



PUBLIC NOTICE

Public Notice is hereby given in terms of Section 33 (1) of the Municipal Financial Management Act that the eThekweni Municipality is planning to extend the contract of Africa Vukani/ADR until 2014-12-31.

The contractor was appointed for the Strategic Sourcing and Category Management Process, and is required to continue with the project implementation process. A major element, approved by the Project Steering Committee, is to ensure that continued value is delivered in terms of the realization of tangible savings and improvements in the Supply Chain Management Processes of the Municipality, and the furthering of the benefits achieved in the project thus far.

The public are hereby invited to forward any written comments/representations or setting out objections and the grounds thereof to the undersigned. Representations or objections to the extension of contract shall only be considered valid if:

The full names, identity numbers and physical address and contact details of the author is recorded thereon, the interest of the author is recorded fully, the grounds thereof are set out in detail and is lodged with the undersigned at the Tender Box located on the Ground Floor, City Engineers Building, 166 KE Masinga Road not later than 11:00 on Friday, 27th January 2012. Should the author fail to comply substantially with the criteria above, the representation and/or objection may be regarded by the eThekweni Municipality as invalid.

This document is to be made available on the www.durban.gov.za website to provide additional detail to the advert.

For further information, please contact the undersigned:

Mr. T.E. Shezi: Head: Supply Chain Management and CPO.
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Date: 14 October 2011

INTENTION TO EXTEND CONTRACT: AFRICA VUKANI (PTY) LTD: ETHEKWINI SCM EXCELLENCE PROJECT – 'CURE'.

1. Background

On 11 June 2008, the Bid Adjudication Committee approved the most responsive offer, that of Africa Vukani (Pty), for the review of the eThekweni Municipality's supply chain management and targeted procurement policies, and central supplier database, together with appropriate training programme for targeted companies in accordance with their tender of 4 June 2008.

On 18 March 2009, the Bid Adjudication Committee approved the extension of the contract awarded to Africa Vukani (Pty) Ltd for the Current State Analysis; Best in Class SCM Policy Framework and Policy procedures.

2. Project Objectives

Africa Vukani / ADR is currently providing daily support to the Strategic Sourcing teams within the eThekweni Municipality Supply Chain Management Excellence "CURE" Project.

This support includes the following:

1. Managing the projects to ensure ownership and timelines are met.
2. Supporting the teams with the application of the Category Management tools and techniques.
3. Measuring and reporting benefits.
4. Ensuring momentum is maintained to deliver value for money and cost savings.
5. Transferring skills to Strategic Sourcing teams.

The Strategic Sourcing process includes the following activities:

1. Identifying new projects, establishing a project team, defining the project scope through reviewing the current contract status, existing plans and conducting spend analysis
2. Assessing the needs and impact of the project through identifying and engaging stakeholders, conducting Portfolio Analysis to align and drive SCM's "Thinking, Practices and Behaviours". Identifying opportunities that exist through conducting Opportunity Analysis.
3. Analyse internal information such as authority levels, specifications, future requirements, current supplier performance and price & sourcing history.
4. Analyse external information such as market dynamics, identifying potential suppliers, identify & analyse risks and establish pre-qualification criteria.
5. Evaluate and generate options, define the award criteria, develop a source plan submitted to Bid Specification to obtain a mandate to test the market.
6. Evaluate the supply base by creating RFT's and managing the RFT process, collating and evaluating responses, establishing TCO, preparing recommendations to award, submit to Bid Evaluation and obtain a mandate to negotiate where applicable.

7. Evaluate supplier/s and make recommendations of award to Bid Adjudication to obtain a mandate to contract
8. Develop contract terms, transition plans and finalise contract.
9. Develop contract KPI's or SLA's, transition and implement new contract.
10. Manage, review and report on contract and supplier performance measures.

3. Project Deliverables

A current state analysis has already been undertaken and we have completed the first round of spend analysis to come up with the appropriate high-level categories and improvement plans, through consultation with all internal stakeholders.

