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## **SPECIAL CONDITIONS OF THE CONTRACT**

**RT27-2024:**

**PROVISION OF DEBT COLLECTION SERVICES TO THE STATE FOR  
THE PERIOD OF SIXTY (60) MONTHS**

**A NON-COMPULSORY BRIEFING SESSION TO BE HELD ON  
10 NOVEMBER 2023**

**CLOSING DATE AND TIME OF BID**

**01 DECEMBER 2023 AT 11H00**

**BID VALIDITY PERIOD: 180 DAYS FROM THE CLOSING DATE (UP TO  
AND INCLUDING 29 MAY 2024)**

National Treasury

Transversal Contracting



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### LIST OF ABBREVIATIONS

BEC	Bid Evaluation Committee
CPA	Contract Price Adjustment
CSD	Central Supplier Database
CPI	Consumer Price Index
GCC	General Conditions of Contract
HDI	Historically Disadvantaged Individuals
NT	National Treasury
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
PPR 2022	Preferential Procurement Regulations of 2022
POPI	Protection of Personal Information Act, 2013
SARB	South African Reserve Bank
SARS	South African Revenue Service
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
STATS SA	Statistics South Africa
TC	Transversal Contracting
TCD	Transversal Contracting Document
DTIC	The Department of Trade, Industry and Competition
TIC	Tender Information Centre
VAT	Value Added Tax
ZAR	Rand



### LIST OF ANNEXURES

Annexure B	:	Pricing Structure (Commission Rate)
Annexure C	:	Debt Recovery Rate
Annexure D	:	Standard Bidding Documents (SBD)
Annexure E	:	General Condition of Contract (GCC)



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## DEFINITIONS:

**“Historically Disadvantaged Individuals”** means a South African citizen:

- i) Who, due to the apartheid policy that had been in place, had no franchise in national elections before the introduction of the constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (the interim Constitution) and/or
- ii) Who is female; and/or
- iii) Who has a disability.

Provided that a person who obtained South African citizenship on or after the coming to effect of the interim Constitution, is deemed not to be an HDI.

**“Person with Disabilities”** are persons who have a long-term or recurring physical or mental impairment, which substantially limits their prospects of entry into or advancement in employment.

**“Female”** refers to a female person who is a South African citizen.



Table 1: Bid Document Checklist and Returnable

#	Document Name <sup>1</sup>	Included in the published bid document?	To be returned by the bidder?	Bidder may tick Yes if document is submitted
<b>PHASE 1: ADMINISTRATION REQUIREMENTS EVALUATION</b>				
1.	SBD 1 Invitation to Bid	Yes	Yes	
2.	Proof of authority must be submitted as per SBD 1 e.g. company resolution for the capacity under which this bid is signed	No	Yes	
3.	SBD 4 Bidders Disclosure	Yes	Yes	
4.	SBD 6.1 Preference Points Claim Form	Yes	Yes	
5.	Full updated CSD report	No	Yes	
<b>PHASE 2: MANDATORY REQUIREMENTS EVALUATION</b>				
6.	<b>Annexure B:</b> Pricing Structure (Commission Rate in %)	Yes	Yes	
7.	Letter of good standing from Council for Debt Collectors	No	Yes	
8.	Trust Account	No	Yes	
9.	Valid Certificate of registration with the Council for Debt Collectors	No	Yes	
10.	Professional Indemnity Insurance	No	Yes	
<b>PHASE 3: FUNCTIONALITY COMPLIANCE EVALUATION</b>				
11.	Bids evaluated in terms of functionality. Supporting documents must be submitted.	No	Yes	
<b>PHASE 4: PRICE &amp; SPECIFIC GOALS EVALUATION</b>				
12.	<b>Annexure B</b> – Pricing Structure (Commission Rate in %)	Yes	Yes	
<b>OTHER DOCUMENTS REQUIRED</b>				
13.	Bidders Company Profile	No	Yes	
14.	Bidders CIPC Company Registration Documents	No	Yes	
15.	Special Conditions of Contract	Yes	Yes	
16.	General Condition of Contract	Yes	Yes	

