PART A
INVITATION TO BID

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (LANGEBERG MUNICIPALITY)					
BID NUMBER:	**TENDER 71/2021**	**CLOSING DATE:**	**18 MARCH 2022**	**CLOSING TIME:**	**12H00**
DESCRIPTION	**APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE SPECIALIST PROFESSIONAL SERVICES TO RE-WRITE THE LANGEBERG MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK AS A CORE COMPONENT OF THE LANGEBERG MUNICIPALITY INTEGRATED DEVELOPMENT PLAN**				
THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (MBD7).					

BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BOX SITUATED AT

LANGEBERG MUNICIPAL OFFICES
28 MAIN ROAD
ASHTON
6715

SUPPLIER INFORMATION					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FAX NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
TAX INCOME NUMBER					
TAX COMPLIANCE STATUS	TCS PIN:		**AND**	CSD No:	
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE [TICK APPLICABLE BOX]	☐ Yes ☐ No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT		☐ Yes ☐ No
[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES & QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]					

ARE YOU THE ACCREDITED REPRESENTATIVE **IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?**	☐Yes ☐No [IF YES ENCLOSE PROOF]	ARE YOU A FOREIGN BASED SUPPLIER FOR **THE GOODS /SERVICES /WORKS OFFERED?**	☐Yes ☐No [IF YES, ANSWER PART B:3]
TOTAL NUMBER OF ITEMS OFFERED			
SIGNATURE OF BIDDER	……………………………….	**DATE**	
CAPACITY UNDER WHICH THIS BID IS SIGNED			

BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO:		**TECHNICAL INFORMATION MAY BE DIRECTED TO:**	
DEPARTMENT	SCM	CONTACT PERSON	MR. K. BRAND
CONTACT PERSON	Sabelo NGCONGOLO	TELEPHONE NUMBER	023 614 8000
TELEPHONE NUMBER	023 615 8000	FAX NUMBER	
FAX NUMBER	023 615 1563	E-MAIL ADDRESS	kbrand@langeberg.gov.za
E-MAIL ADDRESS	sngcongolo@langeberg.gov.za		

PART B - TERMS AND CONDITIONS FOR BIDDING

1. BID SUBMISSION:

1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.

1.2. **ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED–(NOT TO BE RE-TYPED) OR ONLINE**

1.3. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.

2. TAX COMPLIANCE REQUIREMENTS

2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.

2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VIEW THE TAXPAYER'S PROFILE AND TAX STATUS.

2.3 APPLICATION FOR THE TAX COMPLIANCE STATUS (TCS) PIN MAY ALSO BE MADE VIA E-FILING. IN ORDER TO USE THIS PROVISION, TAXPAYERS WILL NEED TO REGISTER WITH SARS AS E-FILERS THROUGH THE WEBSITE WWW.SARS.GOV.ZA.

2.4 FOREIGN SUPPLIERS MUST COMPLETE THE PRE-AWARD QUESTIONNAIRE IN PART B:3.

2.5 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.

2.6 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.

2.7 WHERE NO TCS IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.

3. QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS

3.1. IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)? ☐ YES ☐ NO

3.2. DOES THE ENTITY HAVE A BRANCH IN THE RSA? ☐
YES ☐ NO

3.3. DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA? ☐ YES ☐ NO

3.4. DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA? ☐ YES ☐ NO

3.5. IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION? ☐ YES ☐ NO

IF THE ANSWER IS "NO" TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 ABOVE.

NB: FAILURE TO PROVIDE ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.
NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE.

SIGNATURE OF BIDDER: ……………………………………………

CAPACITY UNDER WHICH THIS BID IS SIGNED: ……………………………………………

DATE: …………………………………………...

TENDER 71/2021

Tenders are hereby requested for the **TENDER 71/2021: APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE SPECIALIST PROFESSIONAL SERVICES TO RE-WRITE THE LANGEBERG MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK AS A CORE COMPONENT OF THE LANGEBERG MUNICIPALITY INTEGRATED DEVELOPMENT PLAN** as specified in the bid document. Completed Bids, in sealed envelopes, clearly marked "**TENDER 71/2021: APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE SPECIALIST PROFESSIONAL SERVICES TO RE-WRITE THE LANGEBERG MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK AS A CORE COMPONENT OF THE LANGEBERG MUNICIPALITY INTEGRATED DEVELOPMENT PLAN"** should be placed in the tender box, at the Langeberg Municipal Office, 28 Main Road, Ashton, not later than **12:00 on 18 MARCH 2022** when the Bids will be opened in public. Late, faxed or e-mailed tenders will not be considered.

All clarifications must be requested in writing from Mr. K Brand (see email address below). All enquiries received from any prospective bidder will be sent to all prospective bidders who have downloaded tender documents to ensure transparent and equitably treatment.

PLEASE NOTE:

The official Bid document must be fully completed in black ink and bound.
Supporting documents must be submitted separately and must be stapled or bound.
Only goods and services applicable to local production and content will be considered.

The lowest, or any tender, will not necessarily be accepted and council reserves the right to accept any tender. Tenders will be evaluated according to the Council's Supply Chain Management Policy and the 80/20 Preference Point system. The Supply Chain Management Policy can be viewed at Municipal Offices or www.langeberg.gov.za

Tender documents are available from **18 FEBRUARY 2022**, on the Langeberg Municipal website: www.langeberg.gov.za

Enquiries pertaining to the tender specifications must be addressed in writing (e-mail) to Mr. Kobus Brand at **kbrand@langeberg.gov.za.**

ASA DE KLERK
MUNICIPAL MANAGER
Private Bag X2
Ashton,
6715

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1. GENERAL CONDITIONS OF CONTRACT

1.1. Definitions:

The following terms shall be interpreted as indicated

1.1.1. **"Closing time"** means the date and hour specified in the bidding advertisement for the receipt of bids.

1.1.2. **"Contract"** means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.1.3. **"Contract price"** means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.

1.1.4. **"Corrupt practice"** means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution.

1.1.5. **"Countervailing duties"** are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.

1.1.6. **"Country of origin"** means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.

1.1.7. **"Day"** means calendar day.

1.1.8. **"Delivery"** means delivery in compliance of the conditions of the contract or order.

1.1.9. **"Delivery ex stock"** means immediate delivery directly from stock actually on hand.

1.1.10. **"Delivery into consignees store or to his site"** means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the goods are so delivered and a valid receipt is obtained.

1.1.11. **"Dumping"** occurs when a private enterprise abroad market its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.

1.1.12. **"Force majeure"** means an event beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

1.1.13. **"Fraudulent practice"** means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

1.1.14. **"GCC"** means the General Conditions of Contract.

1.1.15. **"Goods"** means all of the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.

1.1.16. **"Imported content"** means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the goods covered by the bid will be manufactured.

1.1.17. **"Local content"** means that portion of the bidding price, which is not included in the imported content provided that local manufacture does take place.

1.1.18. **"Manufacture"** means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.

1.1.19. **"Order"** means an official written order issued for the supply of goods or works or the rendering of a service.

1.1.20. **"Project site,"** where applicable, means the place indicated in bidding documents.

1.1.21. **"Purchaser"** means the organization purchasing the goods.

1.1.22. **"Republic"** means the Republic of South Africa.

1.1.23. **"SCC"** means the Special Conditions of Contract.

1.1.24. **"Services"** means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.

1.1.25. **"Supplier"** means the successful bidder who is awarded the contract to maintain and administer the required and specified service(s) to the State.

1.1.26. **"Tort"** means in breach of contract.

1.1.27. **"Turnkey"** means a procurement process where one service provider assumes total responsibility for all aspects of the project and delivers the full end product / service required by the contract.

1.1.28. **"Written"** or **"in writing"** means hand-written in ink or any form of electronic or mechanical writing.

1.2. Application

1.2.1. These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services (excluding professional services related to the building and construction industry), sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.

1.2.2. Where applicable, special conditions of contract are also laid down to cover specific goods, services or works.

1.2.3. Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply

1.3. General

1.3.1. Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a nonrefundable fee for documents may be charged

1.3.2. Invitations to bid are usually published in locally distributed news media and on the municipality/municipal entity website.

1.4. Standards

1.4.1. The goods supplied shall conform to the standards mentioned in the bidding documents and specifications.

1.5. Use of contract documents and information inspection

1.5.1. The supplier shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.

1.5.2. The supplier shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 1.5.1 except for purposes of performing the contract.

1.5.3. Any document, other than the contract itself mentioned in GCC clause 1.5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.

1.5.4. The supplier shall permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

1.6. Patent Rights

1.6.1. The supplier shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

1.6.2. When a supplier developed documentation / projects for the municipality / municipal entity, the intellectual, copy and patent rights or ownership of such documents or projects will vest in the municipality / municipal entity.

1.7. Performance security

1.7.1. Within thirty (30) days of receipt of the notification of contract award, the successful bidder shall furnish to the purchaser the performance security of the amount specified in SCC.

1.7.2. The proceeds of the performance security shall be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.

1.7.3. The performance security shall be denominated in the currency of the contract or in a freely convertible currency acceptable to the purchaser and shall be in one of the following forms:

1.7.4. a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser; or a cashier's or certified cheque

1.7.5. The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified.

1.8. Inspections, tests and analyses

1.8.1. All pre-bidding testing will be for the account of the bidder.

1.8.2. If it is a bid condition that goods to be produced or services to be rendered should at any stage be subject to inspections, tests and analyses, the bidder or contractor's premises shall be open, at all reasonable hours, for inspection by a representative of the purchaser or organization acting on behalf of the purchaser.

1.8.3. If there are no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing authority concerned.

1.8.4. If the inspections, tests and analyses referred to in clauses 1.8.2 and 1.8.3 show the goods to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.

1.8.5. Where the goods or services referred to in clauses 1.8.2 and 1. 8.3 do not comply with the contract requirements, irrespective of whether such goods or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.

1.8.6. Goods and services which are referred to in clauses 1. 8.2 And 1.8.3 and which do not comply with the contract requirements may be rejected.

1.8.7. Any contract goods may on or after delivery be inspected, tested or analyzed and may be rejected if found not to comply with the requirements of the contract. Such rejected goods shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with goods, which do comply with the requirements of the contract. Failing such removal the rejected goods shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute goods forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected goods, purchase such goods as may be necessary at the expense of the supplier.

1.8.8. The provisions of clauses 1.8.4 to 1.8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 1.22 of GCC.

1.9. Packing

1.9.1. The supplier shall provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size and weights shall take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

1.9.2. The packing, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the contract, including additional requirements, if any, and in any subsequent instructions ordered by the purchaser.

1.10. Delivery and documents

1.10.1. Delivery of the goods and arrangements for shipping and clearance obligations shall be made by the supplier in accordance with the terms specified in the contract.

1.11. Insurance

1.11.1. The goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified.

1.12. Transportation

1.12.1. Should a price other than an all-inclusive delivered price be required, this shall be specified.

1.13. Incidental Services

1.13.1. The supplier may be required to provide any or all of the following services, including additional services, if any:

1.13.1.1. performance or supervision of on-site assembly and/or commissioning of the supplied goods;

1.13.1.2. furnishing of tools required for assembly and/or maintenance of the supplied goods;

1.13.1.3. furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;

1.13.1.4. performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under this contract; and

1.13.1.5. Training of the purchaser's personnel, at the supplier's plant and/or on site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

1.13.2. Prices charged by the supplier for incidental services, if not included in the contract price for the goods, shall be agreed upon in advance by the parties and shall not exceed the prevailing rates charged to other parties by the supplier for similar services.

1.14. Spare parts

1.14.1. As specified, the supplier may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:

1.14.2. such spare parts as the purchaser may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract; and in the event of termination of production of the spare parts:

1.14.3. Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

1.15. Warranty

1.15.1. The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract shall have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission of the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.

1.15.2. This warranty shall remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise.

1.15.3. The purchaser shall promptly notify the supplier in writing of any claims arising under this warranty.

1.15.4. Upon receipt of such notice, the supplier shall, within the period specified and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.

1.15.5. If the supplier, having been notified, fails to remedy the defect(s) within the period specified, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

1.16. Payment

1.16.1. The method and conditions of payment to be made to the supplier under this contract shall be specified.

1.16.2. The supplier shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfillment of other obligations stipulated in the contract.

1.16.3. Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.

1.16.4. Payment will be made in Rand unless otherwise stipulated.

1.17. Prices

1.17.1. Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized or in the purchaser's request for bid validity extension, as the case may be.

1.18. Variation orders

1.18.1. In cases where the estimated value of the envisaged changes in purchase does not vary more than 15% of the total value of the original contract, the contractor may be instructed to deliver the goods or render the services as such. In cases of measurable quantities, the contractor may be approached to reduce the unit price, and such offers may be accepted provided that there is no escalation in price.

1.19. Assignment

1.19.1. The supplier shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

1.20. Subcontracts

1.20.1. The supplier shall notify the purchaser in writing of all subcontracts awarded under this contracts if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the supplier from any liability or obligation under the contract.

1.21. Delays in the supplier's performance

1.21.1. Delivery of the goods and performance of services shall be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.

1.21.2. If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at his discretion extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.

1.21.3. The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the goods are required, or the supplier's services are not readily available.

1.21.4. Except as provided under GCC Clause 1.25, a delay by the supplier in the performance of its delivery obligations shall render the supplier liable to the imposition of penalties, pursuant to GCC Clause 1.22.1, unless an extension of time is agreed upon pursuant to GCC Clause 1.22.2 without the application of penalties.

1.21.5. Upon any delay beyond the delivery period in the case of a goods contract, the purchaser shall, without canceling the contract, be entitled to purchase goods of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

1.22. Penalties

1.22.1. Subject to GCC Clause 1.25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 1.23.

1.23. Termination for default

1.23.1. The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part:

1.23.1.1. if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 1.21.2;

1.23.1.2. If the supplier fails to perform any other obligation(s) under the contract; or if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

1.23.2. In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner, as it deems appropriate, goods, works or services similar to those undelivered, and the supplier shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier shall continue performance of the contract to the extent not terminated.

1.23.3. Where the purchaser terminates the contract in whole or in part, the purchaser may decide to impose a restriction penalty on the supplier by prohibiting such supplier from doing business with the public sector for a period not exceeding 10 years.

1.23.4. If a purchaser intends imposing a restriction on a supplier or any person associated with the supplier, the supplier will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier fail to respond within the stipulated fourteen (14) days the purchaser may regard the supplier as having no objection and proceed with the restriction.

1.23.5. Any restriction imposed on any person by the purchaser will, at the discretion of the purchaser, also be applicable to any other enterprises or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first – mentioned person, and with which enterprise or person the first – mentioned person, is or was in the opinion of the purchaser actively associate

1.23.6. .If a restriction is imposed, the purchaser must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:

1.23.6.1. the name and address of the supplier and / or person restricted by the purchaser;

1.23.6.2. the date of commencement of the restriction

1.23.6.3. the period of restriction; and

1.23.6.4. The reasons for the restriction.

1.23.7. These details will be loaded in the National Treasury's central database of suppliers or persons prohibited from doing business with the public sector.

1.23.8. If a court of law convicts a person of an offence as contemplated in section 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.

1.24. Antidumping and countervailing duties and rights

1.24.1. When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti- dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favorable difference shall on demand be paid forthwith by the supplier to the purchaser or the purchaser may deduct such amounts from moneys (if any) which may otherwise be due to the supplier in regard to goods or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

1.25. Force Majeure

1.25.1. Notwithstanding the provisions of GCC Clauses 1.22 and 1.23, the supplier shall not be liable for forfeiture of its performance supplier shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

1.25.2. If a force majeure situation arises, the supplier shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

1.26. Termination for solvency

1.26.1. The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy, which has accrued or will accrue thereafter to the purchaser.

1.27. Settlement of Disputes

1.27.1. If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

1.27.2. If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

1.27.3. Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

1.27.4. Notwithstanding any reference to mediation and/or court proceedings herein,

1.27.4.1. the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and

1.27.4.2. The purchaser shall pay the supplier any monies due the supplier for goods delivered and / or services rendered according to the prescripts of the contract.

1.28. Limitation of Liability

1.28.1. Except in cases of criminal negligence or willful misconduct, and in the case of Infringement pursuant to Clause 1.6;

1.28.1.1. The supplier shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and

1.28.1.2. The aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

1.29. Governing language

1.29.1. The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.

1.30. Applicable law

1.30.1. The contract shall be interpreted in accordance with South African laws, unless otherwise specified

1.31. Notices

1.31.1. Every written acceptance of a bid shall be posted to the supplier concerned by registered or certified mail and any other notice to him shall be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting shall be deemed to be proper service of such notice.

1.31.2. The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, shall be reckoned from the date of posting of such notice.

1.32. Taxes and duties

1.32.1. A foreign supplier shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.

1.32.2. A local supplier shall be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.

1.32.3. No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid SARS must have certified that the tax matters of the preferred bidder are in order.

1.32.4. No contract shall be concluded with any bidder whose municipal rates and taxes and municipal services charges are in arrears.

1.33. Transfer of contracts

1.33.1. The contractor shall not abandon, transfer, cede assign or sublet a contract or part thereof without the written permission of the purchaser

1.34. Amendment of contract

1.34.1. No agreement to amend or vary a contract or order or the conditions, stipulations or provisions thereof shall be valid and of any force unless such agreement to amend or vary is entered into in writing and signed by the contracting parties. Any waiver of the requirement that the agreement to amend or vary shall be in writing, shall also be in writing.

1.35. Prohibition of restrictive practices

1.35.1. In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder(s) is / are or a contractor(s) was / were involved in collusive bidding.

1.35.2. If a bidder(s) or contractor(s) based on reasonable grounds or evidence obtained by the purchaser has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigating and possible impossible of administrative penalties as contemplated in section 59 of the Competition Act No 89 of 1998.

1.35.3. If a bidder(s) or contractor(s) has / have been found guilty by the Competition Commission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid(s) for such item(s) offered, and / or terminate the contract in whole or part , and / or restrict the bidder(s) or contractor(s) from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder(s) or contractor(s) concerned.

2. SPECIAL TENDER CONDITIONS

SPECIAL TENDER CONDITIONS
This tender is subject to the Supply Chain Management Policy of the Langeberg Municipality. The aim of the policy is to improve job opportunities and to stimulate prosperity in the municipal area. Broad Based Black Economic Empowerment (BBBEE) will receive preferential adjudication. Tenderers must take note that a tender will be granted on the ground of their performance capacity as well as a preference formula. For tenderers to qualify for the advantages of the policy, they must thoroughly complete the document. **If the schedules are not thoroughly completed the tender will not be considered.** Tenderers must take note that in the case of a false statement or submission of false information the tender will be disqualified with immediate effect and a possibility of criminal prosecution. The complete Supply Chain Management Policy is available for inspection at the Municipal Offices at Ashton and websites (www.langeberg.gov.za).

2.1 TENDER DOCUMENTS

Tender documents are obtainable and must be returned as described in the tender notice. The completed documents of the tender fully priced, extended and totaled, completed in all respects, signed and sealed in an envelope which is to be endorsed “**TENDER 71/2021: APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE SPECIALIST PROFESSIONAL SERVICES TO RE-WRITE THE LANGEBERG MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK AS A CORE COMPONENT OF THE LANGEBERG MUNICIPALITY INTEGRATED DEVELOPMENT PLAN”,**

2.1.1. ” must be placed in the tender box at the Municipal Offices, 28 Main Street, Ashton

2.1.2. Tenders submitted by fax, e-mail, telex or telegraphically will not be accepted. Postal Tenders will be accepted for consideration only if they are received in sufficient time to be lodged in the appropriate tender box by the closing time for such tenders. The Langeberg Municipality disclaims any responsibility for seeing that such tenders/ are lodged in the tender box.

2.1.3. Any tender delivered to an address other than the one stipulated in the tender notice will not be accepted. Tenders may not be handed in at other offices of the Langeberg Municipality.

2.1.4. Tenders will be opened in public, shortly after closing time of tenders. The name of the tenderer/bidder and the total tender/bid price will be announced to all tenderers/bidders present at the opening.

2.1.5. Tenders received after the closing date and time shall be declared invalid and will not be considered.

2.1.6. Tender documents will be compiled in the following format:

2.1.7. Opening Page: Name and address of Tenderer, Pricing Totals, Costing and conditions of payment;

2.1.8. Schedule 1: Mandatory returnable forms and attachments;

2.2 SOUTH AFRICAN CURRENCY

2.2.1 All payments from the Langeberg Municipality will be made in the currency of the Republic of South Africa (Rand). The tenderer/bidder shall specify clearly all matters and conditions regarding payments in the tender/bidder specifications.

2.2.2 Tenders shall indicate separately prices excluding value added tax and included value added tax (VAT) in the tender/bid rates and amounts.

2.3 INCOMPLETE TENDERS/BIDS

2.3.1 Tenders will be rejected in the event of incomplete offers and irregularities of any nature contained in the tender or in any of the completed tender schedules.

2.4 WITHDRAWAL OF TENDERS/BIDS

2.4.1 A tenderer/bidder may, without incurring any liability, withdraw his tender provided written advice to that effect reaches the Langeberg Municipality before the expiry of the time fixed in the tender/bid notice for receiving tenders/.

2.5 CHECKING OF TENDER DOCUMENTS

2.5.1 Before submitting a tender the tenderer/bidder shall check the numbering of the pages in the tender/bid documents and if any pages part of the tender/bid document is found to be missing or if any part of the documents is illegible or indistinct, he shall immediately notify the Langeberg Municipality.

2.5.2 The Langeberg Municipality will not be liable in any way for any claims arising through neglect of the Tenderer/bidder to comply with these requirements.

2.6 EXPENSES DUE TO PREPARATION AND SUBMISSION OF TENDER DOCUMENTS

2.6.1 The Langeberg Municipality shall not be liable for any expenses or losses incurred by the Tenderer/bidder due to visiting the site or municipal area and the preparation and/or submission of the tender/bid documents.

2.7 PERIOD OF VALIDITY

2.7.1 Tenders, whether for a part of or for the whole of the project, shall remain valid for a period as specified by the tenderer/bidder, which period shall be that period between the date upon which tenders/bids close up to the date upon which notice is given that the tender/bid has been awarded, but at least a period of 120 days.

2.8 ACCEPTANCE OR REJECTION OF TENDERS/BIDS

2.8.1 The Langeberg Municipality is not compelled to accept the lowest or any tender/bid and reserves the right to accept any tender/bid.

2.9 PREFERENTIAL PROCUREMENT

2.9.1 Tenders/bids will be considered in terms of the Preferential Procurement Policy of the Langeberg Municipality.

2.10 REGISTRATION AS SERVICE PROVIDER

2.10.1 Only those tenderer/bidders that are registered on the Central Supplier Database as service providers, or are capable of being so prior to the evaluation of submissions, are eligible to submit tenders/bids. The Langeberg Municipality will only enter into a formal contract with a tenderer/bidder that is registered on this Database as service provider.

2.11 JOINT VENTURE AGREEMENTS (IF APPLICABLE)

2.11.1 Any Joint Venture Agreement must be submitted with the tender/bid document detailing the split of responsibilities in terms of the tender/bid specifications, i.e. percentage of work to be performed by each partner.

2.11.2 All parties to the Joint Venture Agreement must be registered and verified on the Western Cape Supplier Database. Only those that are registered and verified before the closing date of the tender/bid will qualify for preference points.

2.11.3 It must be noted that the order will be placed in the name of the BEE Partner as well as all financial administration that follows such an order/s. The Joint Venture Agreement must stipulate the BEE partner selected for this in the event of the Joint Venture been considered successful.

2.12 LOCAL BUSINESS/OFFICE:

2.12.1 A local office of a tenderer/bidder shall be deemed to be a physical address inside the demarcated boundaries of the Langeberg Municipality area.

2.13 TEST FOR RESPONSIVENESS

2.13.1 No Tender will be considered unless it meets the following responsiveness criteria:

2.13.2 The tender must be properly received in a sealed envelope clearly indicating the description of the service and the tender/bid number for which the tender/bid is submitted.

2.13.3 The tender must be deposited in the relevant tender box as indicated on the notice of the tender on or before the closing date and time of the bid

2.13.4 An Income Tax Number and a Tax verification pin (OTP) must be submitted with the tender/bid on or before the closing date and before the closing time.

2.13.5 An original latest Municipal service account obtained from the local municipality must be submitted.

2.13.6 The official tender document must be fully completed in black ink and bound. Where information requested does not apply to the bidder and the space is left blank, the tender document will be deemed as non-responsive.

2.13.7 If the entity submitting a bid is a Joint Venture or a Consortium or Partnership, each party to that formation must submit all the above information

2.13.8 The tenderer/bidder must be in good standing to do business with the public sector in terms of Regulation 38 of the Supply Chain Management Regulations (Government Gazette 27636 of 30 May 2005).

2.13.9 The tenderer/bidder must adhere to pricing Instructions

2.13.10 The tenderer/bidder must complete and sign all tender forms. Where indicated, forms must be signed and stamped by a Commissioner of Oaths.

2.13.11 All mandatory returnable forms and prescribed attachments must be completed and where applicable signed by a Commissioner of Oaths.

2.13.12 All tenders' conditions/specifications must be complied with.

2.14 PAYMENT OF INVOICES

2.14.1 All payments from the Langeberg Municipality will be made within 30 days of receipt of valid tax invoice for goods and services rendered to the satisfaction of the Municipality,

3. DECLARATION OF "IN THE SERVICE OF THE STATE"

If a spouse, child or parent of the owner, director, manager, shareholder or stakeholder of the entity is in the service of the state, or has been in the service of the state in the previous twelve months, the following information must be completed: (Please indicate if not applicable)

The name of the person in the employment of the state:

…………………………………………………………………………………………………

The capacity in which that person is in service of the state:

…………………………………………………………………………………………………

Is that person an owner, director, manager, shareholder or connected to the business: Yes or No? **(If yes please specify)**

…………………………………………………………………………………………………

The relationship to the owner, director, manager, shareholder or stakeholder of the entity:

	Spouse	Child	Parent
Owner	☐	☐	☐
Director	☐	☐	☐
Manager	☐	☐	☐
Shareholder	☐	☐	☐

***"in the service of the state"** means to be –*

(a) a member of –

(i) any municipal council;

(ii) any provincial legislature; or

(iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);

(e) a member of the accounting authority of any national or provincial public entity; or

(f) An employee of Parliament or a provincial legislature.

CERTIFICATION

I, THE UNDERSIGNED (FULL NAME) …………..…………………………..……
CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS TRUE AND CORRECT.

I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

………………………………………...	…………………………..
Signature	Date
……………………………………….	…………………………..
Position	Name of Bidder

4. MUNICIPAL SERVICE ACCOUNT

4.1 An original latest municipal account must be attached to this page.

4.2 It should be noted that the tender cannot be considered/evaluated if any municipal rates and taxes or municipal services charges owed by the bidder or any of its directors to the municipality or municipal entity, or to any other municipality or entity, are in arrears for more than three months,

4.3 If the bidder or any of its directors are not responsible for the payment of municipal rates of service charges to the municipality or municipal entity, or to any other municipality or entity, a sworn affidavit to this effect must be attached to this page.