We have also implemented a new category coding system to ensure all spend data is appropriately and readily available, and more importantly, reportable. Furthermore, we are in a process of implementing a quote management system as a quick win solution toward our center of excellence (e-procurement project programme). This system will enable SCM unit to have a full control and management of RFQ's and will soon be able to report on statutory requirements for all quotations.

We have adopted a holistic approach in the form of six key enablers. These being:

- **Organisation & Structure** - Focused teams with clearly defined responsibility, authority & accountability for sourcing activities
- **Procurement Processes** - Best-in-class strategic sourcing, measurement, approvals, conditioning, negotiation and supplier relationship management processes
- **Learning / Skills** - Strategic Sourcing team using deconstructing price methodologies, use of purchase to pay, and educated key stakeholders
- **Strategic Sourcing** - Significant savings resulting from lower supplier prices
- **People** - Right people in the right position, empowered and driven by accountability
- **Technology** - Use of best-in-class spend analysis, e-sourcing & e-procurement tools

Project Extension is required to complete the implementation process and ensure that continued value is delivered. The costs of extending the project are far outweighed by the savings being achieved as detailed below, as the project is in actual fact self funded through the savings achieved.

The table below provides a summary of the Strategic Sourcing projects.

STRATEGIC SOURCING SUMMARY

Project	Annual Spend Value	% Savings Targeted	Savings Targeted in R	Actual Savings Realised	% Savings Realised
mPVC Pipe	9,041,976	10%	904,198	2,744,944	30%
Road cones	278,350	10%	27,835	70,650	25%
Signs	1,254,520	10%	125,452	243,066	19%
Brass Valves & Fittings	43,143,730	10%	4,314,373	5,608,685	13%
Pool Chemicals	4,157,633	10%	415,763	1,111,768	27%
Refuse Bags	49,164,284	10%	4,916,428	4,909,795	10%

Sub Total	107,040,493	10%	10,704,049	14,688,908	14%
Project	Annual Spend Value	% Savings Targeted	Savings Targeted in R	Potential Savings Based on Average Savings of 14%	Forecasted % Savings
PPE	12,181,110	7.5%	913,583	1,671,584	14%
Electrical Cable	134,248,815	7.5%	10,068,661	18,422,640	14%
Computer	12,041,648	7.5%	903,124	1,652,446	14%
Valves	27,203,435	10%	2,720,344	3,733,062	14%
HDPE Pipe	4,027,753	7.5%	302,081	552,719	14%
VIP Pit Latrine Structures	3,667,815	10%	366,782	503,325	14%
Water Meters	15,543,600	10%	1,554,360	2,133,011	14%
Fasteners	965,795	10%	96,580	132,534	14%
Street Lights & Luminaires	17,358,560	7.5%	1,301,892	2,382,073	14%
Latex Emulsion	1,474,595	10%	147,460	202,355	14%
Lifeguard Uniforms	129,965	10%	12,997	17,835	14%
Sub Total	228,843,091		18,387,862	31,403,584	
GRAND TOTALS	335,883,584	9%	29,091,911	46,092,491	POTENTIAL BENEFITS
				14%	POTENTIAL BENEFITS %

4. Project Steering Committee & Grounds for Extension

The project is driven by a Project Steering Committee, which has broad representation by Unit Heads and key stakeholders across the City. The Project Steering Committee resolved to recommend the extension to the existing contract of Africa Vukani / ADR for the following reasons:

- The company has developed extensive internal business knowledge and relationships with stakeholders within the Municipality;
- The company is a leading Priority Business Enterprise with relevant experience in both the Public and Private sector procurement environment;
- The company has best-in-class local, and international, exposure and expertise at its disposal;
- The company has proven implementation tools and techniques;
- The savings gained through the project out-weigh the costs.

Original Signed by:

Mr T.E. Shezi

Head: Supply Chain Management & CPO