<sup>1</sup> Table 1 is provided as guidance to assist bidders with documents that must be returned with the bid. The list is not exhaustive, and it is the responsibility of the bidder to provide all required documents as per the provision of each clause in this bid



## SECTION A: INTRODUCTION AND SPECIFICATIONS

### 1. DESCRIPTION AND FORMAT OF THE BID

1.1 This bid is for the provision of debt collection services to the state for a period of sixty (60) months.

1.2 This bid document is structured as follows:

1.2.1 Section A : Introduction and Terms of Reference

1.2.2 Section B : Conditions of Bid

1.2.2.1 Part 1 : Evaluation Criteria

1.2.2.2 Part 2 : Additional Bid Requirements

1.2.2.3 Part 3 : Recommendation and appointment of bidders

1.2.3 Section C : Conditions of Contract

### 2. LEGISLATIVE AND REGULATORY FRAMEWORK

2.1 This bid and all contracts emanating here from will be subject to General Conditions of Contract (GCC) issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) as well as the Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000) (PPPFA) and its associated Regulations.

2.2 The Special Conditions of Contract (SCC) supplement the GCC. However, when the SCC is in conflict with the GCC, the provisions of the SCC will prevail.

### 3. DURATION OF TRANSVERSAL CONTRACT

3.1 The transversal contract shall be for a period of sixty (60) months.

### 4. NON-COMPULSORY BRIEFING SESSION

4.1 A non-compulsory briefing session will be held as follows:

**Venue :** Microsoft Teams

**Microsoft Teams Link:** [RT27-2024 Briefing Session](#)

**Date :** 10 November 2023

**Time :** 10h00 to 12h00

4.2 The briefing session will provide bidders an opportunity to seek clarity on certain aspects of the procurement process as set out in this document.

4.3 The National Treasury reserves the right to answer questions at the briefing session and/or to respond formally after the briefing session.



## **5. SPECIFICATIONS**

### **THE SCOPE OF WORK / KEY DELIVERABLES**

Successful service providers will be required to provide debt collection services to various State Institutions. The cases will be allocated as and when the services are required by the State and will not necessarily be allocated to the successful bidders on an equitable basis but based on performance.

The State Institutions will be encouraged to share and allocate cases to all the appointed debt collectors. However, performance will be the critical factor for continuous allocation. In case of non-performance the State reserves the rights to re-allocate the case.

For the purpose of this bid, the State will outsource the outstanding debt collection that is older than one (1) year. From time to time the state may request services for less than one (1) year.

The successful bidder(s) are expected to perform the following key deliverables in the execution of ensuing contracts:

#### **5.1 Collection Process**

- 5.1.1 Issue a notification to the debtor to inform them that their account has been handed over. The notification will state the amount owed and outstanding returns.
- 5.1.2 Use feedback from the letters as a first screening and categorisation of the cases.
- 5.1.3 Use data sources to add any additional information or economic activities to the case. This should include but is not limited to business and or spouses activities.
- 5.1.4 Allocate the cases to its call centre and start to engage the debtor(s)
- 5.1.5 Trace, locate, and collect debt from debtors owing money to the state;
- 5.1.6 Capture all interactions with the debtor(s) once contacted and the outcome should include but not be limited to the following:
  - a) Calls
  - b) Emails/faxes/letters
  - c) Meetings
  - d) Payment arrangements
  - e) Payment promise;
  - f) Payment;
  - g) Finalised and handed back;





- h) Returns promised;
  - i) Returns collected; and
  - j) Queries.
- 5.1.7 Recover monies due to the state;
- 5.1.8 Pay the state the recovered capital amount(s) end of each month or as directed by the participating state institution.
- 5.1.9 Untraceable or uncollected cases will be referred back to the state with details of why a case is regarded as untraceable or uncollectable.
- 5.1.10 Account to the participating State Institution on a monthly basis for all the money recovered and the progress report of all cases referred to the debt collector on a quarterly basis.

## **5.2 Reporting**

The State will expect the following as minimum requirements for the reports.

