invoice from the principal contractor.

EMM deducts any amounts due to EMM when making the payment, e.g. penalties, service costs, etc.

11.4.2 Management Contractor to Emerging Contractor

The principal contractor pays the subcontractors for the work done by them.

Any penalties incurred as a result of poor performance are deducted from the amount due.

The principal contractor manages all the financial transactions of the subcontractors such as payment of salaries, vehicle payments, vehicle maintenance costs, taxes, etc.

Payments are made to the subcontractors after all other outstanding payments have been deducted.

The subcontractors are required to maintain a minimum balance of R30 000 in their bank accounts.

12 COST RECOVERY

Cost recovery is effected by the municipality through a waste removal tariffs charged to the households. Registered indigents and residents of un-proclaimed informal settlements do not pay for the service.

13 EFFECTIVENESS OF THE PROGRAMME

Levels of Cleanliness

A high level of cleanliness is achieved under the programme. Illegal dumping in the areas served under the programme is a problem, however. The subcontractors do clear the illegal dumps regularly in accordance with the specifications.

Unit Cost

The cost of the service is R16.69 in the Boksburg area and R18.89 in all other areas serviced under the programme. This is considered to be extremely cost effective and is substantially less than the in-house costs achieved by EMM elsewhere for similar service levels (approximately R40 per household per month).

SME Development

Contractors are put through a comprehensive training programme, equipping them with the required skills to successfully manage their business. This is a key element to ensure the success of such a programme, since most new business fail because the owners can perform the technical work and have limited administrative skills.

Financial assistance is also provided to the Emerging contractors to assist them in the purchasing of vehicles, equipment, etc. The local community is also empowered through job creation allowing them to uplift themselves from poverty.

Community Participation

Community involvement is promoted through the comprehensive consultation process followed during the implementation of the programme. Community participation is further enhanced during the extensive awareness programmes conducted during the implementation of the programme.

Living standards have improved, employment levels have improved, skills levels within the community have improved and an awareness has been created in the community with regard to the beneficial effects of sound waste management practices.

Poverty Alleviation

This is achieved largely through job creation at the community level, which in turn results in increased expenditure within the community.

Programme Integrity

The programme complies with all relevant legislative requirements, with the exception of section 78 of the Municipal Systems Act (Act 32 of 2000).

Programme Sustainability

The programme has only recently been implemented. Initial indications are that the programme is sustainable when compared to similar programmes elsewhere.

Job Creation

Waste collection services are inherently labour intensive. The programme has created some 565 sustainable community based jobs. In addition the programme has created 54 new emerging subcontractor opportunities.

14 KEY FACTORS

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

- Training/mentorship of the service providers on an ongoing basis;
- Cost effective service delivery;
- A real empowerment/ development model;
- Performance monitoring and penalisation of poor performance;
- Maximisation of job opportunities through the utilisation of labour intensive methods;
- A commitment to the programme by all stakeholders and
- A regular schedule of waste collection services that reduces littering and illegal dumping;
- Through the support of recycling activities the overall waste being disposed is minimised, reducing the pressure on local landfill sites
- Community awareness and participation in waste management is encouraged through education and awareness campaigns
- The appointment of labour from the local community receiving the services contributes to the overall job creation and economic development of the community being serviced
- Capacity building is promoted through the accredited training programme and on the job training of entrepreneurs thus allowing entrepreneurs to obtain both the theoretical and practical experience required to effectively manage a business.

15 OVERVIEW OF THE PROGRAMME

The programme implemented at EMM is a successful cost effective programme. Some 54 Emerging contractors have been established, employing 565 people from the local community.