5. PRICING SCHEDULE – FIRM PRICES (MBD 3.1) (PURCHASES)

NOTE: ONLY FIRM PRICES WILL BE ACCEPTED. NON-FIRM PRICES (INCLUDING PRICES SUBJECT TO RATES OF EXCHANGE VARIATIONS) WILL NOT BE CONSIDERED

IN CASES WHERE DIFFERENT DELIVERY POINTS INFLUENCE THE PRICING, A SEPARATE PRICING SCHEDULE MUST BE SUBMITTED FOR EACH DELIVERY POINT

Name of bidder: ……………………………………

Bid number: ………………….............................

Closing Time 12:00

Closing date: …………………………………………...

OFFER TO BE VALID FOR ……… DAYS FROM THE CLOSING DATE OF BID.

6. DECLARATION OF INTEREST MBD 4

6.1 Any legal person, including persons employed by the state[1], or persons having a kinship with persons employed by the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid (includes an advertised competitive bid, a limited bid, a proposal or written price quotation). In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the state, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority where-

6.1.1. the bidder is employed by the state; and/or the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

6.2 In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

6.2.1 Full Name of bidder or his or her representative: ……………………………………………………………

6.2.2 Identity Number: ………………………………………………………………………………………………...

6.2.3 Position occupied in the Company (director, trustee, shareholder[2], member):

……

6.2.4 Registration number of company, enterprise, close corporation, partnership agreement or trust:

……

6.2.5 Tax Reference Number: …………………………………………………………………………………………

6.2.6 VAT Registration Number: ………………………………………………………………………………......

6.3 The names of all directors / trustees / shareholders / members, their individual identity numbers, tax reference numbers and, if applicable, employee / PERSAL numbers must be indicated in paragraph 6.5 below.

[1]"State" means –

a) any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
b) any municipality or municipal entity;
c) provincial legislature
d) national Assembly or the national Council of provinces; or
e) Parliament.

[2]"Shareholder" means a person who owns shares in the company and is actively involved in the management of the enterprise or business and exercises control over the enterprise.

6.4 Are you or any person connected with the bidder presently employed by the state? YES / NO

6.4.1 If so, furnish the following particulars:

Name of person / director / trustee / shareholder/ member: ……....………………………………………………

Name of state institution at which you or the person connected to the bidder is employed: ………………………………………

Position occupied in the state institution: ………………………………………

Any other particulars:
……

……

6.4.2 If you are presently employed by the state, did you obtain the appropriate authority to undertake remunerative

6.4.3 Work outside employment in the public sector? YES / NO

6.4.4 If yes, did you attach proof of such authority to the bid document? YES / NO

6.4.5 (Note: Failure to submit proof of such authority, where applicable, may result in the disqualification of the bid.

6.4.6 If no, furnish reasons for non-submission of such proof:
……………………………………………………………………….
……………………………………………………………………….
……………………………………………………………………….

6.4.7 Did you or your spouse, or any of the company's directors / trustees / shareholders / members or their spouses conduct business with the state in the previous twelve months? YES / NO

6.4.8 If so, furnish particulars:

…………………………………………………………………..

…………………………………………………………………..

…………………………………………………………………...

6.4.9 Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid?

YES / NO

6.4.10 If so, furnish particulars.

…………………………………………………………………..

…………………………………………………………….……

6.4.11 Are you, or any person connected with the bidder, aware of any relationship (family, friend, other) between any other bidder and any person employed by the state who may be involved with the evaluation and or adjudication of this bid?

YES/NO

6.4.11.1 If so, furnish particulars.
………………………………………………………………...
……………………………………………………………..….
…………………………………………………………………

6.4.12 Do you or any of the directors / trustees / shareholders / members of the company have any interest in any Other related companies whether or not they are bidding for this contract?

YES/NO

6.4.12.1 If so, furnish particulars:
…………………………………………………………………………….
…………………………………………………………………………….
…………………………………………………………………………….

6.5 Full details of directors / trustees / members / shareholders.

Full Name	**Identity Number**	**Personal Income Tax Reference Number**	**State Employee Number / Personal Number**

6.6 DECLARATION

I, THE UNDERSIGNED (NAME): ………………………………………………………………………
CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 6.2 and 6.5 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

………………………………….. ………………………………………………
Signature **Date**

…………………………………. ……………………………………………….
Position **Name of bidder**

7 PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2017 (MBD 6.1)

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017.

7.1 GENERAL CONDITIONS

7.1.1 The following preference point systems are applicable to all bids:

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).The value of this bid is estimated to **not** exceed R50 000 000 (all applicable taxes included) and therefore the 80/20 preference point system shall be applicable; or
-

7.1.2 The 80/20 preference point system will be applicable to this tender.

7.1.3 Points for this bid shall be awarded for:

Price and B-BBEE Status Level of Contributor.

7.2 The maximum points for this bid are allocated as follows:

	POINTS
PRICE	**80**
B-BBEE STATUS LEVEL OF CONTRIBUTOR	**20**
Total points for Price and B-BBEE must not exceed	**100**

7.3 Failure on the part of a bidder to submit proof of B-BBEE Status level of contributor together with the bid will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

7.4 The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

7.5 DEFINITIONS

7.5.1 "B-BBEE" means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

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

7.5.3 "bid" means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of goods or services, through price quotations, advertised competitive bidding processes or proposals;

7.5.4 "Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

7.5.5 "EME" means an Exempted Micro Enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act;

7.5.6 "Functionality" means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents.

7.5.7 "prices" includes all applicable taxes less all unconditional discounts;

7.5.8 "proof of B-BBEE status level of contributor" means:

7.5.9 B-BBEE Status level certificate issued by an authorized body or person;

7.5.10 A sworn affidavit as prescribed by the B-BBEE Codes of Good Practice;

7.5.11 Any other requirement prescribed in terms of the B-BBEE Act;

7.5.12 "QSE" means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act;

7.5.13 "rand value" means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;

7.6 POINTS AWARDED FOR PRICE
THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 or 90/10

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right) \quad \text{or} \quad Ps = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for price of bid under consideration

Pt = Price of bid under consideration

Pmin = Price of lowest acceptable bid

7.7 POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTOR

In terms of Regulation 6 (2) and 7 (2) of the Preferential Procurement Regulations, preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

7.8 BID DECLARATION

Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

7.9 B-BBEE STATUS LEVEL OF CONTRIBUTOR CLAIMED IN TERMS

B-BBEE Status Level of Contributor: = ……… (maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.9 must be in accordance with the table reflected in paragraph 7.7 and must be substantiated by relevant proof of B-BBEE status level of contributor.

7.10 SUB-CONTRACTING

7.10.1 Will any portion of the contract be sub-contracted?

(***Tick applicable box***)

YES		NO	

7.10.2 If yes, indicate:

i) What percentage of the contract will be subcontracted............……………….…………%
ii) The name of the sub-contractor…………………………………………………………..
iii) The B-BBEE status level of the sub-contractor......................................……………..
iv) Whether the sub-contractor is an EME or QSE

(***Tick applicable box***)

YES		NO	

v) Specify, by ticking the appropriate box, if subcontracting with an enterprise in terms of Preferential Procurement Regulations,2017:

Designated Group: An EME or QSE which is at last 51% owned by:	EME √	QSE √
Black people		
Black people who are youth		
Black people who are women		
Black people with disabilities		
Black people living in rural or underdeveloped areas or townships		
Cooperative owned by black people		
Black people who are military veterans		
OR		
Any EME		
Any QSE		

7.11 DECLARATION WITH REGARD TO COMPANY/FIRM

7.11.1 Name of company/firm: ………………………………………………………………………………

7.11.2 VAT registration number: ……………………………………………………………………………

7.11.3 Company registration number: ……………………………………………………………………….

7.12 TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One person business/sole propriety
- ☐ Close corporation
- ☐ Company
- ☐ (Pty) Limited

[TICK APPLICABLE BOX]

7.13 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES

……

……

………..

7.14 COMPANY CLASSIFICATION

- ☐ Manufacturer
- ☐ Supplier
- ☐ Professional service provider
- ☐ Other service providers, e.g. transporter, etc. [*TICK APPLICABLE BOX*]

7.15 MUNICIPAL INFORMATION

Municipality where business is situated: ….…………………………………………………….

Registered Account Number: ………………………….

Stand Number: ……………………………………………….

7.16 **Total number of years the company/firm has been in business:** ……………………………

7.17 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contributor indicated in 7.9 and MBD 6.1 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

7.18 The information furnished is true and correct;

7.19 The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;

7.20 In the event of a contract being awarded as a result of points claimed as shown in paragraphs 7.9 and MDB 6.1, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;

7.21 If the B-BBEE status level of contributor has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have **–**

(a) disqualify the person from the bidding process;

(b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;

(c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

(d) recommend that the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted by the National Treasury from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and

(e) Forward the matter for criminal prosecution.

WITNESSES 1. …………………………………….. 2. …………………………………….	…………………………. / ………………………. SIGNATURE(S) OF BIDDERS(S) DATE: …………………………………..

8 CONTRACT FORM - RENDERING OF SERVICES (MBD 7.2)

THIS FORM MUST BE FILLED IN DUPLICATE BY BOTH THE SERVICE PROVIDER (PART 1) AND THE PURCHASER (PART 2). BOTH FORMS MUST BE SIGNED IN THE ORIGINAL SO THAT THE SERVICE PROVIDER AND THE PURCHASER WOULD BE IN POSSESSION OF ORIGINALLY SIGNED CONTRACTS FOR THEIR RESPECTIVE RECORDS.

PART 1 (TO BE FILLED IN BY THE SERVICE PROVIDER)

8.1 I hereby undertake to render services described in the attached bidding documents to (name of the institution)…………………………………… in accordance with the requirements and task directives / proposals specifications stipulated in Bid Number………………….. At the price/s quoted. My offer/s remain binding upon me and open for acceptance by the Purchaser during the validity period indicated and calculated from the closing date of the bid.

8.2 The following documents shall be deemed to form and be read and construed as part of this agreement:

8.2.1 Bidding documents, *viz*

- Invitation to bid;
- Tax Compliance Report - CSD;
- Pricing schedule(s);
- Filled in task directive/proposal;
- Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations 2011;
- Declaration of interest;
- Declaration of Bidder's past SCM practices;
- Certificate of Independent Bid Determination;
- Special Conditions of Contract;

8.2.2 General Conditions of Contract; and

8.2.3 Other (specify)

8.3 I confirm that I have satisfied myself as to the correctness and validity of my bid; that the price(s) and rate(s) quoted cover all the services specified in the bidding documents; that the price(s) and rate(s) cover all my obligations and I accept that any mistakes regarding price(s) and rate(s) and calculations will be at my own risk.

8.4 I accept full responsibility for the proper execution and fulfillment of all obligations and conditions devolving on me under this agreement as the principal liable for the due fulfillment of this contract.

8.5 I declare that I have no participation in any collusive practices with any bidder or any other person regarding this or any other bid.

8.6 I confirm that I am duly authorised to sign this contract.

NAME (PRINT) ……………………………

CAPACITY ……………………………

SIGNATURE ……………………………

NAME OF FIRM ……………………………

DATE ……………………………

WITNESSES

1 …………………………………….

9 CONTRACT FORM - RENDERING OF SERVICES (MBD 7.2)

PART 2 (TO BE FILLED IN BY THE PURCHASER)

9.1 **I Mr. ASA DE KLERK in my capacity as MUNICIPAL MANAGER,**

9.2 Accept your bid under reference number ………………dated………………………for the rendering of services indicated hereunder and/or further specified in the annexure(s).

9.3 An official order indicating service delivery instructions is forthcoming.

9.4 I undertake to make payment for the services rendered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice.

DESCRIPTION OF SERVICE	PRICE (ALL APPLICABLE TAXES INCLUDED)	COMPLETION DATE	B-BBEE STATUS LEVEL OF CONTRIBUTION	MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT (if applicable)

9.5 I confirm that I am duly authorised to sign this contract.

SIGNED AT ……………………………………… ON ………………………………..

NAME (PRINT) ………………………………………….

SIGNATURE ………………………………………….

OFFICIAL STAMP

WITNESSES

1 ………………………………….

10 DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES (MBD 8)

10.1 This Municipal Bidding Document must form part of all bids invited.

10.2 It serves as a declaration to be used by municipalities and municipal entities in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.

10.3 The bid of any bidder may be rejected if that bidder, or any of its directors have:

10.4 abused the municipality's / municipal entity's supply chain management system or committed any improper conduct in relation to such system;

10.5 been convicted for fraud or corruption during the past five years;

10.6 will-fully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

10.7 Been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

10.8 In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

Item	Question	Yes	No
10.9	Is the bidder or any of its directors listed on the National Treasury's Database of Restricted Suppliers as companies or persons prohibited from doing business with the public sector? (Companies or persons who are listed on this Database were informed in writing of this restriction by the Accounting Officer/Authority of the institution that imposed the restriction after the *audi alteram partem* rule was applied). **The Database of Restricted Suppliers now resides on the National Treasury's website(www.treasury.gov.za) and can be accessed by clicking on its link at the bottom of the home page.**	Yes ☐	No ☐
10.10	If so, furnish particulars:		
10.11	Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)? **The Register for Tender Defaulters can be accessed on the National Treasury's website (www.treasury.gov.za) by clicking on its link at the bottom of the home page.**	Yes ☐	No ☐

10.12	If so, furnish particulars:		
10.13	Was the bidder or any of its directors convicted by a court of law (including a court of law outside the Republic of South Africa) for fraud or corruption during the past five years?	Yes ☐	No ☐
10.14	If so, furnish particulars:		
10.15	Does the bidder or any of its directors owe any municipal rates and taxes or municipal charges to the municipality / municipal entity, or to any other municipality / municipal entity, that is in arrears for more than three months?	Yes ☐	No ☐
10.16	If so, furnish particulars:		
10.17	Was any contract between the bidder and the municipality / municipal entity or any other organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes ☐	No ☐
10.18	If so, furnish particulars:		

CERTIFICATION

I, THE UNDERSIGNED (FULL NAME) …………..……………………………..……
CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM TRUE AND CORRECT.

I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

………………………………………...
Signature

…………………………..
Date

……………………………………….
Position

……………………………..
Name of Bidder

11 CERTIFICATE OF INDEPENDENT BID DETERMINATION (MBD 9)

11.1 This Municipal Bidding Document (MBD) must form part of all bids[1] invited.

11.2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).[2] Collusive bidding is a pe se prohibition meaning that it cannot be justified under any grounds.

11.3 Municipal Supply Regulation 38 (1) prescribes that a supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer, among others, to:

11.4 take all reasonable steps to prevent such abuse;

11.5 reject the bid of any bidder if that bidder or any of its directors has abused the supply chain management system of the municipality or municipal entity or has committed any improper conduct in relation to such system; and

11.6 Cancel a contract awarded to a person if the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract.

11.7 This MBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.

11.8 In order to give effect to the above, the attached Certificate of Bid Determination (MBD 9) must be completed and submitted with the bid:

[1] Includes price quotations, advertised competitive bids, limited bids and proposals.

[2] Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.

[3] Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract

12 CERTIFICATE OF INDEPENDENT BID DETERMINATION (MBD 9)

I, the undersigned, in submitting the accompanying bid:

____
(Bid Number and Description)

In response to the invitation for the bid made by:

____
(Name of Municipality / Municipal Entity)

Do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: ____ that:
(Name of Bidder)

12.1 I have read and I understand the contents of this Certificate;

12.2 I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;

12.3 I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;

12.4 Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign, the bid, on behalf of the bidder;

12.5 For the purposes of this Certificate and the accompanying bid, I understand that the word “competitor” shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:

- has been requested to submit a bid in response to this bid invitation;
- could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
- provides the same goods and services as the bidder and/or is in the same line of business as the bidder

12.6 The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium[3] will not be construed as collusive bidding.

12.7 In particular, without limiting the generality of paragraphs 12.6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:

- prices;
- geographical area where product or service will be rendered (market allocation)
- methods, factors or formulas used to calculate prices;
- the intention or decision to submit or not to submit, a bid;

- The submission of a bid which does not meet the specifications and conditions of the bid; or bidding with the intention not to win the bid.

12.8 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.

12.9 The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

12.10 I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

…………………………………………………	………………………………………
Signature	Date
…………………………………………………	………………………………………
Position	Name of Bidder

13 CODE OF CONDUCT FOR SUPPLIERS

Langeberg Municipality is strongly committed in observing the highest ethical standards in all its procurement activities. As such, this Code of Conduct for Suppliers has been prepared to provide clear summary of Langeberg Municipality expectation form the suppliers in all procurement dealings, ensuring that internationally recognized procurement ethics are followed. Transparency and accountability should be strictly adhered to in all procurement activities.

Langeberg Municipality procurement ethics focuses on **zero tolerance on corruption, avoiding any form of interest and honest representation of supplier's capabilities.**

Suppliers are strongly urged to familiarize themselves with this Code of Conduct to ensure successful working relations with Langeberg Municipality.

Policy on Corruption and Position on Conflict of Interest

Langeberg Municipality expects all contracted suppliers and companies seeking to sell goods and services to conduct their business in accordance with the highest ethical standards. Suppliers or potential suppliers must strictly comply with all rules and regulations on bribery, corruption and avoid unacceptable business practices. Hence suppliers are expected to observe the following:

- Shall not, directly or indirectly, offer, give or agree or promise to give to any Langeberg Municipality staff any gratuity for the benefit of/or at the direction or request of any Staff or Langeberg Municipality;
- To immediately inform the Langeberg Municipality in the event that any Staff or Langeberg Municipality solicits or obtained or has made an attempt to obtain gratification for himself/herself or for any other persons.
- To immediately declare if any of the Company's staff and/or officers had or have any relative employed with Langeberg Municipality. Failure to make such declaration shall be construed as a conflict of interest and might result in the exclusion of the supplier from present and future procurement activities and/or other legal action as deemed fit by the Organization.

Representation from Suppliers

Langeberg Municipality expects all its suppliers to honestly declare and warrant that:

- It will comply with all rules, regulations and statutory requirements relating to the provision of the products/services to Langeberg Municipality;
- It will not act in concert with other suppliers or agents when participating in a bid;
- It is a duly authorized/certified provider of the supplied products/services and shall not, expressly or impliedly hold itself out to be an agent/representative of a third party provider of the same products/services;
- It will only supply products that are certified to be of merchantable and satisfactory quality;
- The supplier processes the necessary capabilities, equipment and suitable place of business to perform its obligations;
- It shall not contract out of subcontract or outsource any portion of the products/services unless prior written consent from Langeberg Municipality has been obtained; and

- It shall maintain the highest standards of integrity and quality of work at all times.

Applicability of the Code of Conduct

This Code of Conduct shall apply to all Suppliers, sub-contractors and to other entities acting behalf of them (approval of Langeberg Municipality).

Monitoring compliance to the Code of Conduct

To facilitate the monitoring of suppliers' compliance with this Code of Conduct, Langeberg Municipality expects suppliers to:

- Develop and maintain all necessary documentation to support compliance with the described standards; such documentation must be accurate and complete;
- Provide Langeberg Municipality representatives with access to relevant records, upon Langeberg Municipality request;
- Allow Langeberg Municipality representatives to conduct interviews with the supplier's employees and with management separately;
- Allow Langeberg Municipality representatives to conduct announced and unannounced site visits of supplier locations; and
- Respond promptly to reasonable inquiries from Langeberg Municipality representatives in relation to the implementation of the Code of Conduct.

Secure Communication Channels

Langeberg Municipality has established a secure communication channel to enable the suppliers to raise their concerns confidentially and responsibly. If the supplier has questions about the Code of Conduct or wishes to report a questionable behaviour or possible violation of the Code of Conduct, the Supplier is encouraged and should contact Langeberg Municipality at:

Municipal Manager

28 Main Road

Ashton

6715

Or contact at mm@langeberg.gov.za;

Langeberg Municipality will not tolerate any retribution or retaliation by anyone against a concerned Supplier who has, in good faith, sought out advice or has reported questionable behaviour and/or a possible violation. Langeberg Municipality will take disciplinary action up to and including termination of contract for anyone who threatens or engages in retaliation, retribution or harassment of the concerned individual. Identities and contents of all information or complaints will be rated strictly confidential.

SANCTIONS

Breach of the Code of Conduct may result in actions being invoked against that suppliers, in addition to any contractual or legal remedies. The actions applied will depend on the nature and seriousness of the breach and on the degree of commitment shown by the supplier in breach to its obligations under the Code of Conduct. The range of actions to be imposed on the supplier includes but is not restricted to the following:

- Formal warnings – that the continued non-compliance will lead to more severe actions;
- Disclosure of nature of breach to all Langeberg Municipality subsidiaries and associate companies;
- Immediate termination of contract , without resource; and/or

ACKNOWLEDGEMENT AND ACCEPTANCE

This is to certify that I have fully read the Supplier's Code of Conduct attached. Having fully read and understood the completed requirement of this Supplier's Code of Conduct, I hereby commit myself and my company to serve this Code of Conduct and to fully comply with all of its principles. I also certify that I am authorized by my company to sign and accept this document in its behalf, Supplier: ____

Address: ____

Representative: ____

Signature: ____

Date: ____

14 TECHNICAL SPECIFICATIONS

1. PURPOSE

The Langeberg Municipality wishes to appoint a Service Provider (SP) to assist with the rewrite of the Langeberg Spatial Development Framework, 2015 (LSDF). The purpose of an SDF is to guide the spatial distribution of current and future land uses within a Municipality in order to give effect to spatial transformation as well as the vision, goals and objectives of a municipal Integrated Development Plan (IDP) In the case of the LMSDF, once it is complete it needs to answer the following questions: What is the Langeberg Municipal Area going to look like 20 years from now? What are the priority settlements from an economic growth perspective? Will the required infrastructure services be able to keep up with demand?

2. BACKGROUND

2.1 Langeberg Municipality is currently in the process of drafting its new 5 year IDP, which will be adopted in 2023 and will determine the development priorities for the Municipal area for the following 5 years. Legislation requires that the Municipality adopt an SDF concurrently with the adoption of the 5^{th} Generation IDP (2023-2027).

2.2 The current LSDF was adopted in May 2015 and was drafted in collaboration with the Department of Environmental Affairs and Development Planning as part of the Built Environment Support Programme during which the Municipal Local Spatial Development Framework (MSDF) and Human Settlement Plan (HSP) were revised in a concurrent and integrated manner and aligned with Provincial planning policy and the requirements of the MSA.

3. SCOPE OF WORK / PROJECT DESCRIPTION

The rewrite of the LSDF will focus on updating the current status quo information where required and strengthening the implementation component, which includes the preparation of a Capital Expenditure Framework. Ultimately the rewrite must ensure that the new LSDF is aligned with the IDP whilst complying with National, Provincial and District legislation, policies and frameworks, revised IDP Guidelines 2020, (Department of Co-operative Governance) and Circular no 12 of 2020 (Department of Co-operative Governance (8/12/2020).

3.1 The LSDF must adhere to the following:

a) Content requirements of:
   i. Section 2(4) of the MSA Local Government: Municipal Planning and Performance Regulations (2001);
   ii. Sections 12 and 20-21 of SPLUMA; and
   iii. Sections 10 to 15 of LUPA;

b) The development principles and norms and standards as contained in Sections 7 and 8 of SPLUMA, as well as Sections 58 and 59 of LUPA;

c) The Department of Rural Development and Land Reform's(DRDLR) Spatial Development Framework Guideline (final draft dated September 2014);

d) Alignment to the National, Provincial and Regional Spatial Development Frameworks, where relevant; and

e) Alignment with the latest municipal IDP outcomes.

f) Guidelines regarding the process steps to re-write the LMSDF received from the Department of Environmental Affairs and Development Planning.

3.2 Other than meeting the SDF content requirements as set out in SPLUMA, LUPA AND the MSA, there are issues specific to Langeberg Municipality which the LSDF must address, namely:

- The identification of land for industrial development, in particular land for agri-industry
- The identification of land within settlements for additional schools
- How to revitalise declining Central Business Districts in the various settlements
- Expanding on the existing draft scenic routes policy so as to address not only what should happen along the routes themselves, but also guidance on how to deal with the area between the regional routes and the Langeberg and Riviersonderend Mountains
- Linked to the point above, the SDF needs to provide guidance on the erection of shade netting, particularly along scenic routes. Aspects to be covered include where shade netting should and should not be placed.

- Approximately 27,4 % of the Municipality comprises protected natural areas. Guidance is required on the management of these resources to ensure their sustainability and ensure protection of critically endangered and endangered species (fauna & flora) .
- Strategies and land identification to accommodate and support business, industrial and tourist economic potential and expansion thereof, particularly in the light of the adverse impacts of the Covid Pandemic on these sectors.
- Identify the most suitable/viable sites for accommodating housing opportunities
- Consider the implications of Climate Change not only from a disaster management perspective but also from its impact on infrastructure provision; such as buildings; agriculture; and the natural environment.
- How to address the growth of settlements given that in many instances lateral expansion is limited because of surrounding productive farms or mountainous terrain, e.g. Robertson, Montagu and Ashton.
- How to deal with applications to establish new nodes/ settlements outside of existing towns
- Establishing appropriate densification targets for existing settlements and identifying areas suitable for densification.(This will need to include strategies for ensuring that densification is supported.)
- How to address the protection and management of river systems and catchment areas.
- Clarity and consensus as to which land uses are permitted outside of urban edges.

3.3 SDF Content requirements needed in order for a Capital Expenditure Framework to be developed,
(This must be read in conjunction with the SDF and must be attached as an annexure)

KEY OUTPUTS OF THE PROJECT

The key outputs of the assignment include:

1) **Information Gathering Stage + Development of a Comprehensive List of Infrastructure Projects based on engineering master and sector plans**: To list all infrastructure projects derived from all infrastructure master plans, sectors plans, the MSDF and other infrastructure planning sources into a single consolidated table indicating infrastructure needs, wants and interdependencies per functional area over at least a 10-year period.

2) **Infrastructure Demand Quantification**: To translate or quantify the MSDF proposals into an understanding of social facilities, land, and infrastructure needs / implications per functional area. This includes a detailed spatial analysis of the existing and projected population, and household and economic growth trends of the municipality, per functional area over a 10-year period. The anticipated growth in population, households, and economic growth, must translate into a land budget indicating the demand for residential, commercial, industrial, and institutional land-uses for the next 10 years. This articulation of the growth plan will need to be translated or quantified in terms of the associated infrastructure investments needed per functional area, with reference to the municipality's infrastructure master plans

3) **Consolidated Infrastructure Portfolio of Projects**: Set out an infrastructure portfolio of projects which reconciles the comprehensive list of infrastructure projects (from engineering master plans, municipal IDMS, capital project plans, sector plans etc.) with the infrastructure demand quantification of the MSDF proposals, checking for duplication.