- 5.2.1 A monthly report to be generated with a breakdown of the cases to the individual level;
- 5.2.2 Addresses handed over and any addresses obtained plus source used;
- 5.2.3 Amount handed over and any changes on the account:
- a) Debits;
  - b) Credits (other); and
  - c) Specific payments/ deposits.
- 5.2.4 Actions taken on the account and number of each:
- a) Letter;
  - b) Trace;
  - c) Call(s);
  - d) Meeting(s);
  - e) Payment arrangement;
  - f) Payment promise;
  - g) Payment;
  - h) Finalised and handed back;
  - i) Returns promised; and



- j) Returns collected.
- 5.2.5 Cases handed to the State Institution for action on queries:
  - a) Date handed to State Institution;
  - b) Date returned from State Institution; and
  - c) Number of days with State Institutions.
- 5.2.6 Cases uncollectable:
  - a) No assets and/or income stream; and
  - b) Liquidated/sequestered.
- 5.2.7 Untraceable:
  - a) Steps taken to trace;
  - b) Sources validated; and
  - c) Deceased
- 5.2.8 Information obtained from economic activity:
  - a) Debtor trading in a new business;
  - b) Employment status of the debtor and identify spouse where the debtor is married in the community of property;
  - c) Assets and proof of ownership; and
  - d) Compliance behaviour of the debtor and outcome
- 5.2.9 Quarterly progress reports must be prepared and submitted to the participating State Institution 14 days after the end of a quarter. The contents of these reports must at least include the following information:
  - a) The number of debtors traced and contacted during the quarter;
  - b) The number of untraceable debtors identified;
  - c) The number of debtors contacted that indicated they:
    - i) Never received a notice regarding their outstanding debt; and
    - ii) Received a notice regarding their outstanding debt but failed to respond and the reason/s for not responding;
  - d) The number of payments made during the quarter in question; and
  - e) The total value of the payments made.



### 5.3 Types of Debts

5.3.1 The state has various types of debts; however, the list is not exhaustive. At the time of need, the participating state institution will communicate the type of debts when allocating the case to the service provider.

Table 2:Types of Debts

	DEBT TYPE ABBREVIATION	DEBT TYPE DESCRIPTION
1.	ACCDE	Accommodation Debt
2.	AOHR	Arrears On House Rent
3.	AOPR	Arrears On Government Property Rental
4.	BOCE	Breach Of Contract-Employees
5.	BOCNE	Breach Of Contract-Non-Employees
6.	BURS	Bursary Debts
7.	CARED	Care Dependency
8.	CELDBT	Cell Phone Debt
9.	CHILDS	Child Support Grant
10.	COMD	Communication Debt
11.	DISAB	Disability Grant
12.	DISHON	Dishonoured Cheques
13.	EMP	Employees
14.	ENATIS	E-Natis
15.	EXEMP	Ex-Employees
16.	FOREIG	Foreign Allowances
17.	FOSTER	Foster Care Grant
18.	FRWST	Fruitless & Wasteful Expenditure



	DEBT TYPE ABBREVIATION	DEBT TYPE DESCRIPTION
19.	FRAUD	Fraud
20.	GASTU	Gadi Students
21.	GGA	Gg Accident
22.	LDMP	Losses/Damages-Employee
23.	LDNE	Losses/Damages-Non-Employees
24.	LIBDBT	Library Debt
25.	LWP	Leave Without Pay
26.	MBURS	Medical Bursary Debt
27.	MUNDE	Municipality Debt
28.	OLDAGE	Old Age Grant
29.	SALOVE	Salary Overpayment
30.	SCD	Socpen Care Dependency
31.	SCG	Socpen Child Grant
32.	SFC	Socpen Foster Care
33.	SOC	Social Pension
34.	SOCIAL	Social Relief
35.	ST	Subsistence & Travel
36.	STGUA	State Guarantee
37.	STUL	Student Loans
38.	SUBVH	Subsidized Transport
39.	SUPPL	Supplier Debt
40.	TAXDBT	Tax Debt



	DEBT TYPE ABBREVIATION	DEBT TYPE DESCRIPTION
41.	TELDBT	Telephone Debt
42.	TLAO	Traditional Leaders All Overpay
43.	TRFN	Traffic Fines
44.	UIEXP	Unauthorised/Irregular Expenditure
45.	LEGAL	Legal Fees

#### 5.4 Current Estimated Debt Book (Provincial and National Departments)

The estimated debt book for both National and Provincial Departments amounts to R 3.1 Billion as of 28 February 2023.

