

# PRINCE ALBERT MUNICIPALITY



## INFORMATION STATEMENT

### EXTENSION OF EXISTING CONTRACT

#### TENDER 44/2021

### PROVISION OF PROFESSIONAL SERVICES: MANAGING THE SHORT- TERM INSURANCE PORTFOLIO OF THE PRINCE ALBERT MUNICIPALITY FOR A CONTRACT PERIOD OF THREE (3) YEARS

Prepared in accordance with the provisions of Section 116 of the Municipal Finance  
Management Act (Act 56 of 2003)

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## 1. INTRODUCTION AND BACKGROUND

Section 116(3) of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) prescribes that public participation is required whenever a local authority intends to amend or extend a contract procured through its municipal supply chain management policy.

## 2. SECTION 116(3) PROCESS TO BE FOLLOWED

Section 116 of the MFMA refers to the section regarding **CONTRACTS AND CONTRACT MANAGEMENT**. As required by the MFMA, a municipality is therefore required to provide information and to invite written comments from the local community and affected parties and/or persons for the proposed amendment of contracts procured through the municipal supply chain management policy.

Section 116(3) of the MFMA stipulates the following:

*3) A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—*

- a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and*
- b) the local community—*
  - (i) has been given reasonable notice of the intention to amend the contract or agreement; and*
  - (ii) has been invited to submit representations to the municipality or municipal entity.*

## 3. PROJECT BACKGROUND

The Project Scope involves the service provider providing short-term insurance to cover the municipal assets, as well as managing the short-term insurance portfolio for a contract period of three (3) years.

The main services provided are as follow:

- Short-term insurance and intermediary services; and
- Risk Management Services

## 4. CONTRACT DETAILS

Service provider:	<b>LATERAL UNISON INSURANCE BROKERS (PTY) LTD.</b>
Commencement Date:	<b>01 JULY 2021</b>
Estimated Contract ending date:	<b>30 JUNE 2024</b>
Contract value:	<b>R 1 573 650.00 (Inclusive of VAT)</b>

## 5. FINANCIAL IMPLICATION OF AMENDMENT

Section 116 of the Municipal Finance Management Act (Act 56 of 2003), read together with MFMA Circular 62 (Supply Chain Management, enhancing compliance and accountability) states that contracts may be expanded or varied by not more than **twenty percent (20%) for construction related goods**, services and/or infrastructure projects and **fifteen percent (15%) for all other goods and/or services** of the original value of the contract.

Below is an indication of the financial implications for such contract amendment:

DESCRIPTION	AMOUNT
Awarded contract amount (Incl. VAT)	R 1 573 650.00
Plus 15% variation – Non-construction contract	R 236 047.50
<b>AMENDED CONTRACT VALUE (INCL. VAT)</b>	<b>R 1 809 697.50</b>

## 6. MOTIVATION FOR AMENDMENT

The municipality advertised formally advertised a new tender (Advertised under Tender 49/2024) for the appointment of a service provider to provide short-term insurance and management of the insurance portfolio for a contract period of three (3) years, which closed on 30 May 2024. As a result of receiving a high volume of bids, which must be evaluated, together with the appeal period after adjudication, it was impractical to appoint a service provider before 30 June 2024, in order to implement the new contract.

These uncontrollable variables as expected has had an adverse impact on the project timeframe for implementation. Therefore, the extension will allow the municipality to proceed with the current contract and implementation of key deliverables and objectives as set out in such contract.

## 7. ACCESS TO RELEVANT INFORMATION

- a) Copies of the explanatory documents, contract and information statement will be available for inspection during office hours (from 07h30 to 16h00, Monday to Thursday and 07h30 to 15h30 on Fridays) at the following locations:

**Municipal libraries:**

LOCATION	ADDRESS	CONTACT PERSON
Prince Albert Library	Church Street, Prince Albert, 6930	Ms. Reinie Smit
Leeu-Gamka Library	Gompou Street, Prince Albert, 6930	Ms. Deborah Sarels
Klaarstroom Library	Bloekom Street, Prince Albert, 6930	Ms. Erica Pienaar

**Offices:**

LOCATION	ADDRESS	CONTACT PERSON
Administration Offices	Church Street, Prince Albert, 6930	Ms. Wilhelmina Hannies
Finance Offices	Adderley Street, Prince Albert, 6930	Mr. Dean Damons

- b) A copy of all documentation will also be available on the Prince Albert Municipal website at [www.pamun.gov.za](http://www.pamun.gov.za) .

**8. SUBMISSION OF COMMENTS****8.1) Written comments**

Written comments must be submitted to the Prince Albert Municipality. All comments must be sealed in an envelope that must be deposited in Tender Box Nr. 2. All submissions must be addressed to:

**The Municipal Manager - Prince Albert Municipality**

**33 Church Street, Prince Albert, 6930**

**RE: SECTION 116(3) COMMENTS TENDER 43/2021 & 44/2021**

**8.2) Electronic submissions**

Electronic submissions must be sent to BOTH of the following addresses:

- [scm@pamun.gov.za](mailto:scm@pamun.gov.za)

- [rekords@pamun.gov.za](mailto:rekords@pamun.gov.za)

**8.3) Assistance with physically disabled individuals**

People who have physical disability or unable to write but need to participate in the process may present themselves during office hours at the offices of the Prince Albert Municipality (Finance Division, Thusong Centre, Adderley Street) where a staff member will assist them to transcribe the relevant comments or representations.

**9. DUE DATE FOR SUBMISSION OF COMMENTS**

All comments must be submitted to the municipality **by no later than Friday 26 July 2024 at 14h00.**  
**No exceptions and/or late comments will be allowed.**

**Drafted and issued by:**

A handwritten signature in black ink, appearing to read 'D. Willemse', is written over a horizontal line. The signature is fluid and cursive.

**DAVID-LEIGH WILLEMSE**

Manager: Expenditure and SCM

19 July 2024