

MUNICIPAL SERVICE DELIVERY AND PPP GUIDELINES

Regulatory Framework



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National Treasury
REPUBLIC OF SOUTH AFRICA

Key Acts, Regulation and Guidelines



- Municipal Finance Management Act (2003)
 - Section 120 on PPPs
 - Section 33 on long term contracts

- Municipal Systems Act
 - Section 76, 77, 78 on different delivery mechanisms, including PPPs

- Municipal PPP Regulations (2005)

- Supply Chain Regulations (2005)

- Municipal Service Delivery and PPP Guidelines
 - Combines and harmonizes the requirements of all of the above in one document

Implication of the Acts and Regulation



- Municipal Service (MSA and MFMA apply)
- Support Activity (only MFMA apply)
 - Example: waste collection and disposal is a “municipal service” but composting and recycling is a “support activity”
- Use of municipal property for commercial purposes (only MFMA apply)

MFMA, section 120 requirements



- Treasury Views and Recommendation (TVR)
- Views and Recommendation of CoGTA and sector department
- Public participation
- *“In principle”* Council decision

INCEPTION

- Identify project
- Notify government (National Treasury, DPLG) and determine scope of feasibility study and applicable process
- Appoint project officer
- Appoint advisor

FEASIBILITY STUDY

- Notify/consult stakeholders
- Needs analysis
- Technical options analysis
- Service delivery analysis
- Delivery mechanism summary and interim internal/external recommendation
- Project due diligence
- Value assessment
- Procurement plan
- 60 days prior to council meeting, give public, Treasury, DPLG 30 days to comment

Treasury Views and Recommendations: I

- Council decision whether to procure external option

PROCUREMENT

- Prepare bid documents including draft PPP agreement as per MFMA Chapter 11

Treasury Views and Recommendations: IIA

- Pre-qualify parties
- Issue requests for proposal with draft PPP agreement
- Receive bids
- Compare bids with feasibility study and each other
- Select preferred bidder
- Prepare value assessment report

Treasury Views and Recommendations: IIB

- Negotiate with the preferred bidder
- Finalise PPP contract management plan
- 60 days prior to signing of contract, give public, Treasury, DPLG 30 days to comment

Treasury Views and Recommendations: III

- Council passes resolution authorising execution of PPP contract
- Accounting officer signs PPP Agreement

PPP CONTRACT MANAGEMENT

- Accounting officer responsible for PPP contract management
- Measure outputs, monitor and regulate performance, liaise effectively, and settle disputes

PROJECT PREPARATION PERIOD

PROJECT TERM

Module 3

Module 4

Module 5

Module 6



Public Participation

Phases and Type of Participation	Municipal Service	Support Activity
Internal assessment: solicit views of organized labor	√	
External assessment: solicit views of organized labor and public consultation	√	
After completion of feasibility study prior to council decision: public consultation	√	√
Prior to signing contract (if longer than 3 years): public consultation	√	√

- Guideline provides more detail on the minimum requirements for notification and consultation

“In principle” Council Decision



- End of the Feasibility Study, after public consultation
- Prior to contract signing, combine with MFMA section 33 hearing.



- On going, must provide contract management in terms of MFMA, Section 116

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