- 5.4.1 Depending on the type of debt, the age of the debt will be determined by the due date the debtor was expected to make a payment to the relevant State Institution involved.
- 5.4.2 The relevant State Institution will disclose the age of the debt when referring a matter for debt collection.



## SECTION B: CONDITIONS OF BID

### 6. PART 1: EVALUATION CRITERIA

6.1 The details of the evaluation phases are outlined below:

Table 3: Evaluation Criteria

Phase 1	Phase 2	Phase 3	Phase 4
Administrative Evaluation	Mandatory Requirements Evaluation	Functionality Compliance Evaluation	Price and Specific Goals
Compliance with legislative and other bid requirements	Compliance with mandatory requirements	Compliance with functionality requirements	Bids evaluated in terms of the 90/10 preference points system

#### 6.2 PHASE 1: ADMINISTRATIVE EVALUATION

6.2.1 Bidders are required to submit the legislative documents to comply with the policy to guide uniformity in procurement reform processes in the Government regarding the standardised bidding documents (SBDs) for supply chain management. It is also a requirement for bidders to submit additional documents as detailed below:

6.2.1.1 **SBD 1** – Invitation to Bid

6.2.1.2 **Proof of Authority** – This is a Company Resolution for the capacity under which this bid is signed.

6.2.1.3 **SBD 4** – Bidders Disclosure

6.2.1.4 **SBD 6.1** – Preference Points Claim Form

6.2.1.5 **Central Supplier Database (CSD)** – A full updated CSD report

#### 6.3 PHASE 2: MANDATORY REQUIREMENTS EVALUATION

6.3.1 During this phase, the bidders' responses will be evaluated based on the mandatory requirement. Non-compliance to the mandatory requirement will result in the disqualification of the bid response.

##### 6.3.2 Pricing Structure (Commission Rate in %) and Schedule

6.3.2.1 The Pricing (Commission Rate in %) Structure (**Annexure B**) provided in this bid forms an integral part of the bid document and bidders must ensure that it is completed without changing the structure thereof. All commissioning rates offered must be on a National Level.

6.3.2.2 Bidders are required to complete the mandatory **Pricing Structure** (Commission Rate in %) **Annexure B** as a response to how much the items offered will be charged. The non-submission of the Pricing Structure (Commission Rate in %) (**Annexure B**) will invalidate the bid response.



- 6.3.2.3 Prices submitted in this bid must be filled in on the field provided on the Pricing Structure (Commission Rate in %) supplied with the bid.
- 6.3.2.4 Price structures that do not comply with this requirement will invalidate the Prices must be all-inclusive for the provision of debt collection services, this includes VAT (if registered for VAT), and any other costs that may influence the price.
- 6.3.2.5 Failure to submit the required proof may invalidate the bid.
- 6.3.3 **Trust Account**
- 6.3.3.1 The bidders are required to submit proof of a Trust Account registered in terms of the Debt Collectors Act.
- 6.3.3.2 Failure to submit the required proof may invalidate the bid.
- 6.3.4 **Letter of Good Standing**
- 6.3.4.1 Bidders are required to submit a letter of good standing from the Council of Debt Collectors at the closing date and time of the bid.
- 6.3.4.2 It is a requirement of this bid that, all successful bidders furnish the National Treasury a renewed letter of good standing from the Council of Debt Collectors no later than 30 days from the date of expiry of the letter of good standing.
- 6.3.4.3 Failure to submit a letter of good standing may invalidate the bid or cancelation of a contract entered into with the state.
- 6.3.5 **Certificate of Registration**
- 6.3.5.1 It is a condition of this bid that all bidders are registered with the Council for Debt Collectors.
- 6.3.5.2 A certified copy (not older than 12 months) of a certificate of registration issued by the council for debt collectors must be submitted with the bid at the closing date and time.
- 6.3.5.3 All personnel involved in the state account must be registered with the council for debt collectors where such personnel are required to be registered and such certification must be submitted.
- 6.3.5.4 Attorneys operating as debt collectors are expected to be registered with the Council for Debt Collectors and submit a Certificate of Registration.
- 6.3.5.5 The submitted certificate of registration must be valid for the duration of the contract. In a case where the certificate of registration of a successful bidder has expired, the contractor would be required to furnish an updated certificate of registration within 14 days of the expiry of the certificate.
- 6.3.5.6 Failure to submit the required certificate may invalidate the bid and/or the contract.
- 6.3.6 **Professional Indemnity Insurance**