4) **Affordability Envelop determination and confirmation of Long-Term Financial Plan**: Confirm the findings of the LTFP, or adjust the LTFP with updated information, which sets out clearly the expected revenue, expenses, and capital expenditure available to the municipality over a 10-year period. This may require financial modelling that models future expenditure and revenue based on historical trend analysis, changes in the external environment and policy choices. The outcome of which should be the funding envelop for capital expenditure over the next 10-years, and a basis upon which the municipality will be financially sustainable.

5) **Long Term Financial Strategy**: Develop a Long-Term Financial Strategy (LTFS) for the municipality based on the LTFP projected revenue and expenses. The LTFS should also provide guidance on the optimal funding strategy to follow that would enable the municipality to rehabilitate where needed, and maintain, replace, and extend its municipal infrastructure asset base. The LTFS should provide a view of the gap between revenue and needed capital expenditure, identify the emerging or systemic issues arising and devise policy and strategy responses to address these.

6) **Prioritised Capital Expenditure Programme**: the infrastructure required to implement the MSDF and supporting sector plans is brought together and integrated into a sequenced portfolio and then, in this step, prioritised based on a set of criteria defined within the process to develop a CEF in order to define a 10-year programme that should be implemented through the MTREF and inform future Long Term Financial Planning. The prioritised municipal capital expenditure programme should be linked to the spatial vision, demand quantification, and LTFS. The product and tables that are developed for the 10-year programme should be structured in such a way that it will assist the municipality in project identification in the integrated development planning process, programme and project prioritisation, capital expenditure budgeting, and implementation monitoring, and must be provided to the municipality in excel format.

3.4 PREPARATION OF CAPITAL EXPENDITURE FRAMEWORKS (CEF)

(This must be read in conjunction with the SDF and must be attached as an annexure)

Section (21) (n) of the Spatial Planning and Land Use Management Act, No.16 of 2013 (SPLUMA) provides for all municipalities to develop Capital Expenditure Frameworks (CEF) as a key component of their Spatial Development Frameworks (SDF). This requirement is reinforced by the Municipal Systems Act.

A Capital Expenditure Framework is a single, consolidated view of municipal infrastructure, assets and built environment needs over the long term (10 to 20-year planning horizon) that considers not only the infrastructure needs of the municipality, but also how these needs will be financed and what their financial impact will be on the municipal financial sustainability in the future. Importantly, the nature and location of the proposed infrastructure investments must originate from and give expression to the spatial strategies, development proposals and development objectives set out in the MSDF. The CEF is a tool that aims to bridge the implementation gap between SDF's, infrastructure planning and financial planning and budgeting processes. In so doing, it strives to establish a realistic understanding of the affordability levels of the municipalities whilst putting in place a clear investment pathway to facilitate the implementation of the LSDF proposals.

CEF's present an opportunity to put in place a clear inter-governmental pipeline of investment that will empower municipalities to understand whether, year-on-year, their budgets are implementing their plans. Importantly, it will also provide prospective public and private sector partners and investors with a clear view of what investment is required in the municipal area. This will also better position the municipality to leverage grants in the future.

In developing this CEF, the service provider must meet all the requirements as spelt out in the CEF Practice Note, development by the Western Cape Department of Environmental Affairs and Development Planning. (attached as annexure 1)

3.5 The work to be undertaken should in essence be an enhancement of the approved Langeberg SDF, 2015 and be informed and underpinned by:

a) The National Development Plan 2030 (2017);
b) National Biodiversity Strategy and Action Plan 2015 – 2025
c) National Spatial Development Framework (Final Draft 2019)
d) National Freshwater Ecosystem Priority Areas (2011);
e) OneCape 2040;
f) Integrated Urban Development Framework (2016)
g) The Provincial Biodiversity Strategy and Action Plan
h) The Western Cape Provincial Spatial Development Framework (2014), as well as supporting studies including:

   - The Growth Potential of Towns Study (2014);
   - The Municipal Financial Sustainability of Current Spatial Growth Patterns (2014);
   - Heritage and Scenic Resources: Inventory and Policy Framework for the Western Cape (2014); and

i) Western Cape Biodiversity Spatial Plan Handbook (2017);
j) Western Cape Climate Response Framework and Implementation Plan for the Agricultural sector. (2016)
k) Western Cape Land Use Planning Guidelines: Rural Areas (March 2019)
l) Living Cape: A Human Settlements Framework (Feb 2019)
m) Western Cape Provincial Land Transport Framework (2013);
n) Western Cape Provincial Public Transport Infrastructure Framework: Strategy Report (April 2015)

o) Western Cape Infrastructure Framework (2013);
p) Western Cape Freight Strategy (March 2018)
q) Integrated Transport Plan for Langeberg
r) The Langeberg SDF, 2015 and the 2021 SDF review
s) Municipal Economic Review and Outlook (2019)
t) Rural Development Plan
u) An understanding of the development direction of adjacent Municipalities as reflected in their SDFs; and
v) Integrated Waste Management Plan 2022
w) The 2017 to 2022 Integrated Development Plan (IDP), including related sector plans and masterplans of Langeberg Municipality:
x) The 2021 Integrated Development Plan review

Y) Neighbourhood Development programme in the Langeberg Municipality (including District Municipalities) (2020).

Z) Western Cape Biodiversity Act, 2021 (more specifically Section 37 (3)

Z(i) 2021 Climate Change Advisory Document: Guidance for the 2021/2022 IDP and MSDF Receiver (Issued by the Department of Environmental Affairs and Development Planning Directorate Climate Change (8/12/21)

2. A toolkit for Integrating Land Reform and Rural Development into Spatial and Land Use Planning (April 2021).

(i) Feasibility Report: Future Development of Portions of Erf 2 and Portion 22 of the Farm Over Het Roodezand NO 112, Robertson.

(ii) The Langeberg Municipality: Land Use Planning By-Law, 2015.

(iii) The Langeberg Integrated Zoning Scheme, 2018.

(iv) The Western Cape Land Use Planning Act, no. 3 of 2014.

3.6 The prospective service provider will be expected to take responsibility of the following elements relating to the project:

a) Full management of the project and its deliverables, including any sub-deliverables quoted for by the service provider in their bid;
b) Ensuring absolute adherence to time frames to render the product ready for adoption in May 2023, alongside the adoption of the IDP;
c) Engagement with delegated Municipal officials, project committee, IDP manager and other stakeholder Departments, throughout the project as required;
d) The service provider will be required to prepare an updated draft LSDF status quo report including also Provincial information regarding Langeberg Municipality.
e) Serve on the Project Steering Committee appointed in terms of the Municipal By-Law and lead discussions relating to the SDF in accordance with an agenda drafted by the service provider;

f) SDF public participation processes must be conducted by the service provider in an appropriate manner as per legislative requirements, (including any restrictions in terms of the Disaster Management Act, 2002: Regulations issued in terms of Section 27(2) of the Disaster Management Act, 2002 Regulations, as may be adjusted from time to time).

g) Facilitation of workshops with Officials, Politicians and Stakeholder Departments, as required, (including any restrictions in terms of the Disaster Management Act, 2002: Regulations issued in terms of Section 27(2) of the Disaster Management Act, 2002 Regulations, as may be adjusted from time to time) to ensure all parties are well informed of the re-writing process.

3.7 Other Deliverables to be rendered

3.7.1 Written monthly progress reports;
3.7.2 The drafting, circulation, and corrections of minutes of any workshops and/or meetings within 5 working days after the event;
3.7.3 The development of appropriate communication materials including posters, pamphlets and other creative participatory tools to enhance the public participation process;
3.7.4 The organizing of monthly progress meetings, PC meetings and workshops, (including drafting of agendas and facilitation where required); (refer also to 3.6)
3.7.5 Meetings / engagements with Council's 6 Portfolio Representatives (refer also to 3.6)
3.7.6 Meetings / engagement with interested and affected role players as required;
3.7.7 Presentation to Mayco and the Council;
3.7.8 A Public Participation report on the latter process and it's outcomes; to be supplemented on finalization of the project with indication of how input was addressed in the final LSDF;
3.7.9 A summarized consultation report indicating when meetings took place, with whom and why; with indication of how input were addressed in the final LSDF.

3.8 Technical Specifications

The final draft LSDF deliverables will consist of:

(a) 3 (three) Colour Hard Copies of the report entitled Langeberg Spatial Development Framework, 2022;

(b) Electronic copies of the LSDF in Microsoft Word and in Adobe PDF format;

(c) All maps produced at various scales in digital and hard copy (AO) format.

(d) 1 electronic copy and one hard copy of all agendas, minutes and attendance registers pertaining to the project;

(e) 1 electronic copy and one hard copy of all communication materials including posters, pamphlets and other creative participatory tools developed to enhance the public participation process;

(f) All presentations in original format and/or other material presented during all stages of the study;

(g) The reports and other written documents generated and submitted to the municipality for consideration shall be prepared in MS Word and printed on A4 paper;

(h) The final report shall be supplied, on a disc in the formats specified above inclusive of photographs in Jpeg (.jpg) format and maps in Placeable Windows metafile Format (.wmf). All data e.g. photographs, graphic displays and maps should be in an editable jpeg format for translation and printing purposes;

(i) Originals of graphics / photographs must be supplied;

(j) The final report shall be proofread and copy edited by the service provider.

3.9 The successful service provider is required to ensure the following:

a) The LSDF must be completed in sufficient detail to allow for all land within the urban edge to be approved as an urban area in terms of NEMA;

b) The environmental objectives of the LSDF must be reviewed in collaboration with a suitably qualified, registered Environmental Practitioner to ensure that any amendments or additions to Environmental Legislation and policy is addressed;

c) Land use guidelines for spatial planning categories (SPC's) must be reviewed in accordance with latest specifications and accompanied by updated maps that relate to the content of the SPC guidelines;

d) Ensure that all references to other municipal policies and by-laws are updated and accurately summarized, where applicable

4. RESPONSIBILITY OF THE SERVICE PROVIDER

The following broad roles and responsibilities apply to the bidder for the duration of this project:

a) Full engagement with Manager: Town Planning designated by Langeberg Municipality, as well as other Departments, at all stages of the project and as required;

b) The service provider will be responsible for preparing the draft Invitation and Agenda to all meetings;

c) The service provider shall be responsible for the taking and drafting of minutes of all meetings;

d) An appropriate public participation process as per legislative requirements of SPLUMA, LUPA and the Land Use Planning By-Law in cooperation with the IDP process;

e) The service provider will be responsible for presenting detailed monthly project progress reports at PC meetings;

f) The project manager will be required to be present at all meetings, presentations and public participation sessions; and

g) The service provider will be responsible for presenting the draft report to the Council.

h) The service provider will be responsible for presenting (written) detailed monthly project progress reports at PMT and or any other meeting including Council meeting if required.

i) The Service Provider will take responsibility for all the administration processes as stipulated in the Guidelines regarding steps to re-write the Langeberg Municipality Spatial Development Framework as received from the Department of Environmental Affairs and Development Planning.

5. RESPONSIBILITY OF THE MUNICIPALITY

The following broad roles and responsibilities apply to the Directorate during the duration of this project:

a) Contractual and financial control;

b) Project leadership and management of critical path aspects;

c) Sharing of GIS data and rendering assistance with production of GIS based maps as may be agreed between the parties;

d) Acceptance of all project deliverables;

e) Provide comment, technical assessment and vetting of all draft products;

f) Assist the service provider with the organisation of all structured meetings;

g) Assist the service provider with logistical arrangements including invitations, booking of venues and communication of timeslots;

h) Assist the service provider with the copying of documents as may be necessary prior to and after meetings and any workshops; and

i) Any aspect that may arise during the execution of the project and agreed upon by both parties.

6. PROJECT DELIVERABLES

Cognizance must be taken, that this is a rewrite of an existing SDF and the primary aim of the project is to ensure alignment with legislation e.g. the CEF requirement and the development agenda of the new 5 year IDP, as well as addressing any gaps identified in the current LSDF. The project program needs to be coordinated with the IDP time Schedule to ensure coordination of submission of relevant deliverables and public participation processes as far as possible. The timeframe envisaged for the duration is the 2022/2023 Municipal year, which ends on 30 June 2023 (12 months). The full report, however, must be tabled at the May 2023 Council meeting.

6.1 Project Initiation

6.1.1 The planning process will commence on appointment of the service provider who is required to prepare a detailed project work plan, in an *Inception Report*. This will require coordination with the existing IDP time schedule and process plan.

6.1.2 The Inception Report will clearly state what has to happen, when, by whom, and where. The Inception Report should include a detailed costing and allow for the management of the planning process, specifying the time frames for the different actions, appropriate mechanisms, processes and procedures for developing the plan.

6.1.3 The Inception Report will outline phasing and deliverables linked to costing and delivery dates mutually agreed upon as per the Project Plan.

6.1.4 The Inception Report should consist of the following:

a) A comprehensive project plan sanctioned by the Project Committee(PC) in line with the MSDF process guidelines related to phasing and deliverables referred to above, including the various provisions as set within SPLUMA and LUPA, bearing in mind the 9 month project time frame and the existing IDP time schedule and process plan.

b) The plan should outline the various reports or deliverables to be produced, the delivery dates and all planned meetings and workshops. Comment periods for draft documents are also to be specified. The comprehensive work plan should be in line with the Bid submitted. (IDP review time schedule)

c) A schedule of payment indicating tasks and deliverables as per the project plan.

6.1.5 The Inception Report should be submitted to the PC within 14 days after appointment.

6.2 LSDF Phasing and Deliverables

6.2.1 The deliverables of the Phases listed in the Inception Report must be submitted to the municipality on completion as per the timeframes outlined in a comprehensive project plan which will stem from the Bid submitted and must include at least the following:

6.2.1.1 An LSDF status quo report, drafted from the latest IDP situational analysis and the existing, incorporating the issues addressed in the IDP strategic sessions and the current implementation framework to ensure it serves the purposes of the SDF, to be submitted to Council for adoption; (The majority of information required for the status quo are already in the Municipality's 2022/2023 IDP. The Municipality 2022/2023 IDP must therefore be used as the status quo document, with only minor additions.

6.2.1.2 A final LSDF report for Langeberg Municipal area, according to the required specifications and aligned with the latest planning and environmental law and policy, most recent sector plans and IDP outcomes, accompanied by;

6.2.1.3 Updated set of maps at an appropriate scale and in the desired format;

6.2.1.4 An updated implementation plan to incorporate new actions emanating from the IDP/LSDF process, linked to time frames and budget; and

6.2.1.5 A final draft SDF including an executive summary. (per town)

6.2.1.6 The narrative report must include separate chapters on, but is not restricted to, the following:

Infrastructure: A synopsis on the current state of civil and electrical services per town, a synopsis on what civil and electrical services are required per town in order to give effect to the proposals made in the MSDF as well as an indication to what extent the approved 3 year budget addresses the need for civil and electrical services required per town in order to give effect to the proposals made in the LSDF. This chapter must be written and signed off by a Professional Engineer with qualifications as previously specified. Information in this chapter must be specifically applicable to Langeberg Municipality and not a generic statement. The majority of information is available in Langeberg Municipality Electricity and Civil Services Master Plans, which could be used as baseline for the synopsis.

Economics: An analysis of the current scope and compilation of business and industries per town, a discussion on the capacity of the hinterland of the main location of business and industries to sustain additional business and industrial development and an indication of what type of business and industrial development should be considered as preferred ventures. This chapter must be written and signed of by economist, with qualifications as previously specified, after consultation with business and industry owners / business chambers mutually agreed upon between the economist and the Municipality. Information in this chapter must be specifically applicable to Langeberg Municipality and not a generic statement.

Housing: An analysis of the current housing supply compared to the type of housing needed, the allocation and earmarking of land, public or privately owned, for new housing development as well as an indication of the type and density of housing at the various proposed locations. This chapter must be written and signed off by a registered Town and Regional Planner with qualifications as previously specified. Information in this chapter must be specifically applicable to Langeberg Municipality and not a generic statement.

Environmental Matters: A chapter reflecting a compilation of all available environmental information together with an analysis thereof as well as a discussion on how the environmental matters effect and impact on the future development within the various areas/towns within Langeberg Municipality. Specific emphasis must be placed on climate change and biodiversity. This chapter must be written and signed off by an Environmentalist with qualifications as previously specified. Information in this chapter must be specifically applicable to Langeberg Municipality and not a generic statement.

Heritage Matters: A summary and analysis of heritage information available for Langeberg Municipality with proposals on how to conserve and better manage these resources to the better of the people of Langeberg Municipality. Information in this chapter must be specifically applicable to Langeberg Municipality and not a generic Statement.

Settlement reconstruction: The narrative report must include an explanation on how settlement reconstruction, in order to address “spatial justice”, was incorporated in the spatial proposals of each town in Langeberg Municipality. Information in this chapter must be specifically applicable to Langeberg Municipality and not a generic statement.

The Narrative report must:

- specify implementation proposals;
- specify implementation targets, including dates and monitoring indicators;
- specify institutional arrangements necessary for implementation;
- specify sectoral requirements including budgets and resources for implementation;
- specify any arrangements for partnerships in the implementation process; and

- include an implementation plan that demonstrates the Municipal Budget (operational and capital) as well as other sectoral capital investment. **2023-2027** (this must be read in conjunction with the SDF and must be attached as an annexure)
- ❖ The maps must reflect the impacts /impact areas associated with climate change as well as sensitive biodiversity areas together with the spatial proposals.

7. REPORTING AND MEETINGS

7.1 A Project Steering Committee (PSC) will be established between the Municipality, the Service Provider, a nominated planner of the Western Cape Government, Department of Environmental Affairs and Development Planning (DEADP), and any other stakeholders that these parties deem relevant.

a) The PSC will monitor the progress of the project and will actively participate in it. At the PSC meetings issues will be discussed, proposals debated and direction of the project will be determined;

b) The PSC will meet on a monthly basis (or as otherwise mutually agreed) to discuss administrative matters to ensure effective service delivery and adherence to contractually agreed to project timelines and deliverables; and

c) The service provider will be responsible for presenting detailed monthly project progress reports at PSC meetings. If no PSC meeting is held, the service provider will still be required to submit the monthly project progress report to the Manager: Town Planning.

d) Members of the PSC will ensure that all relevant available information pertaining to their functionality is made available to the PSC within reasonable time with cognizance of the applicable time frames;

e) Issues that may arise will be discussed at the PSC meetings, proposals debated and direction of the project will be determined.

7.2 Public participation in consultation with the municipality will be required to gain public input and present formulated proposals. Meetings and ad-hoc presentations to other consultative structures such as forums and other stakeholders may be required.

7.3 The minimum engagements/meetings are summarized as follows, but circumstances may, (including any restrictions in terms of the Disaster Management Act, 2002: Regulations issued in terms of Section 27(2) of the Disaster Management Act, 2002 Regulations, as may be adjusted from time to time) with mutual agreement, dictate otherwise:

Meetings / Engagements	**Estimated number of engagements/meetings**	**Approximate number of hours per engagement/meeting**	**Who from the Consulting Team must attend**
Project Steering Committee (PSC)	6	1 (x6)	At least Consultant's Project Manager
Executive Mayoral Committee	6	2 (x6)	At least Consultant's Project Manager
12 Ward Committees	12	2 (x12)	At least Consultant's Project Manager
Meetings with public and other representative	4	2 (x4)	At least Consultant's Project Manager
Presentations (SMT, MayCo and Council)	1	2 (x 1)	At least Consultant's Project Manager
TOTAL	**29**	**9**	

7.4 General arrangements applicable to the abovementioned meetings are as follows:

a) PSC meetings will be held at the Robertson Municipal offices and the Manager: Town Planning will assist the service provider with booking of venues;

b) The service provider will be responsible for preparing the draft Invitation and Agenda for all meetings and the Manager: Town Planning will assist in extending the invitations to participants to attend the relevant meetings and the distribution of the minutes; and

c) The service provider shall be responsible for the taking and drafting of minutes of all meetings.

7.5 Langeberg Municipality will be responsible for any publications / advertisements and associated costs related to the LSDF. Publications/ advertising are to be compliant with the prescripts of SPLUMA, LUPA and the Municipal By-Law.

8. COMPETENCIES OF THE SERVICE PROVIDER

8.1 A multi-disciplinary professional project team is required.

8.2 The service provider project team must have sound knowledge and vast experience in similar type of projects in the following specialist fields: spatial planning, municipal finance, project management, environmental management, civil engineering, economic development, including municipal finance and GIS.

8.3 The project manager should be a Professional Planner (minimum academic B-degree in Town and Regional Planning) with a minimum of 10 years proven experience/track record of relevant spatial planning and project management, and professional registration with South African Council for Planners (SACPLAN). Bids that do not meet this requirements for the project manager may be disqualified.

8.4 Other than the project manager / professional planner, the successful service provider's key professional team should at least consist of the following practitioners:

a) An Environmentalist – Minimum B-degree in Environmental Management (or equivalent qualification in Natural/Physical/Environmental Science);

b) A Professional Engineer – Minimum B-degree in Civil Engineering, and professional registration with the Engineering Council of South Africa (ECSA);

c) An Economist– Minimum B-degree in economics; and

d) A GIS Practitioner – Appropriate B-degree accredited GIS qualification or equivalent qualification approved by the South African Council for Professional and Technical Surveyors (PLATO).

8.5 If any project team member is to be replaced after the submission of the tender, it will only be acceptable with written agreement of the Municipality.

8.6 Service providers may have to employ other professionals to execute activities which require specific expertise. However, the successful service provider is still responsible for the delivery and quality control of all services and the Municipality would not be bound by separate third-party agreements.

8.7 The skill set applicable to the rewrite of the LSDF is listed below:

No.	Field of Service	Services Required
1.	**Spatial Planning**	• In depth knowledge of land use planning legislative framework; • The ability to interpret and incorporate planning legislation, guidelines, principles, policies and regulations; • Proven experience in spatial and regional planning; • Proven ability to give spatial expression to IDP goals and objectives; • Proven town and regional planning experience in compiling spatial development frameworks • The ability to transfer knowledge and experience in applying technical, planning norms, standards and guidelines related to Town and Regional planning; • The ability to offer innovative solutions to address challenges and shortfalls in the spatial planning approach of the Langeberg Municipality; and • The ability to estimate future land requirements for economic, residential, social, environmental activities within the Langeberg Municipal area.

No.	Field of Service	Services Required
2.	**Project management**	• Proven management skills for projects of similar scope and character; • The ability to manage the process and ensure coordination, integration and alignment of plans, policies and strategies of all spheres of government; • Extensive experience in innovative public participation at a municipal level; • Report writing and facilitation skills. The ability to produce thorough, readable and informative reports and other material; and • The project manager should preferably be a Professional Planner registered with SACPLAN.
3.	**Environmental management**	• Sound knowledge of environmental legislation, institutional structures and environmental assessment and management practices; • Proven competence to analyze the environment in such a way as to identify significant issues, problems and characteristics and distinguish between underlying causes and superficial symptoms; • Proficiency in integrating and coordinating significant components of both the socio-economic and biophysical environments in such a way as to evaluate options and trade-offs and facilitate sound decision making, in line with the principles of bioregional planning; and • The ability to offer innovative solutions to address any identified issues in the Langeberg Municipal area. • Critical knowledge of national developments regarding development and sustainability issues, for example issues pertaining to infrastructure development, off-grid service technology, renewable energy and climate change and its relevance to the Municipality; • The ability to quantity the impacts of various environmental challenges including global warming the loss of biodiversity through the expansion of the urban footprint, the increase in waste, declining air quality, etc. on the Municipality;
4.	**Engineering**	• Proven experience in infrastructure delivery systems and bulk infrastructure design; • Knowledge and experience in municipal engineering services; • Determine municipal infrastructure requirements for water, solid waste, waste water, energy and transport over the next 15 years; and • The ability to offer innovative solutions to solve the identified problems in the Langeberg Municipal area.
5.	**Economic development**	• In-depth knowledge of existing policies pertinent to economic and regional development;

No.	Field of Service	Services Required
		• Utilize existing policies pertinent to economic and regional development to supplement the SDF; • The ability to assess government revenue and government expenditure of public authorities and the adjustment of one or the other to achieve desirable effects and avoid undesirable ones; • Experience in urban development, the economics of development regulations and public private partnerships; • Understanding of Langeberg's role within the regional economy as well as the main cross border relationships with adjacent municipalities; • Demonstrated understanding the relationships between various economic variables and the environmental, social and infrastructure contexts; and • The ability to offer innovative solutions to address any relevant issues identified in the Langeberg Municipal area.
6.	**GIS**	• Technical skills to develop maps and other spatial information; • Geographical information handling, analysis and interpretation skills; and • Understanding of GIS applications and spatial data queries.
7.	**Heritage**	• The Service Provider should have sound knowledge experience and proven record of heritage legislation, institutional structures and Heritage Assessment and Management Practices; and • Proficiency in integrating and coordinating significant components of heritage conservation in such a way as to evaluate options and trade-offs and facilitate sound decision making.

8.8 **Declaration of Interest**: Service providers have to declare **ANY FORM of interest** in the project or other projects that may be construed (by the municipality, other applicants or interested and affected parties) as having an impact on the envisaged outcomes of this bid. Failure to declare any such interest could result in the cancellation of the bid by the Municipality. See attached declaration form.

9. PROJECT OR CONTRACT PERIOD

The timeframe envisaged for the duration of the project is approximately nine months from the date of appointment. The time schedule for the project needs to coincide with the IDP process in order to ensure Council is in a position to adopt the final SDF concurrently with the 5th Generation IDP. It is expected of the service provider to ensure that sub-contractors/partners in the project adhere to the time commitments (ready for adoption in May 2023). T**he bid proposal must conform to this requirement.**

10. BID PRESENTATIONS AND COMPULSORY MATTERS FOR CLARIFICATION

10.1 Interested parties considering submitting a bid may submit written requests relating to matters requiring clarity. Any information provided in response to such requests, will be copied to all interested parties.

11. BID CRITERIA

In order for the Municipality to evaluate the bid the bidder and comply with the requirements set out in this section.

11.1 Administrative responsiveness:

Tenders will be evaluated as follows:

Stage 1: Tender Specifications

Only tenders scoring a minimum of 80 out of 100 points in stage 1 (see page 59) will be further considered for evaluation in stage 2.

Stage 2:

In stage 2 qualifying tenders will be evaluated and adjudicated in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000) Regulations 2011 and the Langeberg Municipality's Supply Chain Management Policy, where 80 points will be scored for price and 20 points for B-BBEE status.