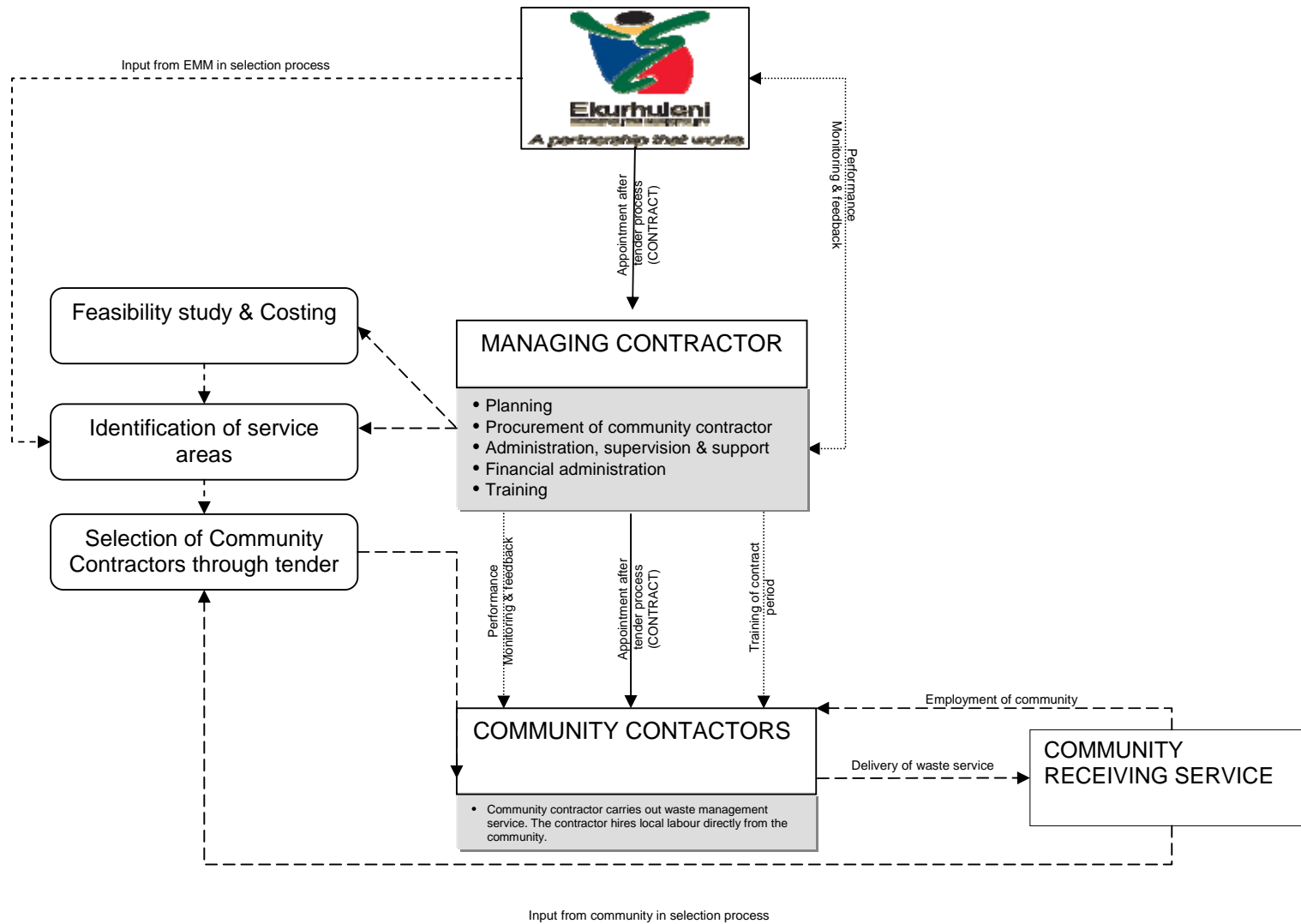
The subcontractors receive on-going mentorship, administrative and management support and training thus enhancing the sustainability of their businesses and the waste management service in general.

16 REFERENCES

- Tedcor 2007. Municipal Solid Waste Business Opportunities in South Africa. Advertising Brochure. Unpublished.
- Ekurhuleni Metropolitan Municipality. 2005 Contract No. A-MI(SW) 11/2006. Rendering of comprehensive refuse removal services in the specified areas of the eastern and southern service delivery regions of Ekurhuleni Metropolitan Municipality, on an as and when basis for a three year period. Unpublished.

ANNEXURE A
PROGRAMME SCHEMATIC

CASE STUDY OF EKURHULENI METROPOLITAN MUNICIPALITY
DOMESTIC WASTE COLLECTION PROGRAMME



EMM Waste Programme
Project Structure

CASE STUDY OF EKURHULENI METROPOLITAIN MUNICIPALITY
DOMESTIC WASTE COLLECTION PROGRAMME