11.2 Stage 1: Technical Specifications

a) Submission of **resumes of project team members** to be allocated to the project with supporting evidence to clearly illustrate that the member complies with the competencies set out herein, a description of each member's technical competence with 10 years' referenced experience in relation to the project's objectives and track record of relevant expertise. In order for points to be allocated to the bidder, the qualifications of the nominated team member must be relevant to the nature of the work and the number of years' experience related to the nature of the work required should be clearly indicated. (see page 64 for compulsory completion)

b) Outline of suggested **approach and methodology**. The proposed methodology and project plan must set out an approach which responds to the proposed scope of work and articulates what the bidder is offering to provide. The bidder must set out their understanding of the objectives of the study, giving the stated and implied requirements, highlighting issues of importance and explaining the technical approach that would be adopted to address these.

c) **Project Plan** detailing roll out of the project including an organizational chart and work breakdown structure that complies with the scope of work, i.e.:

   i. A detailed breakdown of the various tasks, subtasks, calendar time allocation, resources allocated, major activities and milestones relative to cash flow expectations;

   ii. A schedule of project team members allocated to the project, their positions and designations and hours they will be involved in the project as well as hourly rates (inclusive of VAT);

Supplier to indicate points claimed in black ink in the column provided. Bids that do not meet this requirements may be disqualified.

REF SCHEDULE	FUNCTIONALITY CRITERIA	Weighting Factors	Points claim column
	SERVICE PROVIDERS' SKILLS, COMPETENCIES AND EXPERIENCE	**55**	
A.	Professional Planner as Project Manager with proven management skills and experience in SDF projects of similar scope and character to that envisioned in this terms of reference	10	
B.	Qualification and registration (where applicable) of all key practitioners on project team 1. Degree in Town and Regional Planning and registered with SACPLAN 2. Degree in Environmental Management 3. Degree in Engineering and registered with ECSA 4. Degree in Economics 5. Appropriate B-degree accredited GIS qualification	10	
C.	Experience, expertise and proven record in Spatial Planning	10	
D.	Experience, expertise and proven record in Environmental Management practices	5	
E.	Experience, expertise and proven record in Infrastructure Service Delivery / Civil Engineering	5	
F.	Experience, expertise and proven record in Economic Development	5	
G.	Experience, expertise and proven record in GIS projects of a similar scale and nature	5	
H.	Experience, expertise and proven record of the preparation of Capital Expenditure Frameworks (CEF) as part of a SDF	5	
	INTERPRETATION OF THE TERMS OF REFERENCE AND QUALITY OF THE METHODOLOGY AND PROJECT PLAN PRESENTED	**30**	
I.	Interpretation of the scope of work and clarity on understanding the brief	20	
J.	A clear indication and description of what the bidder is offering to provide in phased process that is in line with the DRDLR guidelines for the drafting of MSDFs.	10	
	ABILITY TO DELIVER EXPECTED PRODUCT WITHIN TIMEFRAMES STIPULATED	**15**	
K.	Detailed work breakdown structure indicating tasks, resources allocated and timeframes applicable	10	
L.	Associated schedule of team members	5	
	TOTAL SCORE	**100**	
	Minimum functionality score to qualify for further evaluation	80%	

DESCRIPTION OF SCORES

SERVICE PROVIDERS, SKILLS, COMPETENCIES AND EXPERIENCE

TOTAL WEIGHTING = 55	MAX VALUE	SERVICE PROVIDERS, SKILLS, COMPETENCIES AND EXPERIENCE
Project Management **Weighting = 10**		
	10	Professional Planner (degree / SACPLAN) as Project Manager with proven management skills and experience in undertaking and managing more than 7 SDF-projects or projects of similar scope and character to that envisioned in this terms of reference
	7	Professional Planner (degree / SACPLAN) as Project Manager with proven management skills and experience in undertaking and managing 4 – 6 SDF-projects or projects of similar scope and character to that envisioned in this terms of reference
	4	Professional Planner (degree / SACPLAN) as Project Manager with proven management skills and experience in undertaking and managing 1 - 3 SDF-projects or projects of similar scope and character to that envisioned in this terms of reference
	0	Project Manager (degree / SACPLAN) with no proven management skills and experience in projects of similar scope and character to that envisioned in this terms of reference
Qualification and registration **Weighting = 10**	**10**	All key practitioners are qualified and registered as required or accredited
	2	1. Professional Planner: Degree in Town and Regional Planning and registered with SACPLAN (**Failure will lead to disqualification of bidder**)
	2	2. Degree in Environmental Management
	2	3. Degree in Engineering and registered with ECSA
	2	4. Degree in Economics
	2	5. Appropriate B-degree accredited GIS qualification
Spatial Planning capability **Weighting = 10** **Company / entity**	**10**	7 or more years' experience, expertise and proven record in spatial planning practices
	6	4 to 6 years' experience, expertise and proven record in spatial planning practices
	2	1 to 3 years' experience, expertise and proven record in spatial planning practices

TOTAL WEIGHTING = 55	MAX VALUE	SERVICE PROVIDERS, SKILLS, COMPETENCIES AND EXPERIENCE
	0	No experience, expertise and proven record in spatial planning practices
Environmental Management capability **Weighting = 5**	5	7 or more years' experience, expertise and proven record in environmental management practices
	4	4 to 6 years' experience, expertise and proven record in environmental management practices
	2	1 to 3 years' experience, expertise and proven record in environmental management practices
	0	No experience, expertise and proven record in environmental management practices
Infrastructure service delivery / civil engineering capability **Weighting = 5**	5	7 or more years' experience, expertise and proven record in infrastructure service delivery / civil engineering
	4	4 to 6 years' experience, expertise and proven record in infrastructure service delivery/ civil engineering
	2	1 to 3 years' experience, expertise and proven record in infrastructure service delivery/ civil engineering
	0	No experience, expertise and proven record in infrastructure service delivery / civil engineering
Economic development capability **Weighting = 5**	5	7 or more years' experience, expertise and proven record in economic development
	3	1 to 6 years' experience, expertise and proven record in economic development
	0	No experience, expertise and proven record in economic development
GIS projects capability **Weighting = 5**	5	7 or more years' experience, expertise and proven record in GIS projects of a similar scale and nature
	4	4 to 6 years' experience, expertise and proven record in GIS projects of a similar scale and nature
	2	1 to 3 years' experience, expertise and proven record in GIS projects of a similar scale and nature

TOTAL WEIGHTING = 55	MAX VALUE	SERVICE PROVIDERS, SKILLS, COMPETENCIES AND EXPERIENCE
	0	No experience, expertise and proven record in GIS projects of a similar scale and nature
Preparation of capital expenditure Frameworks **Weighting = 5**	**5**	Proven record of the preparation of CEF as part of a SDF
	0	No proven record of the preparation of CEF as a part of a SDF

TOTAL WEIGHTING = 30	MAX Value	INTERPRETATION OF THE TERMS OF REFERENCE AND QUALITY OF THE METHODOLOGY AND PROJECT PLAN PRESENTED
Understanding of scope of work **Weighting = 20**	20	Proposal indicates an excellent understanding of scope of work, giving the stated and implied requirements, highlighting issues of importance and explaining the proposed technical approach that would be adopted to address these and give a clear indication of deliverables provided in phased process
	15	Proposal indicates a good understanding of scope of work, giving the stated and implied requirements, highlighting issues of importance and explaining the proposed technical approach that would be adopted to address these and give a clear indication of deliverables provided in phased process
	5	Proposal demonstrates a poor understanding of scope of work and requirements and issues of importance and provides limited information on the technical approach to be adopted
	0	Proposal does not reflect the implied requirements of scope of work and/or explain the proposed technical approach and/or reflects no issues of importance
A clear indication of deliverables **Weighting = 10**	10	An excellent indication of deliverables provided that is in line with the DRDLR guidelines for the drafting of MSDFs
	3	A poor indication of deliverables with little cognisance taken of the DRDLR Guidelines for the drafting of MSDFs
	0	No indication of deliverables included and no cognisance taken of the DRDLR Guidelines for the drafting of MSDFs

TOTAL WEIGHTING = 20	MAX Value	ABILITY TO DELIVER EXPECTED PRODUCT WITHIN TIMEFRAMES STIPULATED
work breakdown structure **Weighting = 10**	10	An excellent and detailed work breakdown structure provided indicating tasks, resources allocated and timeframes applicable
	5	An acceptable work breakdown structure is provided but does not indicate all tasks, resources allocated and timeframes applicable
	2	A poor work breakdown structure is provided and does not indicate all tasks, resources allocated and timeframes applicable
	0	No work breakdown structure is provided
Schedule of team members **weighting= 5**	5	Detailed schedule of all team members provided
	2	An acceptable schedule of team members is provided but does not provide sufficient detail
	0	No schedule of team members is provided

SCHEDULE OF WORK EXPERIENCE OF THE BIDDER

REWRITE OF LANGEBERG MUNICIPALITY SPATIAL DEVELOPMENT FRAMEWORK

SCHEDULE OF WORK EXPERIENCE OF TENDERING ENTITY

This schedule must be completed by black ink. Tenderers shall include all information required for scoring functionality with their tender submission, as no clarification or substantiation will be engaged with after closure of the tenders.

The tenderer is therefore required to complete the schedule below, relevant to the experience of the Tendering Entity. Failure to complete may deem your tender to be non responsive.

SERVICE PROVIDERS SKILLS, COMPENTENCIES AND EXPERIENCE

A.	Professional Planner as Project Manager with proven management skills and experience in SDF projects of similar scope and character to that envisioned in terms of reference.	Y	N

Town Planner: ………

Name: ………

Tel. No.: ………

Email:

………

Sacplan Reg. no:

………

Experience:

………

B.	Qualification and Registration (where applicable of all key practitioners on project team (degree in Town and Regional (Planning and registered with SACPLAN)	Y	N

Town Planner:

………

Name:

………

Tel. No.:

………

Email:

………

Sacplan Reg. no:

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Town Planner:

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Name:

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Tel. No.:

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Email:

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Sacplan Reg. no:

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Town Planner:

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Sacplan Reg. no:

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C.	Experience and expertise in Spatial Planning

List the SDF's successfully completed and adopted:

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D.	Experience and expertise in Environmental Management practices

Name of practitioner:

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Qualification(s):

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List involvement in similar SDF projects:

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E.	Experience and expertise in Civil Engineering

Name of Practioner:

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Qualifications:

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List involvement in similar SDF projects:

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F.	Experience and expertise in Economic Development

Name of Practioner:

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Qualifications:

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List involvement in similar SDF projects:

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G.	Experience and expertise in GIS projects of a similar scale and nature

Name of GIS expert(s):
………

Qualification(s):

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List involvement in similar SDF projects:

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H.	Experience and expertise in the preparation of Capital Expenditure Frameworks

List the Capital Expenditure Frameworks successfully completed and approved in terms of a SDF:

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15 CERTIFICATION OF CORRECTNESS OF INFORMATION SUPPLIED IN THIS DOCUMENT

I/We the undersigned is/are duly authorised to do so on behalf of the firm certify that:

1. The information supplied is correct.
2. All copies of relevant information are attached.
3. The BBBEE points claimed are correct and based on owners/shareholders who are actively involved in the day to day management of the enterprise
4. I take note that payment will be effected 30 days after delivery was affected if delivered with an original invoice.
5. If I am classified as a dependant service provider/labour broker as stated in the fourth schedule of the Income Tax act I hereby authorise the LLM to deduct PAYE and supply me with a yearly IRP 30 (only if no valid Labour Broker Certificate can be supplied).
6. None of the owners, directors, managers, shareholders or stakeholders of this entity is in the service of the state, or has been in the service of the state in the previous twelve months.
7. In case of a dispute the wording of the original approved Bid Specification Committee Document would prevail.

______________________________ ______________________________

Signature of authorised person Date

Personal information in block letters

Name

Surname

Telephone No

Capacity

ON BEHALF OF THE (SUPPLIER'S NAME)

Signed and sworn to before me at ………………………………………………. on this the ……………………….. day of

……………………………………………

By the Deponent, who has acknowledged that he/she knows and understands the contents of this Affidavit, that it is true and correct to the best of his/her knowledge and that he/she has no objection to taking the prescribed oath, and that the prescribed oath will be binding on his/her conscience.

Commissioner of Oaths

Western Cape Government

Department of Environmental Affairs
and Development Planning

CAPITAL EXPENDITURE FRAMEWORK SUPPORT PROGRAMME

PRACTICE NOTE 1

An Introduction to a Capital Expenditure Framework Working Method

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Executive Summary

The need to transform the apartheid spatial structure of South African settlements is expressed in numerous strategic policy documents in all spheres of government. Despite this, little evidence of spatial transformation exists. Indeed, it is arguably the case that government built environment investments in the post-apartheid era, which are for the most part delivered at scale, have inadvertently entrenched the apartheid spatial structure of our settlements – often driven by subsidy housing development for the poor taking place on the peripheries of settlements where land is cheap, uncontested, and easier to service than within the urban core.

One of the contributing factors to the lack of spatial transformation is that strategic policy seldom leads the implementation agenda of municipalities. Rather, implementation, and more specifically budget spending, tends to focus on the short-term reinforced by the 5-year programme of the "term of office" (contained in the Integrated Development Plan) and the 3-year budget cycles (contained in the Medium-Term Revenue and Expenditure Framework).

Ideally, the infrastructure and built environment programmes articulated in the 5-year Integrated Development Plan should find their origins in the MSDF, which is a 20-year plan for the management of the physical growth and development of the municipality. Annual assessments of municipal IDP's have generally shown a poor linkage between the spatial strategies and proposals articulated in MSDF's, and the location of budgeted infrastructure and built environment programmes within municipalities. This misalignment, while not apparent in all municipalities, is fundamentally problematic and must urgently be addressed. It is worth noting that the "problem" itself does not only sit with the IDP content and process itself, but also in the lack of clear articulation of the various infrastructure investment programmes required to implement the MSDF, in the MSDF, as well as the routine annual systems of budgeting that do not do well to link the budget decision-making process back to the plans and strategies of the municipality.

There is therefore an overwhelming need to lengthen planning horizons, provide policy certainty and predictability in the planning system, and to encourage decision makers to take a longer-term view as spatial plans take decades to realise through built environment, infrastructure and land investments that are programmed over several electoral terms. The CEF offers a mechanism through which the municipality's long-term strategic development vision truly directs infrastructure implementation whilst remaining conscious of the municipality's financial position and infrastructure planning needs. In creating the link between finance, spatial planning, and the infrastructure/technical department of a municipality, the CEF creates a golden thread, that runs from the municipality's long-term strategic development vision, sector planning, through the budget allocation process to implementation. In this way infrastructure spending should progressively realise the strategic vision of the municipality.

A Capital Expenditure Framework is a single, consolidated high-level view of municipal infrastructure, assets and built environment needs over the long term (10 to 20-year planning horizon) that considers not only the infrastructure needs of the municipality, but also how these needs will be financed and what their financial impact will be on the municipal financial sustainability in the future. Importantly, the nature and location of the proposed infrastructure investments must originate from and give expression to the spatial strategies, development proposals and development objectives set out in the MSDF.

1. INTRODUCTION

The purpose of this practice note is to:

1) Define the Capital Expenditure Framework (CEF) and set out the legislative context within which CEF's are developed.
2) Reflect on the need for municipalities to develop CEF's as part of their Municipal Spatial Development Framework (MSDF) by defining the "gap" that a CEF should fill.
3) Propose a working method to approach the development of a CEF, with the understanding that a CEF can be progressively developed over time.

2. BACKGROUND & LEGISLATIVE CONTEXT

Whilst a "capital investment framework" has long been a requirement of MSDF's since 2001, as set out in the Municipal Planning & Performance Management Regulations (2001)[1], it is only with the advent of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) ('SPLUMA') that increased focus has been placed on the need for municipalities to develop CEF's as part of their council-approved MSDF's[2].

The approach and method being articulated in this practice note arguably finds its methodological and conceptual origin in National Treasury's Built Environment Performance Plan (BEPP) programme, which sought to better integrate the planning, budgeting and delivery of built environment projects that were administered by different built environment grant instruments, often in an uncoordinated manner, within metropolitan municipalities. The National Department of Cooperative Governance and Traditional Affairs (COGTA), in building on the precedent set by the BEPP planning and budgeting tool, saw the CEF as a tool which could improve integration between spatial planning, (utility and social) infrastructure planning and financial planning, as articulated in the Integrated Urban Development Framework (IUDF, 2016). This is in response to the articulation that (COGTA, 2018):

- MSDF's needed to be properly translated into and implemented through capital programmes. The absence of this will keep MSDF's at a conceptual and visionary level, without means to ground it through municipal projects, budgets and implementation.
- long term infrastructure plans need to align with and articulate the spatial strategy and growth management direction set out in the MSDF.
- integration and coordination are lacking in the infrastructure planning and implementation space, specifically between different infrastructure sectors and assets.
- spatial planning and infrastructure planning need to be grounded by an understanding and articulation of the funding envelope within which they operate.

A CEF guideline has been developed by COGTA in 2018 called a "Guide to preparing a Capital Expenditure Framework". Whilst this guideline was primarily aimed at assisting Intermediate City Municipalities (ICM's) in developing CEF's in preparation for the implementation of the Integrated Urban Development Grant (a consolidated infrastructure grant), its concepts, method and approach is applicable to all municipalities as a tool to ensure the integration between spatial planning proposals (specifically those related to spatial transformation) with

[1] Regulation 2(4)(e) of the Municipal Planning and Performance Management Regulations, 2001, states that: *a spatial development framework reflected in a municipality's integrated development plan must- set out a capital investment framework for the municipality's development programs.*

[2] Section 21 (n) of SPLUMA states that: *A municipal spatial development framework must – determine a capital expenditure framework for the municipality's development programmes, depicted spatially.*

infrastructure[3] planning, as well as financial planning and budgeting across a range of infrastructure sectors. This guide remains an enormously valuable tool, and is a must read as a starting point for the development of a CEF. Much of the content of this practice note draws on this guide, although proposes a slightly modified and more simplified method which seeks to make developing a CEF more accessible to municipalities.

3. THE RATIONALE FOR DEVELOPING A CEF PRACTICE NOTE

The Western Cape's Department of Environmental Affairs and Development Planning's Spatial Planning Directorate (the Directorate) has received several requests for guidance on the drafting and content of a Capital Expenditure Framework as part of a Municipal Spatial Development Framework. This Practice Note seeks to be the first in addressing this need.

It is also worth noting that, the COGTA CEF Guide anticipates a comprehensive and sophisticated CEF development exercise that may be within the means of metropolitan municipalities and ICM's but there is scope for a more incremental and simplified approach to CEF development in less well-resourced municipalities. Such an approach will conceptually mirror the CEF approach articulated in COGTA's guide, but seek a means to make the process more replicable for smaller municipalities who generally do not have the financial means or human resources capacity to undertake or outsource such a task and subscribe to successive updates to a CEF developed using complex tools and software licences that are often associated with outsourced CEF development.

This practice note therefore aims to define the content, process, and method considerations in developing a CEF as simply as possible, drawing from the comprehensive approach being articulated in the "Guide to Preparing a Capital Expenditure Guide". A subsequent practice note will be drafted which reflects on the experience in testing this methodology in specific, smaller municipalities within the Western Cape.

In fulfilling its municipal support function, and in response to the need identified, the Directorate has developed a Capital Expenditure Framework (CEF) Support Programme, as part of its broader MSDF Support programme, which aims to assist municipalities (and build its own in-house capacity) to develop municipal CEF's.

The CEF Support Programme consists of four overarching work streams, focusing on:

1. **Learning by doing** – in which various CEF methods and approaches are tested.
2. **Knowledge exchange** – by coming together from time to time and to share lessons learnt through presentations and examples.
3. **Practice Notes** – in which experiences and approaches are documented and shared.
4. **Focused support to municipalities** – in which the Directorate: Spatial Planning (DEA&DP) provides support to municipalities to develop their CEF's as part of their MSDF.

[3] Throughout this practice note, "Infrastructure" refers to civil utility infrastructure (such as roads, water, waste water and electrical infrastructure), social infrastructure (facilities such as libraries, schools, clinics), and infrastructure in support of place-making (paving, street furniture, lighting, tree-planting, public space improvements). This CEF will also deal with land (which includes land acquisitions in support of attaining the development objectives of the municipality). Whilst infrastructure is generally delivered by the municipality through rates generate locally and taxes received through the national fiscus, some infrastructure is also privately delivered (such as telecommunications infrastructure). At this stage, this CEF practice note and method being put forward does not consider privately delivered infrastructure.

4. WHY A MUNICIPALITY NEEDS A CAPITAL EXPENDITURE FRAMEWORK

The need to transform the apartheid spatial structure of South African settlements is expressed in numerous strategic policy documents in all spheres of government. Despite this, little evidence of spatial transformation exists. Indeed, it is arguably the case that government built environment investments in the post-apartheid era, which are for the most part delivered at scale, have inadvertently entrenched the apartheid spatial structure of our settlements – often driven by subsidy housing development for the poor taking place on the peripheries of settlements where land is cheap, uncontested and easier to service than within the urban core. This pattern of investment, echoed across South African towns and cities, drives up travel times and costs for low income earners, spatially isolates low income persons from accessing job, educational and facility opportunities that are more varied in the established urban core, and ultimately entrenches the inequality and joblessness that has come to characterise South Africa's post-apartheid urban landscape.

One of the contributing factors to the lack of spatial transformation is that strategic policy seldom leads the implementation agenda of municipalities. Rather, implementation, and more specifically budget spending, tends to focus on the short-term reinforced by the 5-year programme of the "term of office" (contained in the Integrated Development Plan) and the 3-year budget cycles (contained in the Medium-Term Revenue and Expenditure Framework). Ideally, the infrastructure and built environment programmes articulated in the 5-year Integrated Development Plan should find their origins in the MSDF, which is a 20-year plan for the management of the physical growth and development of the municipality. Annual assessments of municipal IDP's have generally shown a poor linkage between the spatial strategies and proposals articulated in MSDF's, and the location of budgeted infrastructure and built environment programmes within municipalities. This misalignment, while not apparent in all municipalities, is fundamentally problematic and must urgently be addressed. It is worth noting that the "problem" itself does not only sit with the IDP content and process itself, but also in the lack of clear articulation of the various infrastructure investment programmes required to implement the MSDF, in the MSDF, as well as the routine annual systems of budgeting that do not do well to link the budget decision-making process back to the plans and strategies of the municipality. The CEF section of the MSDF seeks to translate the MSDF into a 10-year capital project portfolio and prioritised programme of projects for implementation through the IDP and related municipal budgeting process, as shown in Figure 1 below.

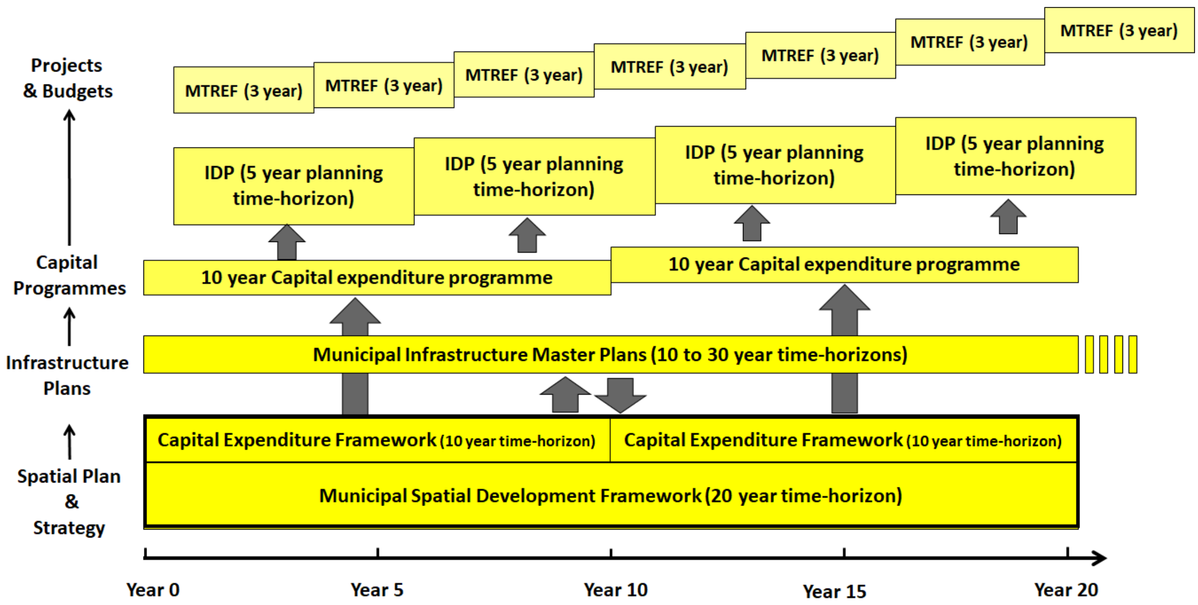

Figure 1: Articulating the ideal relationship between municipal planning tools (the MSDF, Infrastructure Master Plans, the IDP, and municipal budgets) from a built environment planning, budgeting, and implementation perspective

There is an overwhelming need to lengthen planning horizons, provide policy certainty and predictability in the planning system, and to encourage decision makers to take a longer-term view as spatial plans take decades to realise through built environment, infrastructure and land investments that are programmed over several electoral terms. The CEF offers a mechanism through which the municipality's long-term strategic development vision truly directs infrastructure implementation whilst remaining conscious of the municipality's financial position and infrastructure planning needs. In creating the link between finance, spatial planning, and the infrastructure/technical department of a municipality, the CEF creates a golden thread, that runs from the municipality's long-term strategic development vision, sector planning, through the budget allocation process to implementation. In this way infrastructure spending should progressively realise the strategic vision of the municipality creating long-term predictability and certainty for complementary investors such as the private sector and other spheres of government.

5. WHAT IS A CAPITAL EXPENDITURE FRAMEWORK?

As articulated in the COGTA CEF Guide (2018), a Capital Expenditure Framework is a single, consolidated high-level view of municipal infrastructure, assets and built environment needs over the long term (10 to 20-year planning horizon) that considers not only the infrastructure needs of the municipality, but also how these needs will be financed and what their financial impact will be on the municipal financial sustainability in the future. Importantly, the nature and location of the proposed infrastructure investments must originate from and give expression to the spatial strategies, development proposals and development objectives set out in the MSDF. It is an iterative process, requiring the MSDF proposals and infrastructure responses to be tested against one another, within the context of an affordability envelop[4] articulated in the Long-Term Financial Plan[5] of the municipality.

It is worth noting that a Capital Investment Framework (CIF) is defined in the Municipal Systems Act Regulations as all of the infrastructure required in a geographical area of a municipality. This includes infrastructure that will be provided by the municipality, as well as other spheres of government and/or organs of state including State Owned Entities (SoE's). In terms of the MSA Regulations, every MSDF is required to prepare a CIF.

The Capital Expenditure Framework (CEF) is a requirement of the SPLUMA and the COGTA Guide proposes that the CEF should concern itself with only the infrastructure requirements that fall within the mandate, and funding capabilities of a municipality. As such, infrastructure that is required within the geographical areas of the municipality, but which is provided/ funded by another organ of state, should not be included in the CEF.

Regardless of whether one understands the terms to mean the same thing or not, an MSDF – in setting out its implementation framework - should not exclude the infrastructure investments of other spheres of government or SoE's. As such, the MSDF should attempt to include an indication of all government's investments in infrastructure within the municipal boundaries, either within the CEF or implementation framework chapter of the MSDF. It is acknowledged that mapping, planning and sequencing all of government spending within the municipal geographical areas is a sophisticated undertaking and one that might not be possible in the initial stages of CEF development but that will rather develop over time.

> *"A Capital Expenditure Framework is a comprehensive, high-level, **long-term infrastructure plan** that flows from a spatial development framework. The capital expenditure framework **estimates the level of affordable capital investment by the municipality over the long term**.*
>
> *Affordable capital investment is determined by comparing an estimate of capital investment needs to an estimate of available capital financial sources.*
>
> *The affordable capital investment **should be disaggregated** by sector, by target users (per households, non-poor households and non-residential users); by investment driver (informal settlement upgrading, other new infrastructure and renewal); and in space."*
>
> ***Source:** Guide to Preparing Capital Expenditure Frameworks*

Simply put, a MSDF must articulate **what** kind of development should take place and **where** it should take place; the infrastructure master plans[6] will ground these proposals in a

[4] The affordability envelop is determined by comparing an estimate of capital investment need to an estimate of available capital financing sources. Typically, the municipality's level of affordability is an output of the municipality's Long-Term Financial Plan.

[5] Section 7 of the Municipal Budget and Reporting Regulations requires each municipality to prepare budget related policies including a policy relating to the municipality's long-term financial plan. The LTFP is a financial framework that combines and integrates financial strategies that enable the municipality to meet current and future service delivery needs of the community whilst ensuring the financial sustainability of the organisation in the long term. Long term infrastructure requirements of the municipality are a key input into the modelling undertaken to prepare a LTFP. The availability of an accurate, thorough, and integrated programme of plan-led long-term infrastructure requirements is key to the rigour of the financial modelling undertaken to prepare the LTFP.

[6] Infrastructure planning is undertaken through several sector focused master plans such as the stormwater management plan, the water and sanitation master plan, the electricity master plan, and others. These plans are typically

quantification of the infrastructure implications, whilst the long term financial plan must define the **financial parameters** within which the infrastructure, assets and built environment must be developed and managed.

Figure 2 illustrates conceptually that the three broad areas of spatial planning, infrastructure planning and financial planning are needed to co-create a CEF through an iterative process of engagement[7], scenario-testing and confirmation of the chosen proposals. The outputs of this process are a portfolio of capital projects required and a prioritised capital infrastructure programme, which is responsive to the MSDF, the engineering needs and affordable to the municipality. Annexure A sets out the definitions to key concepts or terms that are frequently used in the content or development of a Capital Expenditure Framework.

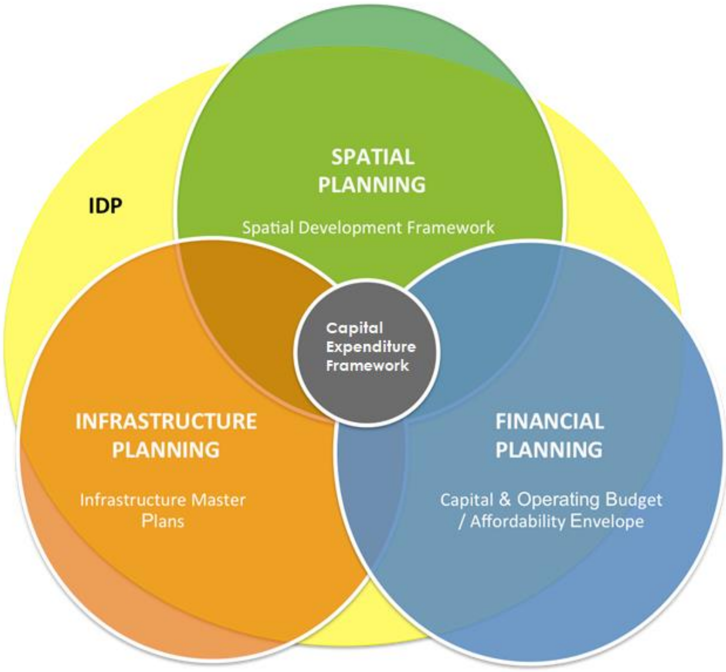

Figure 2: the CEF is co-created in an iterative process between the spatial planning, infrastructure planning and financial planning departments of a municipality

The importance of including financial planning in the process is to ensure that the investment programme required, as defined by the CEF, is affordable or that strategies to address affordability constraints are identified. Figure 3 illustrates this concept: invariably the level of need for infrastructure investment within a municipality is greater than what the municipality can afford. Hence, the CEF will engage with the financial parameters, and a prioritised capital expenditure programme must be defined accordingly.

prepared by specialist consultants who model the capacity and state of the infrastructure network by type based on current and projected demand.

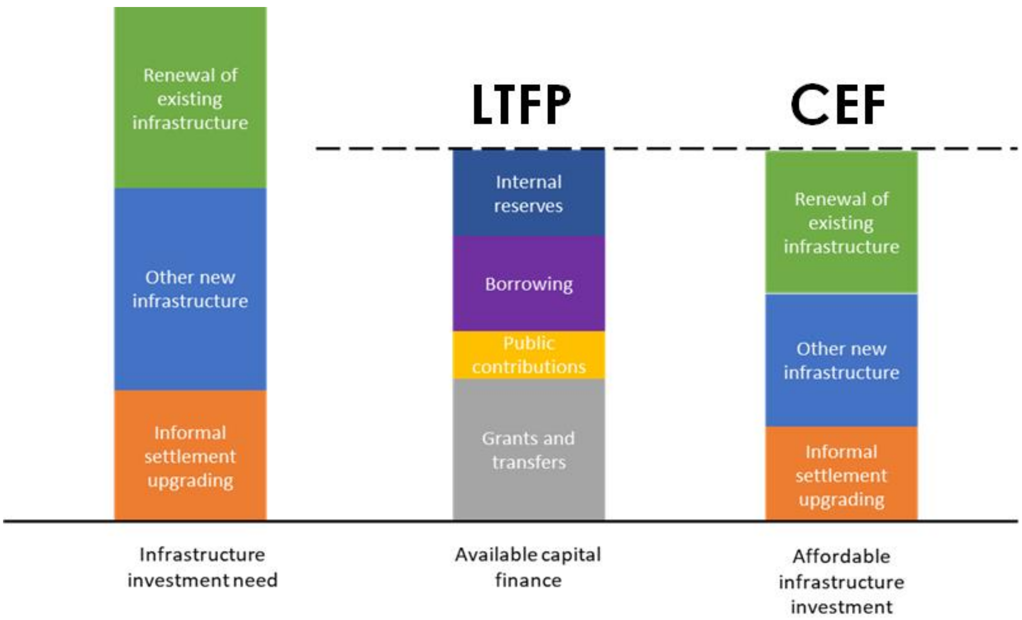

Figure 3: A diagram illustrating that the full quantum of infrastructure investment needed in a municipality (shown on the left bar) is generally greater than the capital financial available to the municipality, which is the "affordability envelop" derived from the Long Term Financial Plan (shown in the middle bar). The CEF (shown in the right bar) shows a programme of affordable investments that is tailored to fit within the affordability envelop, which is a spatially aligned and prioritised capital expenditure programme

It is recognised that the municipal planning and budgeting system is a complex realm, influenced by different sector plans, competing priorities and lobbying. The figure below seeks to indicate conceptually how these different plans interact and how "project lists" are arrived at. In this system, the CEF is a tool through which spatially and strategy aligned programmes and projects can be identified.

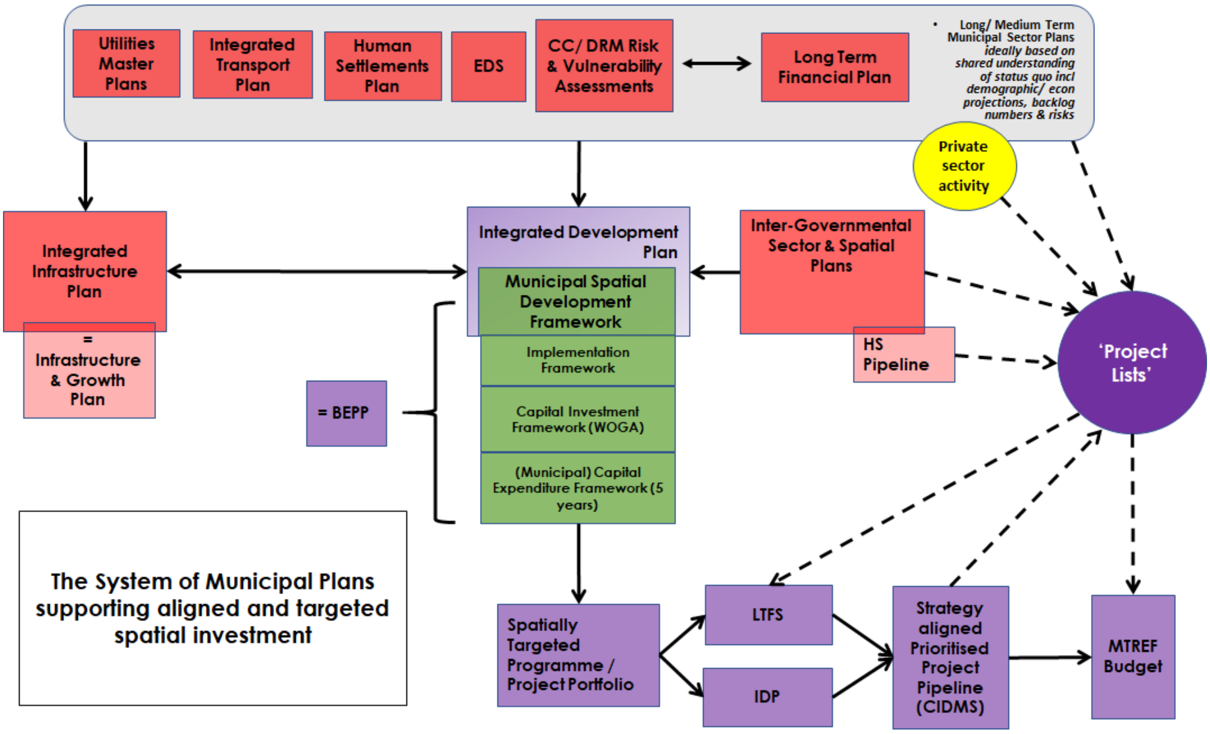

Figure 4: The System of Municipal Plans that are needed to support aligned and targeted spatial investment

6. A WORKING METHOD FOR THE DRAFTING OF A CAPITAL EXPENDITURE FRAMEWORK

This section sets out a proposed method to develop a CEF. It starts by setting out the institutional considerations, defining the elements of the CEF that need to be derived from or produced in the MSDF proposals section, then sets out a proposed working method. Annexure B provides a pro-forma terms of reference based on this method, which can be used by municipalities in drafting specifications for the development of their own CEF.

6.1. INSTITUTIONAL CONSIDERATIONS

The development of a MSDF, including a CEF, is an inherently inter-disciplinary process that requires the participation and input of all municipal departments, as well as provincial departments, state owned entities and certain national departments. It is therefore important the correct institutional structure if set in place to develop the MSDF and specifically the CEF sections of the report. Such a structure should have:

1) An **Intergovernmental Steering Committee** comprising of a multi-sphere committee of municipal and provincial department officials, and other relevant government institutions, that are provided the opportunity to give input on and guide the development of the various MSDF deliverables (such as the vision statement, the status quo analysis, the MSDF proposals, as well as the CEF and implementation framework) .

2) A **Project Committee**, comprising of municipal officials from all relevant municipal departments, including the corporate or integrated development planning department, the town planning department, all engineering services departments, as well as the finance department.

It is critical that for the CEF to be successfully developed, that it is co-owned by the finance, engineering, and town planning departments. Thus, it is strongly recommended that in the CEF development process, that a municipal official is nominated from each engineering service department, the finance department and town planning department to take responsibility for the development of different phases of the CEF, as shown in the method diagram in Figure 5. It is critically important that the town planning, engineering, and finance departments need to clearly understand what the CEF is, what it seeks to achieve and why it is important to each departments work. A CEF cannot be prepared by one department or only by a consultant, and absolutely must be a collaborative and collective exercise with all sharing in the work required, even if a consultant is used in developing the MSDF and CEF.

6.2. INSTITUTIONAL CONSIDERATIONS

As a starting point it is important that the MSDF status quo report and MSDF proposals chapter contains sufficient information for a CEF to be developed. This forms the basis for further analysis and work that will need to be undertaken in the CEF chapter. The MSDF status quo report or proposals should include sufficient information allowing for the CEF chapter to do the following:

1. **Following the COGTA Guide to start with, Functional areas** (FA) and **spatial categories for investment planning** should be defined and mapped, at the beginning of the CEF chapter. The spatial categories for investment planning must be derived from the MSDF proposals chapter.
    - **Functional Areas** are areas of similar characteristics, service levels and have similar service requirements, such as low density established suburbs, industrial areas, high density informal areas or central business districts. These areas usually correspond to an area sharing the same engineering and utility service requirements and levels of service (or have similar upgrading needs). The demarcation of Functional Areas should take the lead from the spatial articulation of the engineering or infrastructure master plans described in the MSDF Status Quo report, which sets the drainage areas and parameters for existing or future infrastructure need. There are also instances where a Functional Area will correspond to enumeration area used in representing the latest census data. These areas should be wall-to-wall in the municipality.
    - **Spatial Categories for investment planning** are different spatial areas that will have distinct investment needs and desired outcomes, in line with the spatial logic set out in the MSDF proposals chapter. These areas will have different infrastructure planning requirements and spatial planning intent, and hence will require different infrastructure investment approaches or strategies. MSDF proposals should include the definition and mapping of various spatial categories for investment planning. Thus far, the following types of spatial categories for investment planning have been used in MSDFs[8]:
        - "priority development areas",
        - "upgrading areas",
        - "consolidation areas",
        - "long term development areas"; and
        - "densification areas".

[8] Definitions for the different types of spatial categories for investment planning purposes are provided in Annexure A.

2. The MSDF proposals chapter must articulate the **hierarchy** and **typology** of settlements[9], nodes[10] and priority development areas.

3. Set out the 10-year **population growth projections** and household growth projections per functional area[11], per settlement (in some instances, a functional area ***may*** be an entire settlement), and per income group where possible. Reflect on the economic activity and growth trends as well.

4. Set out the **anticipated land required** across **land uses** to meet this demand **per functional area**.

5. **Identify** the **land available** for development (current and future) in each functional area.

6. Land use mixes and **development yields** linked to this projected household growth demands in each functional area must be reconciled with the land identified to accommodate future development (which includes densification, brownfield and greenfield development) as well as the spatial directives articulated by the MSDF proposals and spatial categories for investment planning . Specific attention should be paid to ensuring that the phasing of the proposed developments and yield uptake must align to the spatial strategy intent articulated in the MSDF.

7. The **status of bulk infrastructure systems and facilities** must be defined in relation to their capacity.

8. Any deficiencies in terms of infrastructure, as well as asset status in terms of **link or reticulation infrastructure systems and facilities** must be set out in per **functional area.** This will help to articulate future infrastructure investment needs per infrastructure type, per functional area, as well as infrastructure maintenance needs (see Figure 4 for the list of infrastructure master plans)**. Based on this,** tabulate new link, or reticulation infrastructure needs, including infrastructure backlogs, must be set out per functional area**.**

9. Understand and articulate the impact of the **MSDF policies**, spatial transformation **proposals** and recommended **phasing** in each functional area.

10. Identify where and **what land should be acquired or released** for development and what type of development it should accommodate per functional area.

11. The current **long-term financial outlook**, constraints and opportunities in the municipality must be set out (including income and expenditure forecasts).

[9] It is critically important that each settlement within the municipality is defined in terms of a prescribed hierarchy of settlements, as set out in the NSDF, PSDF and CSIR settlement categorisation. For example, the NSDF defines a national system of nodes (national urban regions, national urban nodes, regional development anchors, rural service centres etc.). While it is recognised, at the time of writing this, that there is a difference between how the NSDF, PSDF and CSIR categorise settlements, and that this needs to be resolved, a logical hierarchy of settlements is still attainable and desirable. This assists in identifying the suitable nature of investment and giving consistency in categorising and prioritising the allocation of investments in settlements across different spheres of government.

[10] At the sub-settlement scale, a series of nodes and their hierarchy and desired end state must be pulled though from the MSDF.

[11] In this instance, the smallest unit of population analysis is the enumeration area, used in the StatsSA Census population data. This enables one to establish current population figures per functional area and, based on population growth assumptions and predict future population growth per functional area.

12. Possible **spatial drivers of municipal costs** must be specifically identified from a growth, development, and infrastructure perspective.

13. Current planned **municipal, provincial, and national government investments** in the municipal area over the MTREF period must be set out, ideally per functional area.

14. The need for **municipal, provincial, and national government planned infrastructure investments** in the municipal area over at least the next 10-year period must be set out, ideally per functional area.

6.3. A CAPITAL EXPENDITURE FRAMEWORK METHOD

The development of a CEF can be broadly achieved in 5 distinct phases, as set out in Figure 4. The detail attached to each of these phases can be found in Annexure B, as well as in the CEF Guideline developed by COGTA (although it should be noted that the ordering of the COGTA method is different from what is set out in Figure 4 and detailed in Annexure B).

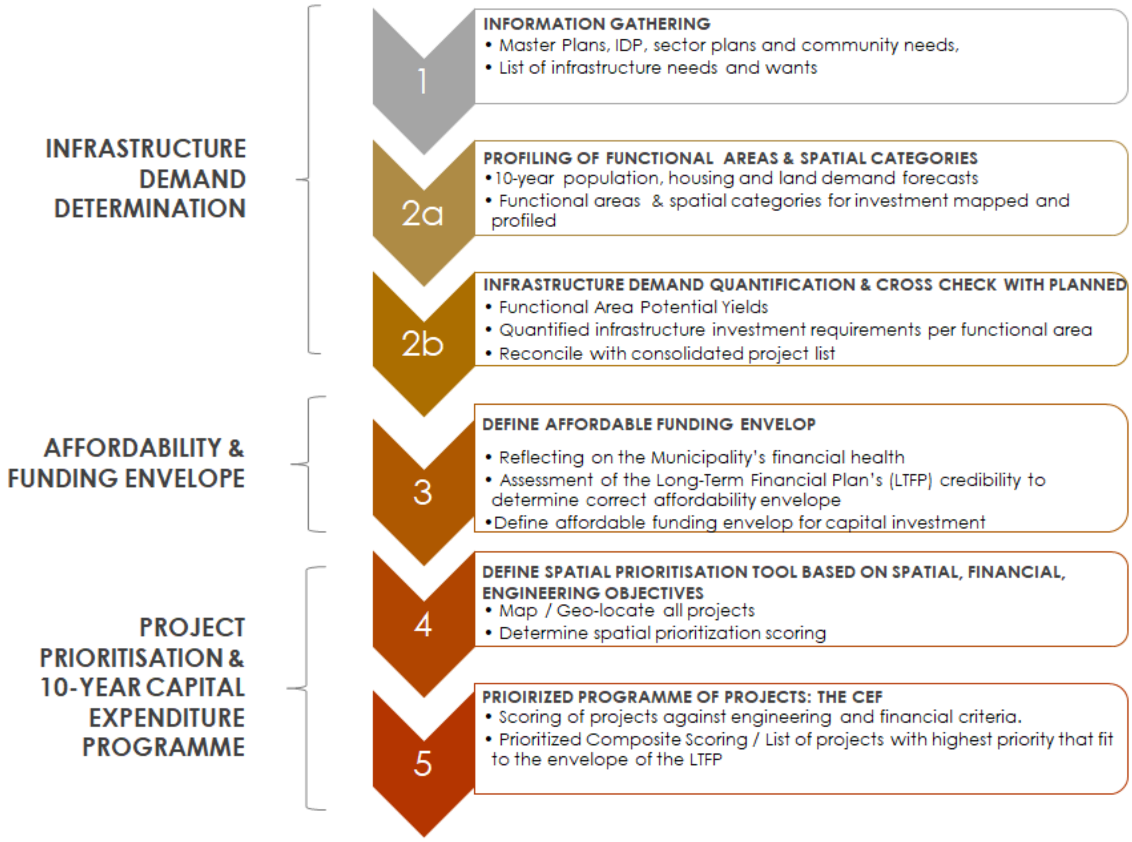

Figure 5: A diagram showing the short-hand version of the method proposed for the development of a CEF

PART 1: INFRASTRUCTURE DEMAND DETERMINATION

PHASE 1: INFORMATION GATHERING.

The purpose of phase 1 is to document all infrastructure investment projects identified as needed (new, renewal and maintenance) for a 10-year period into a single consolidated table. This information is derived from the IDP, Infrastructure Master Plans, various sector plans, the MIG Capital Investment Programme, the MSDF proposals (both municipal-wide as well as settlement scale projects identified for implementation), as well as the Municipal MTREF and budget. These projects are, as far as possible, mapped in relation to where they are located – to determine which functional area and spatial category for investment planning they are located in. The output of phase 1 is a consolidated table of infrastructure investments (new, upgrade or maintenance) per infrastructure type, per functional area, for the entire municipality. Ideally this table and other developed in subsequent phases, comply with mSCOA budgeting and reporting standards, so that outputs from the CEF process are interchangeably used in finance and other reporting needs

PHASE 2A: FUNCTIONAL AREA AND SPATIAL CATEGORY FOR INVESTMENT PLANNING PROFILING AND YIELD DETERMINATIONS IN PREPARATION FOR INFRASTRUCTURE DEMAND QUANTIFICATION.

As set out in section 6.1, the municipality should be divided into Functional Areas (FA's) that have similar or common characteristics from a development, level of service, and/or service demand perspective. Once functional areas are defined, one must then:

- Based on the **profiling exercise** that has been undertaken per **functional area** (which sets out projected population and household growth projections), **determine the potential yields** (including gross lettable areas) that each functional area (and sites within these functional areas) could accommodate. This exercise must take into account the MSDF proposals section, as well as whether a spatial category for investment planning falls within the functional area, which may provide specific objectives that need to be attained. This will, in phase 2b, assist to determine the infrastructure need and service demand per functional area, as well as help to determine bulk infrastructure demand per service type over a 10-year period.

- The identification of **priority sites (if any) for the purposes of phasing for future growth must be set out per functional area**. For example, certain parcels of land may be identified as being priority and needing to occupy priority from a phasing perspective.

The **output of phase 2a** will be an understanding of what projected growth will occur in each functional area over the 10-year period, including potential land yields, potential gross lettable areas, and identification of sites to accommodate development, as well as an indication of priority / phasing for these sites.

PHASE 2B: UNDERTAKE INFRASTRUCTURE DEMAND QUANTIFICATION AND IDENTIFY INFRASTRUCTURE INVESTMENT REQUIREMENTS.

Based on the land yield demand (including gross lettable area projections linked to this) per functional area, determine what land needs to be acquired, and set out the infrastructure investment requirements per functional area for the proposed developments, as well as maintenance requirements for existing infrastructure (derived from asset management plans or engineering master plans). One way of achieving this is using the Development Contributions calculator of the municipality to understand the infrastructure implications of the development proposals. Compare infrastructure projected requirements (based on yields) with what is planned for in the engineering master plans and tabulated from Phase 1.

The **output of phase 2b** is a quantification of infrastructure investment needed per infrastructure type per functional area (and per site) based on the projected land yields of phase 2a, that is cross-checked with the outputs of phase 1. Figure 6 and 7 below illustrates how such a table may look.

It is worth noting that following the completion of Phase 2b, it will now be possible to set out the 10-year capital project portfolio (the list of required capital infrastructure expenditure projects), per functional area, which will be derived **from phase 1 and phase 2b**. Care should be taken to ensure that projects generated in phase 2b do not duplicate projects identified in phase 1. Furthermore, interdependencies between different infrastructure investments need to be identified and articulated.

INFRASTRUCTURE COST IMPLICATIONS OF DEVELOPING EACH SITE AS PER PROPOSED YIELD

													Infrastructure Installation Costs (excl VAT)					
Functional Area	Site Number	Area Size (Ha)	Proposed Density (du/ha)	Proposed Land Use	Developable Area (m2)	Built Footprint 70% coverage (m2)	Storeys	GLA in m2 (=built foot x storeys)	Retail / commercial (m2)	Industrial (m2)	Residential (m2)	No. of Residential units	Water	Sanitation	Roads	Stormwater	Soild Waste	Electricity
8	Site 1	1.6	50	medium to high density residential	16000	11200	3	33600	0	0	33600	168	R 946,059.67	R 786,135.25	R 178,954.29	R 110,804.48	R 152,103.68	R 6,272.00
8	Site 2	2.3	50	medium to high density residential	23000	16100	3	48300	0	0	48300	242	R 1,362,776.42	R 1,132,409.11	R 257,779.39	R 159,611.21	R 219,101.73	R 9,034.57
7	Site 3	11	50	high density residential / social housing	110000	77000	3	231000	0	0	231000	1155	R 6,504,160.20	R 5,404,679.83	R 1,230,310.72	R 761,780.80	R 1,045,712.81	R 43,119.52
6	Site 17	2.3	50	high density residential / social housing	23000	16100	3	48300	0	0	48300	242	R 1,362,776.42	R 1,132,409.11	R 257,779.39	R 159,611.21	R 219,101.73	R 9,034.57
7	Site 18	2	50	Residential	20000	14000	1	14000	1400	0	12600	63	R 620,851.66	R 515,901.26	R 30,503.57	R 41,551.68	R 57,038.88	R 2,351.97
7	Site 20	20	50	Residential	200000	140000	1	140000	14000	0	126000	630	R 6,208,516.55	R 5,159,012.57	R 305,035.72	R 415,516.80	R 570,388.81	R 23,519.74
7	Site 21	1.3	50	Residential	13000	9100	1	9100	910	0	8190	41	R 519,488.12	R 431,672.48	R 59,554.59	R 15,906.81	R 37,120.54	R 2,267.63
1	Site 22 - Airport Precinct Proposal	356	25	Mixed use - industrial & residential	540000	378000	1	378000	0	252012.6	125987.4	315	R 3,991,189.21	R 3,316,508.08	R 457,553.58	R 122,210.82	R 285,194.40	R 17,422.03
4	Vacant / Under-utilised Land in the CBD	3	85	medium to high density residential & commercial	30000	21000	3	63000	12600	0	50400	428	R 2,410,199.62	R 2,002,773.13	R 455,907.35	R 282,287.60	R 387,502.24	R 15,978.49
		399.5			**975000**	**682500**		**965300**	**28910**	**252012.6**	**684377.4**	**3283**						
8	Site 4	19	25	Residential	150000	105000	1	105000	0	0	105000	263	R 3,332,326.23	R 2,769,021.03	R 382,020.92	R 102,036.34	R 238,114.69	R 14,546.01
7	Site 5	12	NA	Facilities (Traffic Dept, Fire Brigade)	100000	70000	1	70000	0	0	0	0	R 7,883,830.55	R 6,551,127.07	R 1,559,071.44	R 1,222,108.23	R 349,182.01	R 72,591.79
7	Site 6	20	NA	New Cemetery	100000	70000	1	70000	0	0	0	0	R 281,565.38	R 233,968.82	R 29,051.02	R 4,073.69	R 32,922.87	R 1,465.66
7	Site 7	22	50	Residential	220000	154000	1	154000	15400	0	138600	693	R 6,829,368.21	R 5,674,913.82	R 335,539.29	R 457,068.48	R 627,427.69	R 25,871.71
3	Site 10	30	25	medum density residential	250000	175000	2	350000	0	0	350000	875	R 11,086,636.70	R 9,212,522.44	R 1,270,982.15	R 339,474.51	R 792,206.68	R 48,394.53
TOTALS		**103**			**820000**	**574000**		**749000**	**15400**	**0**	**593600**	**1830.5**	**R53,339,744.95**	**R44,323,054.00**	**R6,810,043.42**	**R4,194,042.67**	**R5,013,118.77**	**R291,870.23**

Figure 6: An example of a table that sets out the infrastructure installation costs per site and per functional area for proposed yield increase

SERVICE DEMAND PER ENGINEERING SERVICE PER SITE AS PER PROPOSED YIELD

													Additional Service Demand					
													Water	Sanitation	Roads	Stormwater	Solid Waste	Electricity
Functional Area	Site Number	Area Size (Ha)	Proposed Density (du/ha)	Proposed Land Use	Developable Area (m2)	Built Footprint 70% coverage (m2)	Storeys	GLA in m2 (=built foot x storeys)	Retail / commercial (m2)	Industrial (m2)	Residential (m2)	No. of Residential units	kl/day	kl/day	Trips/peak hour	c	kg/day	kVA/day
8	**Site 1**	1.6	50	medium to high density residential	16000	11200	3	33600	0	0	33600	168	33.6	23.52	184.8	142.8	609.84	453.6
8	**Site 2**	2.3	50	medium to high density residential	23000	16100	3	48300	0	0	48300	242	48.4	33.88	266.2	205.7	878.46	653.4
7	**Site 3**	11	50	high density residential / social housing	110000	77000	3	231000	0	0	231000	1155	231	161.7	1270.5	981.75	4192.65	3118.5
6	**Site 17**	2.3	50	high density residential / social housing	23000	16100	3	48300	0	0	48300	242	48.4	33.88	266.2	205.7	878.46	653.4
7	**Site 18**	2	50	Residential	20000	14000	1	14000	1400	0	12600	63	22.05	15.435	31.5	53.55	228.69	170.1
7	**Site 20**	20	50	Residential	200000	140000	1	140000	14000	0	126000	630	220.5	154.35	315	535.5	2286.9	1701
7	**Site 21**	1.3	50	Residential	13000	9100	1	9100	910	0	8190	41	18.45	12.915	61.5	32.8	148.83	164
1	**Site 22 - Airport Precinct Proposal**	356	25	Mixed use - industrial & residential	540000	378000	1	378000	0	252012.6	125987.4	315	141.75	99.225	472.5	252	1143.45	1260
4	**Vacant / Under-utilised Land in the CBD**	3	85	medium to high density residential & commercial	30000	21000	3	63000	12600	0	50400	428	85.6	59.92	470.8	363.8	1553.64	1155.6
		399.5			**975000**	**682500**		**965300**	**28910**	**252012.6**	**684377.4**	**3283**						
8	**Site 4**	19	25	Residential	150000	105000	1	105000	0	0	105000	263	118.35	82.845	394.5	210.4	954.69	1052
7	**Site 5**	12	NA	Facilities (Traffic	100000	70000	1	70000	0	0	0	0	280	196	1610	63000	1400	5250
7	**Site 6**	20	NA	New Cemetery	100000	70000	1	70000	0	0	0	0	10	7	30	14	132	106
7	**Site 7**	22	50	Residential	220000	154000	1	154000	15400	0	138600	693	242.55	169.785	346.5	589.05	2515.59	1871.1
3	**Site 10**	30	25	medum density residential	250000	175000	2	350000	0	0	350000	875	393.75	275.625	1312.5	700	3176.25	3500
TOTALS		**103**			**820000**	**574000**		**749000**	**15400**	**0**	**593600**	**1830.5**	**1894.4**	**1326.08**	**7032.5**	**67287.05**	**20099.45**	**21108.7**

Figure 7: An example of a table that sets out the service demand implications, per infrastructure type, for accommodating additional yields in the sites and functional areas

PART 2: AFFORDABILITY & FUNDING ENVELOP

PHASE 3: DEFINE 10-YEAR AFFORDABILITY ENVELOP FOR CAPITAL INFRASTRUCTURE INVESTMENT AND MAINTENANCE.

As a starting point, if the municipality has a Long-Term Financial Plan (LTFP) this will set out forecast revenue, operational and capital expenditure envelopes for the municipality over a 10-year period. It is important to understand what the LTFP uses to determine these forecasts in terms of socio-economic projections and infrastructure requirements and the extent to which these align with the projections and requirements the MSDF has identified. If there is alignment, the LTFP provides the baseline funding envelope for the CEF. If circumstances have changed since its drafting then the finance department will need to set out forecast revenue, operational and capital expenditure envelopes for the municipality over a 10-year period, taking into account what financial modelling tools they have available to them and the changed circumstances. This phase may also set out of Long-Term Financial Plan model for the next 10 years, based on the audited financial statements of the previous 3 years which provides the actual financial state of the municipality, as opposed to the LTFP which may be slightly outdated and provides a modelled or projected revenue and expenditure.

Phase 3 must also lead the development of a Long-Term Financial Strategy (LTFS) options assessment which provides guidance on the optimal funding strategy to follow that would enable the municipality to rehabilitate where needed, and maintain, replace, and extend its municipal infrastructure asset base. The LTFS should provide a view of the gap between revenue and needed capital expenditure, identify the emerging or systemic issues arising and devise policy and strategy responses to address these.

The **output of phase 3** is a determination of the 10-year affordability envelop for capital infrastructure investment and maintenance, as well as a Long-Term Financial Strategy.

PART 3: PROJECT PRIORITISATION & CAPITAL EXPENDITURE PROGRAMME

Phase 4: Define a Prioritisation Tool to assist in project prioritisation.

Following the completion of phase 1 and phase 2, which identifies infrastructure investment needs, as well as phase 3 which identifies what capital is available to finance these needs, phase 4 seeks to assist in project prioritisation. This is done because, often, there is a mismatch between capital available and capital needed for infrastructure investment, and hence a municipality will have to prioritise.

The purpose of this phase is to define and agree on an infrastructure projects prioritisation tool and criteria, based on spatial, financial, and engineering prioritisation criteria. The purpose of this prioritisation tool will be to, through a multi-criteria analysis, score each project against the prescribed set of municipal priorities. The end objective will be to ensure that projects that most align with MSDF proposals, spatial transformation objectives, engineering, and financial priorities, are given the highest scores. This will help to identify and prioritise projects that are strategy-aligned. These criteria must be consulted on widely within the municipality, and ideally agreed on with the leadership of the municipality, as they have a material impact on which projects will be prioritised. The scoring process may also have additional benefits, as they may assist the municipality in determining which projects may be eligible for alternative forms of finance (such as climate finance)

The **output of Phase 4** will be a prioritisation tool / multi-criteria assessment tool that will be used to score and rank infrastructure projects against, as shown in Figure 8, below. It should be noted that whilst the tool proposed in Figure 8 is a basic binary scoring tool, a more complex or nuanced tool is achievable if one wants to assign different weightings to different criteria.

PRIORITISATION TOOL FOR INFRASTRUCTURE INVESTMENT				
		Project A	Project B	Project C
SPATIAL STRATEGY PRIORITISATION CRITERIA	Criteria 1: Project Falls within a Municipal Scale: Priority Investment Area? (Y = 1, N = 0)	1	1	0
	Criteria 2: Project Falls within a Settlement Scale Priority Investment Area? (Y = 1, N = 0)	1	0	0
	Criteria 3: Project Falls within a settlement scale Priority Investment Area, Upgrade Area, Densification Encouragement Area or Informal Settlement Upgrading Area? (Y = 1, N = 0)	1	0	0
	Criteria 4: Project directly related to enabling the implementation of a MSDF Spatial Policy or Strategy, such as Spatial Transformation? (Y = 1, N = 0)	1	0	1
ENGINEERING PRIORITISATION CRITERIA	Criteria 5: Is this addressing a backlog? (Y = 1, N = 0)	1	0	1
	Criteria 6: Is this project giving effect to services required in terms of a statutory or legal requirement? (Y = 1, N = 0)	0	1	1
	Criteria 7: Will this project unlock new investments, attract new economic activities or generate new rates income for the municipality? (Y = 1, N = 0)	0	1	1
	Criteria 8: Is the project implementation ready? (Y = 1, N = 0)	1	1	1
	Criteria 9: Is this infrastructure a net Asset or net Liability for the municipality? (Y = 1, N = 0)	1	0	1
FINANCIAL PRIORITISATION CRITERIA	Criteria 10: Will this infrastructure be revenue generating? (Y = 1, N = 0)	0	0	0
	Criteria 11: Will this infrastructure be affordable to the municipality from a capital investment perspective? (Y = 1, N = 0)	0	0	0
	Criteria 12: – Is the project an asset renewal / replacement project? (Y = 1, N = 0)	0	1	0
	Criteria 13: Will this infrastructure be affordable to the municipality from an operational / maintenance perspective? (Y = 1, N = 0)	1	0	0
COMPOSITE SCORE		8	5	6
COMPOSITE PERCENTAGE		61.53846	38.46154	46

Figure 8: A simple binary project prioritisation tool for scoring and ranking infrastructure projects

Phase 5: Prioritised Capital Expenditure Programme.

In this phase, the following is done:

- Set out the 10-year capital project portfolio (the list of required capital infrastructure expenditure projects), per functional area, as derived **from phase 1 and phase 2b**.
- Using the prioritisation tool, and in collaboration with the engineering, finance and town planning municipal officials, score all infrastructure projects against the agreed prioritisation criteria that was developed in **phase 4** to arrive at a prioritised list of infrastructure projects.
- Using the prioritised list of infrastructure projects, together with the defined funding envelop from **phase 3**, fit the prioritised infrastructure projects within the 10-year funding envelop. Identify which projects fall within and which do not fall within the affordability envelop, taking into account interdependencies between infrastructure investments needed. Tailor or phase the proposed programme within the defined expenditure envelope defined by the LTFP (from phase 3).
- Compile a spatially referenced capital project portfolio which is prioritised and fits within the defined affordability envelop.
- Identify the funding strategies and supporting policies to implement the prioritised, affordable portfolio of projects.

The above method is summarised in Figure 9.

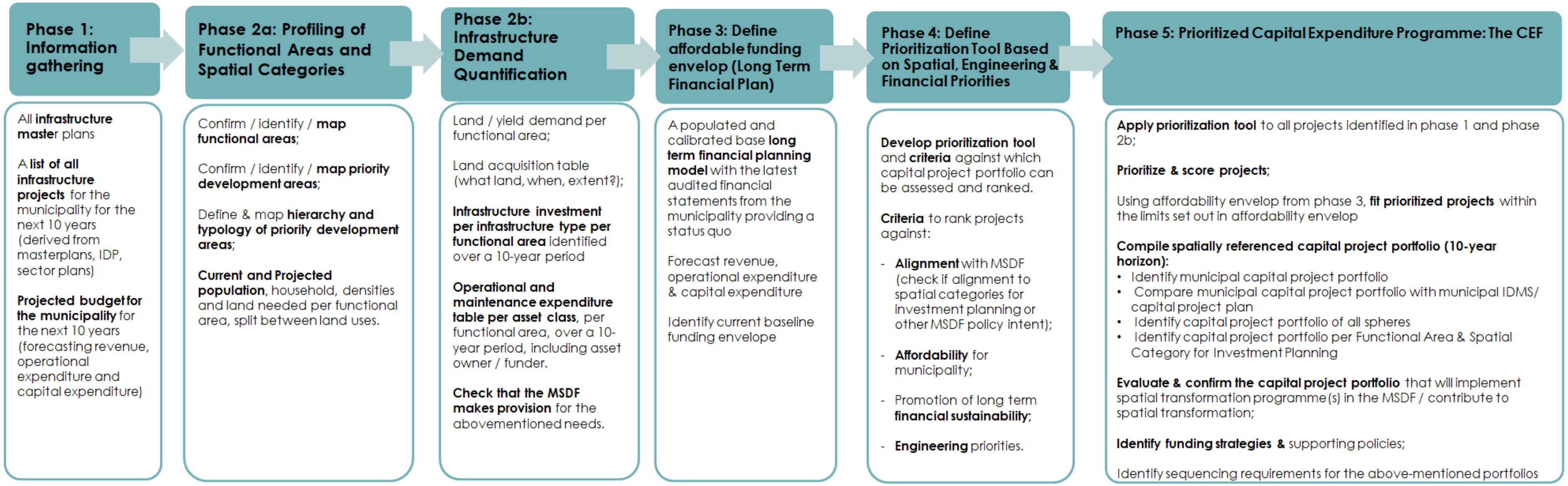

Figure 9: A CEF Method diagram, providing detail required in each phase

The final CEF should be a chapter in the MSDF document, generally following the MSDF proposals chapter, and preceding the implementation framework chapter, and be approved as part of the MSDF by Council. The CEF invariably will have a range of excel spreadsheets of "supporting documentation" that won't necessarily need to be annexed, although the decision will be with the officials which documentation they want to be council approved, and which will remain technical supporting documentation.

6.4. A CAPITAL EXPENDITURE FRAMEWORK TERMS OF REFERENCE

Annexure B sets out a proposed method and terms of reference to develop a CEF, based on a similar terms of reference developed by DBSA, DLG and DEA&DP. The annexure sets out the terms of reference that is aligned to the method set out in this practice note and can be edited or adjusted based on the requirements of a municipality. It should be noted that this is a working method and is regularly updated with newer information or better approaches as they are tested. DEA&DP will share learnings and evolving improvements to the method of compiling a CEF through its MSDF Support Programme activities.

ANNEXURE A: KEY TERMS AND DEFINITIONS

1) Capital Expenditure Framework vs Capital Investment Framework

The Capital Investment Framework (CIF) is defined in the Municipal Systems Act Regulations as all of the infrastructure required in a geographical area of a municipality. This includes infrastructure that will be provided by the municipality, as well as other spheres of government and/or organs of state including State Owned Entities. In terms of the MSA Regulations, every MSDF is required to prepare a CIF.

The Capital Expenditure Framework (CEF) is a requirement of the SPLUMA and the DCoG Guide proposes that the CEF should concern itself with only the infrastructure requirements that fall within the mandate, and funding capabilities of the municipality in question. As such, infrastructure that is required within the geographical areas of the municipality, but which is provided/ funded by another organ of state, should not be included in the CEF.

It is noted that the Built Environment Performance Plan (BEPP), an initiative by run by National Treasury and the City Support Programme in the Metropolitan Municipalities, recommends that SPLUMA be amended and the CEF be replaced with CIF. In this way, the municipality will be required to capture all infrastructure requirements and investments of all the state-owned entities and other spheres of government.

DEA&DP is of the opinion that the CEF (whether it be called CEF or CIF) should not exclude infrastructure investment of other spheres of government / organs of state. As such, the CEF should attempt to include all government spending / investments in infrastructure within the municipal boundaries. It is acknowledged that mapping, planning and sequencing all of government spending within the municipal geographical areas of the municipality is sophisticated undertaking and one that might not be possible in the initial stages of CEF development but that will rather develop over time.

2) Funding Envelope

The funding envelop is deemed to be that amount of funding that a municipality has available for investment in infrastructure (both capital investments (new / upgrades), as well as maintenance (renewal / servicing) requirements for infrastructure). This amount should be determined through the Long-Term Financial Plan, and it should be determined for a 10-year period. The

CEF will need to set out a prioritised capital portfolio of infrastructure projects that fit within the affordability envelop.

3) Municipal Standard Chart of Accounts (mSCOA)

National Treasury implemented budget reforms with the aim of improving budget and financial reporting, accountability, and other. The result was the mSCOA, which requires municipalities to comply with 7 segments. The CEF touches on 3 of the 7 segments namely, **Project**, **Fund**, and **Regional Indicator**. mSCOA requires all budget line items to be assigned to a geographical area called a **Regional Indicator**. In so doing, the regional segment identifies which geographical areas generates the revenue and which geographical area is deriving benefit from the expenditure. In so d]0oing, the mSCOA enables the municipality to analytically report on progress made in the delivery of services in a fair and equitable manner. The mSCOA also requires all line items to be classified in terms of **Project** whether it be capital project or an operations project. Operational in this sense refers to maintenance, the municipal running costs, infrastructure projects, and no-infrastructure projects.

4) Functional Areas

Functional Areas are areas of similar characteristics and service levels and service requirements, such as low density established suburbs, industrial areas, high density informal areas or central business districts. These areas may correspond to an area sharing the same engineering and utility service requirements and levels of service (or similar upgrading needs). The demarcation of Functional Areas should take the lead from the information in the MSDF as well as infrastructure master plans, which set the drainage areas and parameters for future infrastructure need.

5) Spatial Categories for investment planning

Spatial Categories for investment planning are different spatial areas that will have distinct infrastructure investment needs and desired outcomes, in line with the spatial logic set out on the MSDF. These areas will have different infrastructure planning requirements and spatial planning intent, and hence will require different infrastructure investment approaches or strategies. Ideally, various spatial categories for investment planning should be defined and mapped in line with the SDF proposals, both at the municipal-wide scale as well as the settlement scale. Thus far, the following types of spatial categories for investment planning have been used, although additional ones can be defined and used to suit the needs of the municipality:

- **Priority Investment Areas** (sometimes referred to as **Priority Development Areas**) are areas in the municipality that occupy the highest development priority. These areas are the focus of spatial targeting of municipal investments and generally require significant or "catalytic" investments to upgrade urban space, improve urban functionality or reinforce existing urban assets. They are normally the "nodes" or "corridors" represented within the MSDF settlements of the municipality.
- **Upgrading areas** are those areas in the municipality that do not have the same levels of service as established urban areas or suburban areas of the municipality, and hence the levels of service in these areas need to be upgraded, in line with what is affordable to the municipality and commensurate with what the residents of the area can afford to sustainably pay for though rates or service charges.
- **Consolidation areas** are those areas in the municipality that have an acceptable level of service, in line with their function and the desired spatial strategy of the municipality. The key objective is to maintain these levels of service, with routine maintenance and asset care.
- **Densification areas** are those spaces in the municipality where the main spatial strategy is to increase their gross dwelling unit density and improve urban efficiencies. As a result of this intent, infrastructure services may need to be upgraded or expanded in order to accommodate an increased density.
- **Long term development areas** may be identified in the municipality with the explicit intent of opening then up for urban development in the medium to long term (between 10 to 20 years into the future, but not in the next 5 years). This allows engineering infrastructure planning to be responsive to this intent and be undertaken timeously to accommodate the long-term plan for the municipality.

ANNEXURE B: A PRO FORMA CAPITAL EXPENDITURE FRAMEWORK (CEF) TERMS OF REFERENCE

Please see below a Pro-Forma CEF Terms of Reference which can be used as a scope of works for CEF's to be outsourced. This Terms of Reference has drawn on multiple sources, namely:

1. A Guide to preparing a Capital Expenditure Framework (COGTA, 2019).
2. The Development Bank of South Africa's (DBSA) Request for Proposals (RFP): APPOINTMENT OF A PROFESSIONAL SERVICE PROVIDER FOR THE DEVELOPMENT OF CAPITAL EXPENDITURE FRAMEWORK (CEF'S) FOR FOUR LOCAL MUNICIPALITIES (2018).
3. Experience in developing the CEF for Oudtshoorn and Prince Albert (2020/ 2021).

Please note some of what is provided below is a **copy and paste** from the above documents.

1. INTRODUCTION

The following sets out the scope for the development of a Capital Expenditure Framework, either as part of the development of a Municipal Spatial Development Framework (MSDF) or do be done following the completion of a MSDF.

1.1. BACKGROUND

Whilst a "capital investment framework" has been a requirement of Municipal Spatial Development Framework's (MSDF's) since 2001, as set out in the Municipal Planning & Performance Management Regulations (2001), it is only with the advent of the Spatial Planning and Land Use

Management Act, 2013 (Act 16 of 2013) ('SPLUMA') that increased focus has been placed on the need for municipalities to develop Capital Expenditure Framework's (CEF's) as part of their council-approved MSDF's.

Section 21(n) of the SPLUMA requires municipalities to develop Capital Expenditure Frameworks (CEF) as a key component of their Spatial Development Frameworks (SDF). Specifically, section 21(n) states that *a municipal spatial development framework must – determine a capital expenditure framework for the municipality's development programmes, depicted* spatially.

The CEF is a planning tool that aims to ensure that capital infrastructure planning and municipal budgeting is aligned to the spatial strategies and proposals set out in the MSDF. Specifically, the outcome of a CEF process will be a 10-year capital portfolio of infrastructure investments that are prioritised according to the municipality's spatial, engineering, and financial objectives; affordable to the municipality; and spatially aligned to the MSDF. The implementation of this portfolio of infrastructure investments will assist the municipality in achieving the implementation of the MSDF, inclusive of spatial transformation.
This scope of work is aligned to the approach in the Department of Cooperative Governance & Traditional Affairs' Guide to Preparing Capital Expenditure Frameworks.

2. KEY OUTPUTS OF THE PROJECT

The key outputs of the assignment include:

1) **Information Gathering Stage + Development of a Comprehensive List of Infrastructure Projects based on engineering master and sector plans:** To list all infrastructure projects derived from all infrastructure master plans, sectors plans, the MSDF and other infrastructure planning sources into a single consolidated table indicating infrastructure needs, wants and interdependencies per functional area over at least a 10-year period.
2) **Infrastructure Demand Quantification:** To translate or quantify the MSDF proposals into an understanding of social facilities, land, and infrastructure needs / implications per functional area. This includes a detailed spatial analysis of the existing and projected population, and household and economic growth trends of the municipality, per functional area over a 10-year period. The anticipated growth in population, households, and economic growth, must translate into a land budget indicating the demand for residential, commercial, industrial,

and institutional land-uses for the next 10 years. This articulation of the growth plan will need to be translated or quantified in terms of the associated infrastructure investments needed per functional area, with reference to the municipality's infrastructure master plans

3) **Consolidated Infrastructure Portfolio of Projects:** Set out an infrastructure portfolio of projects which reconciles the comprehensive list of infrastructure projects (from engineering master plans, municipal IDMS, capital project plans, sector plans etc.) with the infrastructure demand quantification of the MSDF proposals, checking for duplication.
4) **Affordability Envelop determination and confirmation of Long-Term Financial Plan:** Confirm the findings of the LTFP, or adjust the LTFP with updated information, which sets out clearly the expected revenue, expenses, and capital expenditure available to the municipality over a 10-year period. This may require financial modelling that models future expenditure and revenue based on historical trend analysis, changes in the external environment and policy choices. The outcome of which should be the funding envelop for capital expenditure over the next 10-years, and a basis upon which the municipality will be financially sustainable.
5) **Long Term Financial Strategy:** Develop a Long-Term Financial Strategy (LTFS) for the municipality based on the LTFP projected revenue and expenses. The LTFS should also provide guidance on the optimal funding strategy to follow that would enable the municipality to rehabilitate where needed, and maintain, replace, and extend its municipal infrastructure asset base. The LTFS should provide a view of the gap between revenue and needed capital expenditure, identify the emerging or systemic issues arising and devise policy and strategy responses to address these.[12]
6) **Prioritised Capital Expenditure Programme:** the infrastructure required to implement the MSDF and supporting sector plans is brought together and integrated into a sequenced portfolio and then, in this step, prioritised based on a set of criteria defined within the process to develop a CEF in order to define a 10-year programme that should be implemented through the MTREF and inform future Long Term Financial Planning. The prioritised municipal capital expenditure programme should be linked to the spatial vision, demand quantification, and LTFS. The product and tables that are developed for the 10-year programme should be structured in such a way that it will assist the

[12] It is noted that a LTFP and LTFS could be a serious cost-driver for the development of a CEF, especially if a municipality does not have one. Ideally, a municipality should draw on the work that it has done in the past, undertaking adjustments or extrapolations to the original product, where required. The need to develop a new LTFP and LTFS should be carefully considered with the Finance office and budgeted for accordingly.

municipality in project identification in the integrated development planning process, programme and project prioritisation, capital expenditure budgeting, and implementation monitoring, and must be provided to the municipality in excel format.

Note 1: The relationship between CEF and MSDF proposals

The CEF must take its lead from the MSDF proposals. In order for the CEF to be compiled, the MSDF proposals must clearly categorise spatially, both at municipal and town scale, the future form that development should take in particular areas and prioritise these areas, in order that the CEF can establish the nature and quantity of infrastructure needed (and the concomitant cost) to support the development of these areas as envisaged.

Therefore, prior to the commencement of the CEF, the **spatial proposals from the SDF proposals maps** must be articulated both at the municipal-wide scale and the town-wide scales in order to derive the **Spatial Category for Investment Planning maps** which will illustrate **Priority Investment Areas, Restructuring Zones, Consolidation Areas**, **Densification Encouragement Areas, New Development Areas** and any **other spatial category** to be aware of before delving into the implications for infrastructure planning and financial planning of the municipality. Please see section 6.2 of the CEF Practice Note 1: An Introduction to CEF's (DEA&DP, 2021) for further detail on what content the MSDF needs to contain for a CEF to be developed.

Note 2: The importance of validating findings with top management and technical officials at key points in the project

In all phases of the method, findings must be validated with key stakeholders. Specifically, **technical staff from the planning, engineering and finance offices must be involved in and consulted in all phases of the projects**, and at least the executive management of the municipality must be appraised of progress at least at the end of phase 3 in the process, as well as when draft phase 4 and 5 are available for discussion. The municipality may also decide to include the Municipal Council in various phases of the projects. Specifically, it is critical that the Municipal Council be given an opportunity to provide input on phase 4 (Prioritization Criteria Determination) which determines which projects will be prioritized.

3. ACTIVITIES

The primary scope of this assignment is the preparation of a Capital Expenditure Framework and is informed by the requirements for the preparation of a CEF as per the "Guideline to Preparing a Capital Expenditure Framework" prepared by the Department of Cooperative Governance, as well as the method set out in the CEF Practice Note 1 of the Western Cape Department of Environmental Affairs and Development Planning (2021). To achieve the desired outcomes of this assignment, to meet the objectives set out above, the following phases will be undertaken as shown in the method diagram below (Figure 1).

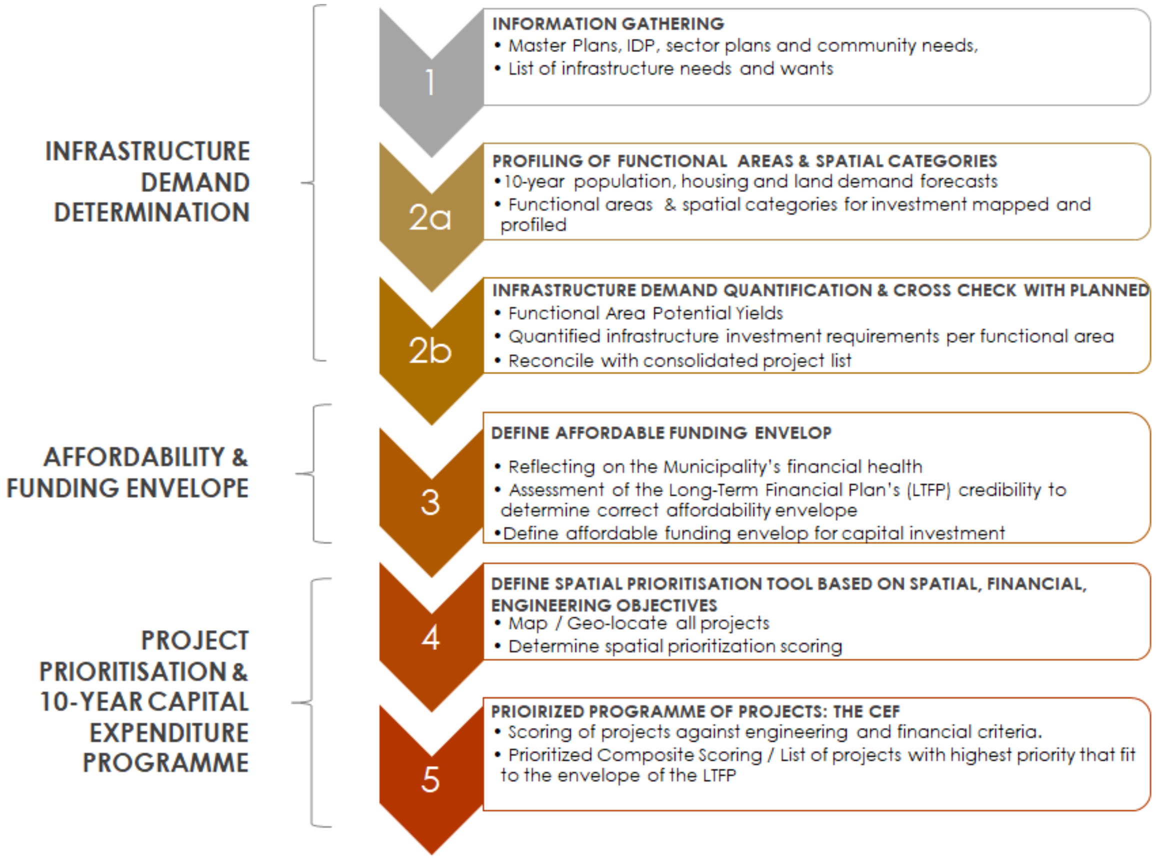

Figure 1: A five phase method for the development of a CEF

3.1. PHASE 1: INFORMATION GATHERING

Aim:

- To document all infrastructure investment projects identified (new, renewal, maintenance) for a 10-year period into a consolidated table.

Activities:

- Get copies of the latest **Engineering master plans** & **sector plans**:

  i) Water Services Development Plan and Water & Sanitation Master Plan
  ii) Integrated Waste Management Plan
  iii) Electrical Network Plan
  iv) Roads and Storm water masterplan
  v) Human Settlement Plan / Pipeline
  vi) Integrated Transport Plan
  vii) Long Terms Financial Plan
  viii) MIG 3-year capital plan / municipal IDMS / capital project plan

- Produce **consolidated list of infrastructure projects** per infrastructure type and per financial year, including spatial location / spatial impact for the next 10 years using mSCOA format of tabulating budget and project information (derived from masterplans, IDP, sector plans).

Note: When assessing each infrastructure plan, and resultant list of infrastructure projects, a checklist of questions should be considered:

- What population estimates informed the plan? Were these under or overestimated and do they align with the latest / SDF projections?
- What is the infrastructure sequencing being proposed and does this fit within the SDF development priorities?
- What are the risks and dependencies of and/or between infrastructure projects being proposed?

- Have infrastructure projects been implemented as scheduled or have new or different priorities and projects emerged?

Deliverable:

- A consolidated table of all infrastructure projects categorized per infrastructure type, over a 10-year period.

Key Participants in this phase are the technical and engineering services departments of the municipality, as well as the Department of Local Government: Municipal Infrastructure Directorate.

3.2. PHASE 2A: FUNCTIONAL AREA AND SPATIAL CATEGORY FOR INVESTMENT PLANNING PROFILING & DEMAND QUANTIFICATION

Aim:

- To develop a socio-economic and spatial profile of the local municipal area, highlighting the features that will impact on long-term growth within the municipalities.
- To develop a similar socio-economic and spatial profile of each of the Functional Areas identified for the municipalities.
- To determine the population and household growth trends per functional area based on a ten-year horizon for the local municipal area.
- Anticipated land required across land uses to meet this demand

Activities:

- Confirm / identify / **map functional areas** (see Definition in CEF Practice Note 1).
- Confirm / identify / **map Spatial Categories for Investment Planning**.[13]

[13] This would either be done in the MSDF proposals section if the CEF is being developed as part of a MSDF or done at the commencement of the CEF chapter if a standalone CEF is being developed (after the development of the MSDF).

- Confirm or define & map **hierarchy and typology** of settlements, nodes, and priority development areas.

For **each functional area**[14]:

- Current and future population & household growth projections.
- Determine MSDF proposals seeking spatial transformation & consider impact on demand.
- Set out the **anticipated land required** across **land uses** to meet population, household and MSDF demand **per functional area.**
- **Identify** the **land available** for development (current and future) in each functional area.
- Land use mixes and **development yields** linked to this projected household growth demands in each functional area must be reconciled with the land identified to accommodate future development (which includes densification, brownfield and greenfield development) as well as the spatial directives articulated by the MSDF proposals and spatial categories for investment planning. Specific attention should be paid to ensuring that the phasing of the proposed developments and yield uptake must align to the spatial strategy intent articulated in the MSDF.
- **Backlogs** must be determined **per infrastructure type and per functional area** (community services, facilities, infrastructure needs).
- Profile **existing customer base:** residential & non-residential customers to show **existing access to services** & levels of service.
- **Determine** how much **land is available**, as per MSDF, to accommodate growth.
- **Zoning map** per town: **determination of what "full utilization of rights"** would mean from service provision perspective and conversely, what reserve capacity should be set aside for under-utilized rights[15].

Deliverables:

- Functional areas map and spatial categories for investment planning map (at both municipal-wide and settlement scales).
- Current and projected population, household, and land needs per functional area, split between land uses, aligned to MSDF.

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[14] Functional areas need to be wall to wall (for the entire municipal area) to ensure that population counts, projections and engineering needs are determined for the full municipality.
[15] This is a "nice to have" aspect of the CEF, to ascertain what the infrastructure and bulk implications would be if a full utilization of rights of the zoning scheme was exercised.

- Identification of sites in each functional area that will accommodate increased households or increased rights.
- Total development yields per functional area, based on identified sites and projected household growth, underpinned by MSDF.[16]

Key Participants in this phase is the spatial planning department of the municipality, as well as the Department of Environmental Affairs and Development Planning: Spatial Planning Directorate.

3.3. PHASE 2B: INFRASTRUCTURE DEMAND QUANTIFICATION – IDENTIFY INVESTMENT REQUIREMENTS

Aim:

Based on the land yield demand (from phase 2a), determine:

- what land needs to be acquired to accommodate the future growth.
- the infrastructure investment requirements over a 10-year period.
- the bulk infrastructure demand per service type over a 10-year period.

Activities:

- Compile / confirm **land demand for 10-year period** as per yields per land use (aligned to MSDF).
- Ascertain **land acquisition / land release** requirements for 10-year period (aligned to MSDF).
- Model and ascertain **infrastructure investment / capital expenditure requirements for 10-year period** (aligned to MSDF) which must include growth, backlogs, asset renewal or replacement, based on phase 2a's demand quantification (check against IDP, MSDF, master plans). This can be done using the Western Cape Government's (or municipality's own) Development Contribution Calculator.
- Identify **operational and maintenance** expenditure requirement over a 10-year period.

[16] For examples of how this is done, see the CEF Addendum to the George Municipality MSDF (Table 18 and 19 of George MSDF Addendum), the Prince Albert CEF or the Oudtshoorn CEF.

- Allocate demand and expenditure between municipality, other government, and private sector.
- Consider to what extent findings from this phase require attention or validates MSDF.
- Clarify phasing and sequencing requirements of infrastructure investments (looking at dependencies between infrastructure investments or sectors).

Based on the above, compile a **spatially referenced capital project portfolio** (10-year horizon) which:

- Draws from the **infrastructure investment** need that is linked to the land yields (from phase 2b).
- Draws from the **consolidated table of all infrastructure projects** that are derived from infrastructure master plans (from phase 1).
- Compares the outputs from phase 1 and phase 2b and **reconciles this municipal capital project portfolio with what was identified in phase 1** (drawn from engineering master plans/ municipal IDMS/ capital project plans).
- Identify **capital project portfolio** of other **government departments**/ entities.
- Identify **capital project portfolio** per **Functional Area**.
- Identify **capital project portfolio** per **Spatial Category for Investment Planning**.

Deliverables:

- **Infrastructure investment** (and cost of infrastructure) per **infrastructure type per functional area** identified over a 10-year period.
- A **reconciled municipal capital project portfolio**, comparing infrastructure investment derived from land yields, as well as engineering master plans.
- **Map all infrastructure investment requirements**, overlaid with Spatial Category for Investment Planning & Functional Areas.

Key Participants in this phase are the technical and engineering services, and spatial planning departments of the municipality, as well as the Department of Local Government: Municipal Infrastructure Directorate and Department of Environmental Affairs and Development Planning: Spatial Planning Directorate.

3.4. PHASE 3: DEFINE AFFORDABLE FUNDING ENVELOP (including Long Term Financial Plan preparation or corroboration AND the development of Long-Term Financial Strategies to fund the infrastructure investments required)

Aim:

- To ascertain the forecast municipal revenue and expenses over a 10-year period and **forecast capital available for infrastructure** investment.
- Develop a Long-Term Financial Strategy (LTFS) for the municipality based on the LTFP projected revenue and expenses.

Activities:

- Develop (or utilize an existing) populated and calibrated base long-term financial planning model with the latest audited financial statements from the municipality providing a status quo, as well as a projected revenue and expenditures for the municipality.
- Forecast revenue, operational expenditure & capital expenditure for the municipality for the next 10 years.
- Municipal financial health status quo assessment.
- Undertake a Long-Term Financial Strategy (LTFS) options assessment which provides guidance on the optimal funding strategy to follow that would enable the municipality to rehabilitate where needed, and maintain, replace, and extend its municipal infrastructure asset base. The LTFS should provide a view of the gap between revenue and needed capital expenditure, identify the emerging or systemic issues arising and devise policy and strategy responses to address these.

Deliverable:

- A table forecasting revenue, operational expenditure, and capital expenditure, hence defining the "funding envelop" for capital expenditure.
- Determine the financial parameters for the implementation of the 10-year capital expenditure programme.
- Identify strategies and financial policies that should be used to fund the capital expenditure and infrastructure investment of the municipality, based on the LTFS developed.

Key Participants in this phase are the finance office of the municipality, the technical and engineering services, and spatial planning departments of the municipality, as well as the Department of Local Government: Municipal Infrastructure Directorate and Department of Environmental Affairs and Development Planning: Spatial Planning Directorate.

Scenarios to approaching the CEF Phase 3 Deliverable (determining the Affordability Envelop)

It is recognised that the development of a Long-Term Financial Plan (LTFP) may be a costly aspect of the CEF process, and hence the following three scenarios are possible in approaching the development of the CEF phase 3 deliverable (please note that the municipality must very clearly articulate which option it wishes to pursue):

Scenario 1: Build a comprehensive LTFP into the brief for the CEF. This is both the most beneficial and costly scenario.

Scenario 2: If the municipality already has an up to date LTFP, then simply use its outputs to determine the forecast revenue, expenses and ascertain the funding envelop, as well as extract LTFS proposals.

Scenario 3: Where the LTFP is outdated or the municipality does not have funding to undertake one, there are options to use a simple method of extrapolation & basic modelling (using basic assumptions of future revenue / expense growth) to ascertain the future revenue, expenses & affordability envelop for the next 10 years, using the most recent audited Annual Financial Statements. The directorate Spatial Planning can be contacted for how this can be done.

Regardless of which scenario plays out, the CEF **must** be used as a key informant and basis for any future financial modelling in the municipality.

3.5. PHASE 4: DEFINE SPATIAL PRIORITIZATION TOOL

Aim:

- Develop a capital project portfolio **project prioritization tool**, based on spatial, financial, and engineering imperatives, which will be used to score, rank, and list the prioritized portfolio of infrastructure investments.

Activities:

- Agree on multiple **prioritization criteria** against which the capital project portfolio can be assessed and ranked. This tool will assist in prioritizing the 10-year infrastructure project portfolio and hence the criteria must as a minimum consider alignment with the MSDF, the affordability for the municipality, promotion of long-term financial sustainability, and alignment to engineering needs and objectives. See example below of a binary prioritization tool. The criteria can be weighted and altered as needed to create a more nuanced prioritization tool.
- The capital project portfolio prioritisation tool may also include Environmental, Social and Governance (ECG) impact criteria as well, which can extend its use to other

PRIORITISATION TOOL FOR INFRASTRUCTURE INVESTMENT

		Project A	Project B	Project C
SPATIAL STRATEGY PRIORITISATION CRITERIA	Criteria 1: Project Falls within a Municipal Scale: Priority Investment Area? (Y = 1, N = 0)	1	1	0
	Criteria 2: Project Falls within a Settlement Scale Priority Investment Area? (Y = 1, N = 0)	1	0	0
	Criteria 3: Project Falls within a settlement scale Priority Investment Area, Upgrade Area, Densification Encouragement Area or Informal Settlement Upgrading Area? (Y = 1, N = 0)	1	0	0
	Criteria 4: Project directly related to enabling the implementation of a MSDF Spatial Policy or Strategy, such as Spatial Transformation? (Y = 1, N = 0)	1	0	1
ENGINEERING PRIORITISATION CRITERIA	Criteria 5: Is this addressing a backlog? (Y = 1, N = 0)	1	0	1
	Criteria 6: Is this project giving effect to services required in terms of a statutory or legal requirement? (Y = 1, N = 0)	0	1	1
	Criteria 7: Will this project unlock new investments, attract new economic activities or generate new rates income for the municipality? (Y = 1, N = 0)	0	1	1
	Criteria 8: Is the project implementation ready? (Y = 1, N = 0)	1	1	1
	Criteria 9: Is this infrastructure a net Asset or net Liability for the municipality? (Y = 1, N = 0)	1	0	1
FINANCIAL PRIORITISATION CRITERIA	Criteria 10: Will this infrastructure be revenue generating? (Y = 1, N = 0)	0	0	0
	Criteria 11: Will this infrastructure be affordable to the municipality from a capital investment perspective? (Y = 1, N = 0)	0	0	0
	Criteria 12: – Is the project an asset renewal / replacement project? (Y = 1, N = 0)	0	1	0
	Criteria 13: Will this infrastructure be affordable to the municipality from an operational / maintenance perspective? (Y = 1, N = 0)	1	0	0
COMPOSITE SCORE		**8**	**5**	**6**
COMPOSITE PERCENTAGE		**61.53846**	**38.46154**	**46**

programmes that require infrastructure project prioritisation or scoring (such as the alternative infrastructure financing facilities).

Deliverables:

- A project prioritization tool for infrastructure project prioritisation.

Note: Too many criteria in the prioritization tool limit its impact to effectively prioritize and rank the infrastructure portfolio. Limit the number of criteria to a maximum of 15 (ideally less), and weight non-negotiable criteria the highest.

3.6. PHASE 5: PRIORITIZED CAPITAL EXPENDITURE PROGRAMME

Aim:

- Determine the prioritised portfolio of infrastructure investments for a 10-year period using the prioritisation tool developed, aligned to the MSDF, and within the affordability envelop as defined in phase 3.
- Develop a 3-year MTREF pipeline of projects, based on this 10-year programme.

Activities & Deliverables:

- Set out the 10-year capital project portfolio (the list of required capital infrastructure expenditure projects), per functional area, as derived **from phase 1 and phase 2b**, making sure to check for duplication of projects from these phases.
- Using the **prioritisation tool** that was developed in **phase 4**, and in collaboration with the engineering, finance and town planning municipal officials, score and **rank all infrastructure projects** against the agreed prioritisation criteria to arrive at a **prioritised list of infrastructure projects**.
- Using the **prioritised list of infrastructure projects**, together with the **defined funding envelop** from **phase 3**, fit the prioritised infrastructure projects within the 10-year funding envelop. Identify which projects fall within and which do not fall within the affordability envelop,

considering **interdependencies and sequencing considerations** of infrastructure investments needed. Tailor or phase the proposed programme within the defined expenditure envelope defined by the LTFP (from phase 3).

- Compile a **spatially referenced capital project portfolio** which is prioritised and fits within the defined affordability envelop.
- Based on the proposals from the Long-term Financial Strategy, match the **funding strategies** and supporting policies needed to implement the prioritised, affordable programme of projects.
- Present a **spatial analysis** of the **Prioritised Capital Expenditure Programme** (10-year portfolio). In this, evaluate capital portfolio and identify which capital projects will contribute towards achieving MSDF spatial transformation agenda.
- **Develop a MTREF (3-year) Project Expenditure Programme for the entire municipality and per functional area.**
- Both the 10-year Prioritised Capital Expenditure Programme and the 3-year MTREF Project Expenditure Programme must be done in an excel spreadsheet which allows the information to be filtered and presented in the following ways**:**Projects can be identified per sector.
    - Projects can be identified as new, upgrade, renewal, or maintenance.
    - Projects can be identified per functional area or spatial category for investment planning (for example, all projects in a particular priority investment area can be identified).
    - One can identify which projects are serving low-income households, based on where they are located.

The final CEF report will present phase 1 to 5 in a single, coherent, logically laid out and accessible document, containing key outputs of the calculations and excel spreadsheets in which the work was undertaken. The actual excel spreadsheets will be annexed to the document, and fully available and accessible to the municipality, including any equations, formulae or methods used to derive the findings that are presented in the excel spreadsheets. No black box systems, software or products will be accepted – the municipality must be able to use the tools without consultant assistance or maintenance contracts.

4. REQUIRED EXPERTISE

To execute this assignment successfully, the Professional Project team must possess the required knowledge, experience, and expertise. If the project is undertaken by external service providers, the project team should be made up of at least the following 3 core skillsets:

Municipal Infrastructure and Integrated Planning Engineering Specialist

- Registered Professional Engineer (ECSA) with a post graduate degree in Civil Engineering or related specialist engineering field (MEng or equivalent).
- Minimum of 10-years post graduate experience, including integrated infrastructure planning, capital project investment planning, analysis, prioritization, and budget planning.
- Proven experience and knowledge of the full lifecycle of infrastructure planning and design, including project conceptualization, master planning, project preparation and project readiness.
- Minimum of 10-years' experience in development analysis and planning, socio-economic profiling, infrastructure demand analysis, infrastructure investment planning and analysis, development impact assessments, local government financial planning and analysis.
- Knowledge of municipal powers and functions, service delivery and governance related legislation and issues in the South African local government sector.
- Sound understanding of the IUDF, SPLUMA, MSDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.

Municipal Financial Planning Specialist

- A minimum of 5-years' experience in financial modelling and the preparation of Long-Term Financial Plans in the South African local government environment.
- An understanding of National Treasury's' requirements for the preparation and finalisation of annual municipal budgets, as well as the integration of the budgeting process with the requirements of the SPLUMA.

- Minimum of 10-years' experience in development analysis and planning, socio-economic profiling, infrastructure demand analysis, infrastructure investment planning and analysis, development impact assessments, local government financial planning and analysis.
- A robust understanding of public sector development financing instruments and a good grasp of innovations in this sector.
- Knowledge of municipal powers and functions, service delivery and governance related legislation and issues in the South African local government sector.
- Sound understanding of the IUDF, SPLUMA, MSDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.

An Urban and Regional Planner with Municipal Spatial Planning experience

- Registered Professional Planner (SACPLAN) with a post graduate degree in City and Regional Planning.
- Minimum of 10-years post graduate experience, including integrated planning, municipal spatial planning, precinct, and layout planning.
- Proven experience and knowledge of the full integrated planning, budgeting, and implementation cycle in municipalities.
- Experience in land use planning, and specifically the application of development contributions policies and calculators in determining the infrastructure implications of land use planning investments.
- Knowledge of municipal powers and functions, service delivery and governance related legislation and issues in the South African local government sector.
- Sound understanding of the IUDF, SPLUMA, MSDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.

At least one team member must possess strong GIS and data analysis skills.

5. CONTRACT MANAGEMENT AND REPORTING

- The municipality will be responsible for the contract administration and the management of project finances. The delivery of project outputs will be managed by the municipality, in line with the agreed to Project Implementation Plan.

- A CEF Project Steering Committee (PSC), in the absence of a MSDF Intergovernmental Steering Committee, will be established to manage, monitor, and oversee the project, including approval of the deliverables in line with the agreed to Inception Report and Project Implementation Plan. The Professional Teams and the Project Steering Committee will also be responsible for verifying and endorsing Project Progress Reports and Disbursement Requests which will be submitted for approval.

- The Service Provider will be expected to attend all the Project Steering Committee meetings, to a maximum of 6 meetings, over 18 months.

- The contract with the successful PSP(s) will be for a period of 18 months. The project will commence upon the signing of a Service Level Agreement (SLA) between the municipality and the service provider. This SLA will govern the relationship between the municipality and the professional service provider(s).

6. COPYRIGHT, INTELLECTUAL PROPERTY, DISCLAIMER

- If the work is outsourced, the professional service provider surrenders all claims to Intellectual Property and/or Copyright in terms of any systems, methodologies, processes developed, or data collected/improved under the contract.
- All data collected or derived as a result of and during the contract period is retained and belongs to the municipality, and the Western Cape Government.
- Data collected or derived will be provided to the municipality and Western Cape Government in an accessible, dynamic and useable format, such as in Microsoft Excel, Access and Word.
- Intellectual Property registered prior to the BID dates are excluded from this clause.
- No black box systems or non-accessible software will be accepted as part of this project, which sets the service provider up for “evergreen” maintenance or servicing contracts and the proposals to include one will disqualify bidder.
- Municipal officials must be fully empowered to use and apply the tools and systems developed as part of this project, which is why excel is the preferred tool for data presentation, analysis, and interpretation.
- GIS data will be provided in ESRI format map packages and be the IP of the municipality.

Numerical data and analysis will be presented in Microsoft Excel format and be the IP of the municipality.

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Please see below a Pro-Forma CEF Terms of Reference which can be used as a scope of works for CEF's to be outsourced. This Terms of Reference has drawn on multiple sources, namely:

1. A Guide to preparing a Capital Expenditure Framework (COGTA, 2019).
2. The Development Bank of South Africa's (DBSA) Request for Proposals (RFP): APPOINTMENT OF A PROFESSIONAL SERVICE PROVIDER FOR THE DEVELOPMENT OF CAPITAL EXPENDITURE FRAMEWORK (CEF'S) FOR FOUR LOCAL MUNICIPALITIES (2018).

3. Experience in developing the CEF for Oudtshoorn and Prince Albert (2020/ 2021).

Please note some of what is provided below is a **copy and paste** from the DBSA's RFP.

The Pro Forma Terms of Reference for a CEF

1. INTRODUCTION

The following sets out the scope for the development of a Capital Expenditure Framework, either as part of the development of a Municipal Spatial Development Framework (MSDF) or do be done following the completion of a MSDF.

1.1. BACKGROUND

Whilst a "capital investment framework" has been a requirement of Municipal Spatial Development Framework's (MSDF's) since 2001, as set out in the Municipal Planning & Performance Management Regulations (2001), it is only with the advent of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) ('SPLUMA') that increased focus has been placed on the need for municipalities to develop Capital Expenditure Framework's (CEF's) as part of their council-approved MSDF's.

Section 21(n) of the SPLUMA requires municipalities to develop Capital Expenditure Frameworks (CEF) as a key component of their Spatial Development Frameworks (SDF). Specifically, section 21(n) states that *a municipal spatial development framework must – determine a capital expenditure framework for the municipality's development programmes, depicted* spatially.

The CEF is a planning tool that aims to ensure that capital infrastructure planning and municipal budgeting is aligned to the spatial strategies and proposals set out in the MSDF. Specifically, the outcome of a CEF process will be a 10-year capital portfolio of infrastructure investments that are prioritised according to the municipality's spatial, engineering, and financial objectives; affordable to the municipality; and spatially aligned to the MSDF. The implementation of this portfolio of infrastructure investments will assist the municipality in achieving the implementation of the MSDF, inclusive of spatial transformation.

This scope of work is aligned to the approach in the Department of Cooperative Governance & Traditional Affairs' Guide to Preparing Capital Expenditure Frameworks.

2. KEY OUTPUTS OF THE PROJECT

The key outputs of the assignment include:

1) **Information Gathering Stage + Development of a Comprehensive List of Infrastructure Projects based on engineering master and sector plans:** To list all infrastructure projects derived from all infrastructure master plans, sectors plans, the MSDF and other infrastructure planning sources into a single consolidated table indicating infrastructure needs, wants and interdependencies per functional area over at least a 10-year period.

2) **Infrastructure Demand Quantification:** To translate or quantify the MSDF proposals into an understanding of social facilities, land, and infrastructure needs / implications per functional area. This includes a detailed spatial analysis of the existing and projected population, and household and economic growth trends of the municipality, per functional area over a 10-year period. The anticipated growth in population, households, and economic growth, must translate into a land budget indicating the demand for residential, commercial, industrial, and institutional land-uses for the next 10 years. This articulation of the growth plan will need to be translated or quantified in terms of the associated infrastructure investments needed per functional area, with reference to the municipality's infrastructure master plans

3) **Consolidated Infrastructure Portfolio of Projects:** Set out an infrastructure portfolio of projects which reconciles the comprehensive list of infrastructure projects (from engineering master plans, municipal IDMS, capital project plans, sector plans etc.) with the infrastructure demand quantification of the MSDF proposals, checking for duplication.

4) **Affordability Envelop determination and confirmation of Long-Term Financial Plan:** Confirm the findings of the LTFP, or adjust the LTFP with updated information, which sets out clearly the expected revenue, expenses, and capital expenditure available to the municipality over a 10-year period. This may require financial modelling that models future expenditure and revenue based on historical trend analysis, changes in the external environment and policy choices. The outcome of which should be the funding envelop for capital expenditure over the next 10-years, and a basis upon which the municipality will be financially sustainable.

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maintain, replace, and extend its municipal infrastructure asset base. The LTFS should provide a view of the gap between revenue and needed capital expenditure, identify the emerging or systemic issues arising and devise policy and strategy responses to address these.[1]

6) **Prioritised Capital Expenditure Programme:** the infrastructure required to implement the MSDF and supporting sector plans is brought together and integrated into a sequenced portfolio and then, in this step, prioritised based on a set of criteria defined within the process to develop a CEF in order to define a 10-year programme that should be implemented through the MTREF and inform future Long Term Financial Planning. The prioritised municipal capital expenditure programme should be linked to the spatial vision, demand quantification, and LTFS. The product and tables that are developed for the 10-year programme should be structured in such a way that it will assist the municipality in project identification in the integrated development planning process, programme and project prioritisation, capital expenditure budgeting, and implementation monitoring, and must be provided to the municipality in excel format.

Note 1: The relationship between CEF and MSDF proposals

The CEF must take its lead from the MSDF proposals. In order for the CEF to be compiled, the MSDF proposals must clearly categorise spatially, both at municipal and town scale, the future form that development should take in particular areas and prioritise these areas, in order that the CEF can establish the nature and quantity of infrastructure needed (and the concomitant cost) to support the development of these areas as envisaged.

Therefore, prior to the commencement of the CEF, the **spatial proposals from the SDF proposals maps** must be articulated both at the municipal-wide scale and the town-wide scales in order to derive the **Spatial Category for Investment Planning maps** which will illustrate **Priority Investment Areas, Restructuring Zones, Consolidation Areas**, **Densification Encouragement Areas, New Development Areas** and any **other spatial category** to be aware of before delving into the implications for infrastructure planning and financial planning of the municipality. Please see section 6.2 of the CEF Practice Note 1: An Introduction to CEF's (DEA&DP, 2021) for further detail on what content the MSDF needs to contain for a CEF to be developed.

Note 2: The importance of validating findings with top management and technical officials at key points in the project

In all phases of the method, findings must be validated with key stakeholders. Specifically, **technical staff from the planning, engineering and finance offices must be involved in and consulted in all phases of the projects**, and at least the executive management of the municipality must be appraised of progress at least at the end of phase 3 in the process, as well as when draft phase 4 and 5 are available for discussion. The municipality may also decide to include the Municipal Council in various phases of the projects. Specifically, it is critical that the Municipal Council be given an opportunity to provide input on phase 4 (Prioritization Criteria Determination) which determines which projects will be prioritized.

[1] It is noted that a LTFP and LTFS could be a serious cost-driver for the development of a CEF, especially if a municipality does not have one. Ideally, a municipality should draw on the work that it has done in the past, undertaking adjustments or extrapolations to the original product, where required. The need to develop a new LTFP and LTFS should be carefully considered with the Finance office and budgeted for accordingly.

3. **ACTIVITIES**

The primary scope of this assignment is the preparation of a Capital Expenditure Framework and is informed by the requirements for the preparation of a CEF as per the "Guideline to Preparing a Capital Expenditure Framework" prepared by the Department of Cooperative Governance, as well as the method set out in the CEF Practice Note 1 of the Western Cape Department of Environmental Affairs and Development Planning (2021). To achieve the desired outcomes of this assignment, to meet the objectives set out above, the following phases will be undertaken as shown in the method diagram below (Figure 1).

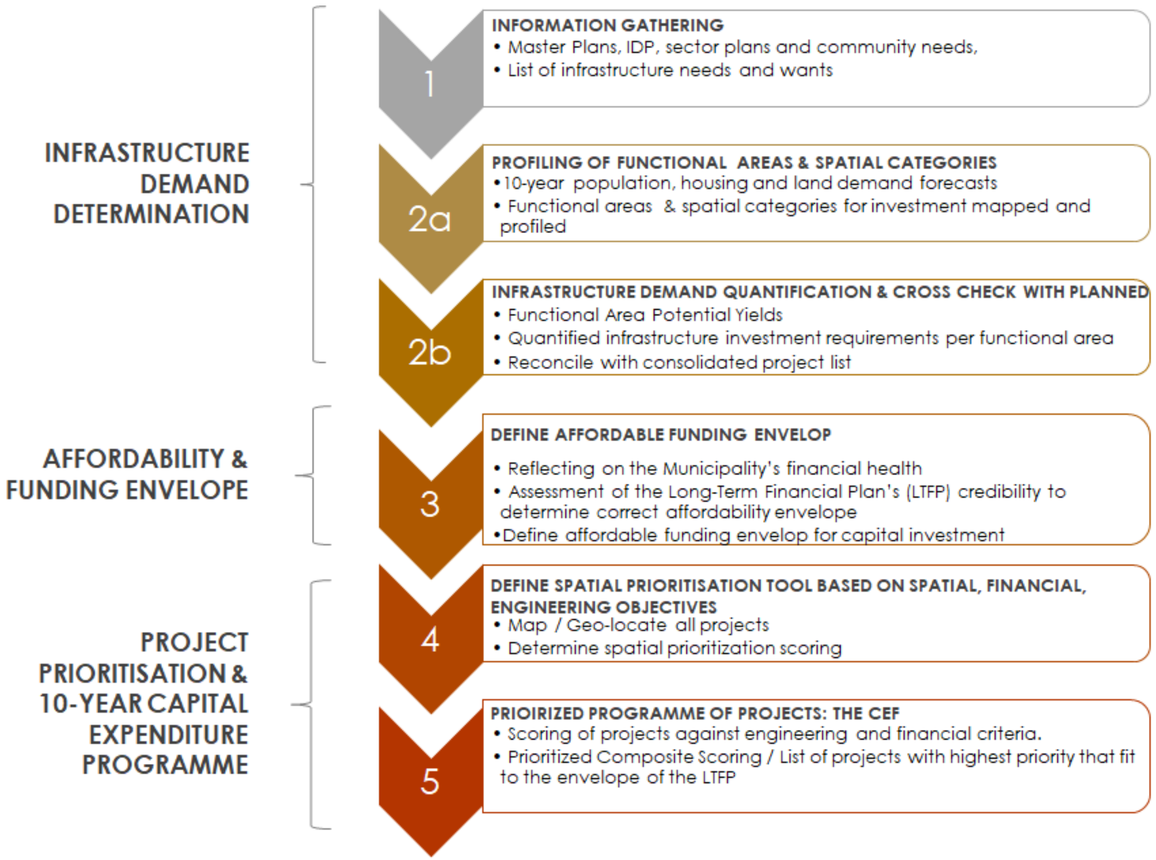

Figure 1: A five phase method for the development of a CEF

3.1. PHASE 1: INFORMATION GATHERING

Aim:

- To document all infrastructure investment projects identified as needed (new, renewal and maintenance) for a 10-year period into a single consolidated table.

Activities:

- Get copies of the latest **Engineering master plans** & **sector plans**:
  - i) Water Services Development Plan
  - ii) Water & Sanitation Master Plan
  - iii) Integrated Waste Management Plan
  - iv) Electrical Network Plan
  - v) Roads and Storm water masterplan
  - vi) Human Settlement Plan / Pipeline
  - vii) Integrated Transport Plan
  - viii) Long Terms Financial Plan
  - ix) MIG 3-year capital plan / municipal IDMS/ capital project plan

- Produce **consolidated list of infrastructure projects** per infrastructure type and per financial year, including spatial location / spatial impact for the next 10 years using mSCOA format of tabulating budget and project information (derived from masterplans, IDP, sector plans).

Note: When assessing each infrastructure plan, and resultant list of infrastructure projects, a checklist of questions should be considered:

- What population projection estimates informed the plan? Were these under or overestimated and do they align with the latest / SDF projections?
- What is the infrastructure sequencing being proposed and does this fit within the SDF development priorities?
- What are the risks and dependencies of and/or between infrastructure projects being proposed?
- Have infrastructure projects been implemented as scheduled or have new or different priorities and projects emerged?

Deliverable:

- A consolidated table of all infrastructure projects categorized per infrastructure type, over a 10-year period.

Key Participants in this phase are the technical and engineering services departments of the municipality, as well as the Department of Local Government: Municipal Infrastructure Directorate.

3.2. PHASE 2A: FUNCTIONAL AREA AND SPATIAL CATEGORY FOR INVESTMENT PLANNING PROFILING & DEMAND QUANTIFICATION

Aim:

- To develop a socio-economic and spatial profile of the local municipal area, highlighting the features that will impact on long-term growth within the municipalities.
- To develop a similar socio-economic and spatial profile of each of the Functional Areas identified for the municipalities.
- To determine the population and household growth trends per functional area based on a ten-year horizon for the local municipal area.
- Anticipated land required across land uses to meet this demand

Activities:

- Confirm / identify / **map functional areas** (see Definition in CEF Practice Note 1).
- Confirm / identify / **map Spatial Categories for Investment Planning**.[2]
- Confirm or define & map **hierarchy and typology** of settlements, nodes, and priority development areas.

For **each functional area**[3]:

- Current and future population & household growth projections.
- Determine MSDF proposals seeking spatial transformation & consider impact on demand.
- Set out the **anticipated land required** across **land uses** to meet population, household and MSDF demand **per functional area.**
- **Identify** the **land available** for development (current and future) in each functional area.
- Land use mixes and **development yields** linked to this projected household growth demands in each functional area must be reconciled with the land identified to accommodate future development (which includes densification, brownfield and greenfield development) as well as the spatial directives articulated by the MSDF proposals and spatial categories for investment planning. Specific attention should be paid to ensuring that the phasing of the proposed developments and yield uptake must align to the spatial strategy intent articulated in the MSDF.
- **Backlogs** must be determined **per infrastructure type and per functional area** (community services, facilities, infrastructure needs).
- Profile **existing customer base:** residential & non-residential customers to show **existing access to services** & levels of service.
- **Determine** how much **land is available**, as per MSDF, to accommodate growth.
- **Zoning map** per town: **determination of what "full utilization of rights"** would mean from service provision perspective and conversely, what reserve capacity should be set aside for under-utilized rights[4].

Deliverables:

- Functional areas map and spatial categories for investment planning map (at both municipal-wide and settlement scales).
- Current and projected population, household, and land needs per functional area, split between land uses, aligned to MSDF.
- Identification of sites in each functional area that will accommodate increased households or increased rights.
- Total development yields per functional area, based on identified sites and projected household growth, underpinned by MSDF.[5]

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[2] This would either be done in the MSDF proposals section if the CEF is being developed as part of a MSDF or done at the commencement of the CEF chapter if a standalone CEF is being developed (after the development of the MSDF).
[3] Functional areas need to be wall to wall (for the entire municipal area) to ensure that population counts, projections and engineering needs are determined for the full municipality.
[4] This is a "nice to have" aspect of the CEF, to ascertain what the infrastructure and bulk implications would be if a full utilization of rights of the zoning scheme was exercised.
[5] For examples of how this is done, see the CEF Addendum to the George Municipality MSDF (Table 18 and 19 of George MSDF Addendum), the Prince Albert CEF or the Oudtshoorn CEF.

Key Participants in this phase is the spatial planning department of the municipality, as well as the Department of Environmental Affairs and Development Planning: Spatial Planning Directorate.

3.3. PHASE 2B: INFRASTRUCTURE DEMAND QUANTIFICATION – IDENTIFY INVESTMENT REQUIREMENTS

Aim:
Based on the land yield demand (from phase 2a), determine:
- what land needs to be acquired to accommodate the future growth.
- the infrastructure investment requirements over a 10-year period.
- the bulk infrastructure demand per service type over a 10-year period.

Activities:
- Compile / confirm **land demand for 10-year period** as per yields per land use (aligned to MSDF).
- Ascertain **land acquisition / land release** requirements for 10-year period (aligned to MSDF).
- Model and ascertain **infrastructure investment / capital expenditure requirements for 10-year period** (aligned to MSDF) which must include growth, backlogs, asset renewal or replacement, based on phase 2a's demand quantification (check against IDP, MSDF, master plans). This can be done using the Western Cape Government's (or municipality's own) Development Contribution Calculator.
- Identify **operational and maintenance** expenditure requirement over a 10-year period.
- Allocate demand and expenditure between municipality, other government, and private sector.
- Consider to what extent findings from this phase require attention or validates MSDF.
- Clarify phasing and sequencing requirements of infrastructure investments (looking at dependencies between infrastructure investments or sectors).

Based on the above, compile a **spatially referenced capital project portfolio** (10-year horizon) which:

- Draws from the **infrastructure investment** need that is linked to the land yields (from phase 2b).
- Draws from the **consolidated table of all infrastructure projects** that are derived from infrastructure master plans (from phase 1).
- Compares the outputs from phase 1 and phase 2b and **reconciles this municipal capital project portfolio with what was identified in phase 1** (drawn from engineering master plans/ municipal IDMS/ capital project plans).
- Identify **capital project portfolio** of other **government departments**/ entities.
- Identify **capital project portfolio** per **Functional Area**.
- Identify **capital project portfolio** per **Spatial Category for Investment Planning**.

Deliverables:
- **Infrastructure investment** (and cost of infrastructure) per **infrastructure type per functional area** identified over a 10-year period.
- A **reconciled municipal capital project portfolio**, comparing infrastructure investment derived from land yields, as well as engineering master plans.
- **Map all infrastructure investment requirements**, overlaid with Spatial Category for Investment Planning & Functional Areas.

Key Participants in this phase are the technical and engineering services, and spatial planning departments of the municipality, as well as the Department of Local Government: Municipal Infrastructure Directorate and Department of Environmental Affairs and Development Planning: Spatial Planning Directorate.

3.4. PHASE 3: DEFINE AFFORDABLE FUNDING ENVELOP (including Long Term Financial Plan preparation or corroboration AND the development of Long-Term Financial Strategies to fund the infrastructure investments required)

Aim:

- To ascertain the forecast municipal revenue and expenses over a 10-year period and **forecast capital available for infrastructure** investment.
- Develop a Long-Term Financial Strategy (LTFS) for the municipality based on the LTFP projected revenue and expenses.

Activities:

- Develop (or utilize an existing) populated and calibrated base long-term financial planning model with the latest audited financial statements from the municipality providing a status quo, as well as a projected revenue and expenditures for the municipality.
- Forecast revenue, operational expenditure & capital expenditure for the municipality for the next 10 years.
- Municipal financial health status quo assessment.
- Undertake a Long-Term Financial Strategy (LTFS) options assessment which provides guidance on the optimal funding strategy to follow that would enable the municipality to rehabilitate where needed, and maintain, replace, and extend its municipal infrastructure asset base. The LTFS should provide a view of the gap between revenue and needed capital expenditure, identify the emerging or systemic issues arising and devise policy and strategy responses to address these.

Deliverable:

- A table forecasting revenue, operational expenditure, and capital expenditure, hence defining the "funding envelop" for capital expenditure.
- Determine the financial parameters for the implementation of the 10-year capital expenditure programme.
- Identify strategies and financial policies that should be used to fund the capital expenditure and infrastructure investment of the municipality, based on the LTFS developed.

Scenarios to approaching the CEF Phase 3 Deliverable (determining the Affordability Envelop)

It is recognised that the development of a Long-Term Financial Plan (LTFP) may be a costly aspect of the CEF process, and hence the following three scenarios are possible in approaching the development of the CEF phase 3 deliverable (please note that the municipality must very clearly articulate which option it wishes to pursue):

Scenario 1: Build a comprehensive LTFP into the brief for the CEF. This is both the most beneficial and costly scenario.

Scenario 2: If the municipality already has an up to date LTFP, then simply use its outputs to determine the forecast revenue, expenses and ascertain the funding envelop, as well as extract LTFS proposals.

Scenario 3: Where the LTFP is outdated or the municipality does not have funding to undertake one, there are options to use a simple method of extrapolation & basic modelling (using basic assumptions of future revenue / expense growth) to ascertain the future revenue, expenses & affordability envelop for the next 10 years, using the most recent audited Annual Financial Statements. The directorate Spatial Planning can be contacted for how this can be done.

Regardless of which scenario plays out, the CEF **must** be used as a key informant and basis for any future financial modelling in the municipality.

3.5. PHASE 4: DEFINE SPATIAL PRIORITIZATION TOOL

Aim:

- Develop a capital project portfolio **project prioritization tool**, based on spatial, financial, and engineering imperatives, which will be used to score, rank, and list the prioritized portfolio of infrastructure investments.

Activities:

- Agree on multiple **prioritization criteria** against which the capital project portfolio can be assessed and ranked. This tool will assist in prioritizing the 10-year infrastructure project portfolio and hence the criteria must as a minimum consider alignment with the MSDF, the affordability for the municipality, promotion of long-term financial sustainability, and alignment to engineering needs and objectives. See example below of a binary prioritization tool. The criteria can be weighted and altered as needed to create a more nuanced prioritization tool.
- The capital project portfolio prioritisation tool may also include Environmental, Social and Governance (ECG) impact criteria as well, which can extend its use to other programmes that require infrastructure project prioritisation or scoring (such as the alternative infrastructure financing facilities).

Deliverables:

- A project prioritization tool for infrastructure project prioritisation.

Note: Too many criteria in the prioritization tool limit its impact to effectively prioritize and rank the infrastructure portfolio. Limit the number of criteria to a maximum of 15 (ideally less), and weight non-negotiable criteria the highest.

PRIORITISATION TOOL FOR INFRASTRUCTURE INVESTMENT

		Project A	Project B	Project C
SPATIAL STRATEGY PRIORITISATION CRITERIA	Criteria 1: Project Falls within a Municipal Scale: Priority Investment Area? (Y = 1, N = 0)	1	1	0
	Criteria 2: Project Falls within a Settlement Scale Priority Investment Area? (Y = 1, N = 0)	1	0	0
	Criteria 3: Project Falls within a settlement scale Priority Investment Area, Upgrade Area, Densification Encouragement Area or Informal Settlement Upgrading Area? (Y = 1, N = 0)	1	0	0
	Criteria 4: Project directly related to enabling the implementation of a MSDF Spatial Policy or Strategy, such as Spatial Transformation? (Y = 1, N = 0)	1	0	1
ENGINEERING PRIORITISATION CRITERIA	Criteria 5: Is this addressing a backlog? (Y = 1, N = 0)	1	0	1
	Criteria 6: Is this project giving effect to services required in terms of a statutory or legal requirement? (Y = 1, N = 0)	0	1	1
	Criteria 7: Will this project unlock new investments, attract new economic activities or generate new rates income for the municipality? (Y = 1, N = 0)	0	1	1
	Criteria 8: Is the project implementation ready? (Y = 1, N = 0)	1	1	1
	Criteria 9: Is this infrastructure a net Asset or net Liability for the municipality? (Y = 1, N = 0)	1	0	1
FINANCIAL PRIORITISATION CRITERIA	Criteria 10: Will this infrastructure be revenue generating? (Y = 1, N = 0)	0	0	0
	Criteria 11: Will this infrastructure be affordable to the municipality from a capital investment perspective? (Y = 1, N = 0)	0	0	0
	Criteria 12: – Is the project an asset renewal / replacement project? (Y = 1, N = 0)	0	1	0
	Criteria 13: Will this infrastructure be affordable to the municipality from an operational / maintenance perspective? (Y = 1, N = 0)	1	0	0
COMPOSITE SCORE		**8**	**5**	**6**
COMPOSITE PERCENTAGE		**61.53846**	**38.46154**	**46**

3.6. PHASE 5: PRIORITIZED CAPITAL EXPENDITURE PROGRAMME

Aim:

- Determine the prioritised portfolio of infrastructure investments for a 10-year period using the prioritisation tool developed, aligned to the MSDF, and within the affordability envelop as defined in phase 3.
- Develop a 3-year MTREF pipeline of projects, based on this 10-year programme.

Activities & Deliverables:

- Set out the 10-year capital project portfolio (the list of required capital infrastructure expenditure projects), per functional area, as derived **from phase 1 and phase 2b**, making sure to check for duplication of projects from these phases.
- Using the **prioritisation tool** that was developed in **phase 4**, and in collaboration with the engineering, finance and town planning municipal officials, score and **rank all infrastructure projects** against the agreed prioritisation criteria to arrive at a **prioritised list of infrastructure projects**.
- Using the **prioritised list of infrastructure projects**, together with the **defined funding envelop** from **phase 3**, fit the prioritised infrastructure projects within the 10-year funding envelop. Identify which projects fall within and which do not fall within the affordability envelop, considering **interdependencies and sequencing considerations** of infrastructure investments needed. Tailor or phase the proposed programme within the defined expenditure envelope defined by the LTFP (from phase 3).
- Compile a **spatially referenced capital project portfolio** which is prioritised and fits within the defined affordability envelop.
- Based on the proposals from the Long-term Financial Strategy, match the **funding strategies** and supporting policies needed to implement the prioritised, affordable programme of projects.
- Present a **spatial analysis** of the **Prioritised Capital Expenditure Programme** (10-year portfolio). In this, evaluate capital portfolio and identify which capital projects will contribute towards achieving MSDF spatial transformation agenda.
- **Develop a MTREF (3-year) Project Expenditure Programme for the entire municipality and per functional area.**

- Both the 10-year Prioritised Capital Expenditure Programme and the 3-year MTREF Project Expenditure Programme must be done in an excel spreadsheet which allows the information to be filtered and presented in the following ways**:**

    - Projects can be identified per sector.
    - Projects can be identified as new, upgrade, renewal, or maintenance.
    - Projects can be identified per functional area or spatial category for investment planning (for example, all projects in a particular priority investment area can be identified).
    - One can identify which projects are serving low-income households, based on where they are located.

The final CEF report will present phase 1 to 5 in a single, coherent, logically laid out and accessible document, containing key outputs of the calculations and excel spreadsheets in which the work was undertaken. The actual excel spreadsheets will be annexed to the document, and fully available and accessible to the municipality, including any equations, formulae or methods used to derive the findings that are presented in the excel spreadsheets. No black box systems, software or products will be accepted – the municipality must be able to use the tools without consultant assistance or maintenance contracts.

4. REQUIRED EXPERTISE

To execute this assignment successfully, the Professional Project team must possess the required knowledge, experience, and expertise. If the project is undertaken by external service providers, the project team should be made up of at least the following 3 core skillsets:

Municipal Infrastructure and Integrated Planning Engineering Specialist

- Registered Professional Engineer (ECSA) with a post graduate degree in Civil Engineering or related specialist engineering field (MEng or equivalent).
- Minimum of 10-years post graduate experience, including integrated infrastructure planning, capital project investment planning, analysis, prioritization, and budget planning.
- Proven experience and knowledge of the full lifecycle of infrastructure planning and design, including project conceptualization, master planning, project preparation and project readiness.
- Minimum of 10-years' experience in development analysis and planning, socio-economic profiling, infrastructure demand analysis, infrastructure investment planning and analysis, development impact assessments, local government financial planning and analysis.
- Knowledge of municipal powers and functions, service delivery and governance related legislation and issues in the South African local government sector.
- Sound understanding of the IUDF, SPLUMA, MSDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.

Municipal Financial Planning Specialist

- A minimum of 5-years' experience in financial modelling and the preparation of Long-Term Financial Plans in the South African local government environment.
- An understanding of National Treasury's' requirements for the preparation and finalisation of annual municipal budgets, as well as the integration of the budgeting process with the requirements of the SPLUMA.
- Minimum of 10-years' experience in development analysis and planning, socio-economic profiling, infrastructure demand analysis, infrastructure investment planning and analysis, development impact assessments, local government financial planning and analysis.
- A robust understanding of public sector development financing instruments and a good grasp of innovations in this sector
- Knowledge of municipal powers and functions, service delivery and governance related legislation and issues in the South African local government sector.
- Sound understanding of the IUDF, SPLUMA, MSDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.

An Urban and Regional Planner with Municipal Spatial Planning experience

- Registered Professional Planner (SACPLAN) with a post graduate degree in City and Regional Planning.
- Minimum of 10-years post graduate experience, including integrated planning, municipal spatial planning, precinct, and layout planning.
- Proven experience and knowledge of the full integrated planning, budgeting, and implementation cycle in municipalities.
- Experience in land use planning, and specifically the application of development contributions policies and calculators in determining the infrastructure implications of land use planning investments.
- Knowledge of municipal powers and functions, service delivery and governance related legislation and issues in the South African local government sector.
- Sound understanding of the IUDF, SPLUMA, MSDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.

At least one team member must possess strong GIS and data analysis skills.

5. CONTRACT MANAGEMENT AND REPORTING

- The municipality will be responsible for the contract administration and the management of project finances. The delivery of project outputs will be managed by the municipality, in line with the agreed to Project Implementation Plan.

- A CEF Project Steering Committee (PSC), in the absence of a MSDF Intergovernmental Steering Committee, will be established to manage, monitor, and oversee the project, including approval of the deliverables in line with the agreed to Inception Report and Project Implementation Plan. The Professional Teams and the Project Steering Committee will also be responsible for verifying and endorsing Project Progress Reports and Disbursement Requests which will be submitted for approval.

- The Service Provider will be expected to attend all the Project Steering Committee meetings, to a maximum of 6 meetings, over 18 months.

- The contract with the successful PSP(s) will be for a period of 18 months. The project will commence upon the signing of a Service Level Agreement (SLA) between the municipality and the service provider. This SLA will govern the relationship between the municipality and the professional service provider(s).

6. COPYRIGHT, INTELLECTUAL PROPERTY, DISCLAIMER

- If the work is outsourced, the professional service provider surrenders all claims to Intellectual Property and/or Copyright in terms of any systems, methodologies, processes developed, or data collected/improved under the contract.
- All data collected or derived as a result of and during the contract period is retained and belongs to the municipality, and the Western Cape Government.
- Data collected or derived will be provided to the municipality and Western Cape Government in an accessible, dynamic and useable format, such as in Microsoft Excel, Access and Word.
- Intellectual Property registered prior to the BID dates are excluded from this clause.
- No black box systems or non-accessible software will be accepted as part of this project, which sets the service provider up for "evergreen" maintenance or servicing contracts and the proposals to include one will disqualify bidder.
- Municipal officials must be fully empowered to use and apply the tools and systems developed as part of this project, which is why excel is the preferred tool for data presentation, analysis, and interpretation.
- GIS data will be provided in ESRI format map packages and be the IP of the municipality.
- Numerical data and analysis will be presented in Microsoft Excel format and be the IP of the municipality.