- 6.3.6.1 The bidder(s) are required to have Professional Indemnity Insurance and submit it at the closing date and time of the bid. In a case where the bidder does not have insurance, a valid quotation must be submitted as proof at the closing date and time. All successful bidders will be required to have insurance before notification of the award is issued.
- 6.3.6.2 Failure to submit the required proof may invalidate the bid.
- 6.3.7 **Commission Rate/Fee**
- 6.3.7.1 The Commission rate must be a national rate and must be an all-inclusive rate (direct and indirect costs) that may be incurred by the bidder in rendering the service. No other costs will be accepted after the award.
- 6.3.7.2 Commission rate must be completed on the field(s) provided for in the pricing Structure. Bidders must complete tables 1, 2, 3, and 4.
- 6.3.7.3 Successful bidders are not allowed to charge the debtor any fees that are not regulated during the collection period, the commission rate would be the only payment that would be made to successful bidders. The commission rate offered must take this into account.
- 6.3.7.4 Commission rate/fee is subject to negotiations as and when the services are required by the State Institution depending on the debt book allocated.
- 6.3.7.5 The debt book and age analysis will be discussed at the time of allocation of the case between the State Institution and successful bidder (s).
- 6.3.7.6 The commission rate/fee is based on the "No recovery No fee".
- 6.3.7.7 Failure to comply with the above may result in the invalidation of the bid.



#### 6.4 PHASE 3: FUNCTIONALITY COMPLIANCE EVALUATION

- 6.4.1 Only bidders who have complied with Phase 2 will be evaluated in Phase 3. Bidder's responses will be evaluated based on the functionality compliance out of 100%. Only Bidder(s) who have met the minimum threshold of 66.67% will be evaluated in phase 4. The functionality evaluation will be in line with section 5 of the scope of work. The evaluation criteria will be as follows:

#	Requirements	Weight	Scale 3 - The bidder fully meets and exceeds the Functionality requirements. 2 – The bidder meets the Functionality requirements 1 – The bidder partially meets the Functionality requirements 0 – The bidder fails to meet the Functionality requirements
	1) Capability and Experience	30	Model Answer
	<b>Company Experience</b> Company profile proposal must indicate years of experience in providing debt collection management services and organizational structure. This information will be verified against the Certificate of Registration with Council for Debt Collectors.	4	3 = Seven (7) or more years experience in providing debt management services 2 = more than Five (5 years) but less than Seven (7) years of experience in providing debt management services 1 = more than Three (3) years but less than Five (5) years of experience in providing debt management services 0 = Less than three (3) years of experience in providing debt management services or no information provided



	<p>Bidder must have handled at least three (3) contracts that have been successfully completed within the last five (5) years, in the fields of debt collection.</p> <p>Bidders are required to submit Form 1 for three (3) contactable references highlighting the information required, accompanied by reference letters from the clients on their letterheads.</p>	8	<p>3 = Three (3) or more references for the implementation of similar contracts</p> <p>2 = Two (2) references for the implementation of similar contracts</p> <p>1 = One (1) reference for the implementation of similar contracts</p> <p>0 = No reference for the implementation of a similar contract</p>
	<p><b>Debt Book Value</b></p> <p>The Bidder must indicate the debt book value of the three (3) contracts listed on <b>Form 1</b>.</p>	6	<p>3 = Total Debt book value of more than R100m</p> <p>2 = Total Debt book value of more than R50m but less than R100m</p> <p>1 = Total Debt book value of more than R25m but less than R50m</p> <p>0 = Total Debt book value of less than R25m or not provided</p>
	<p><b>Recovery Rate</b></p> <p>Bidders must indicate the average recovery rate achieved on the previous three (3) contracts. Bidders are required to submit <b>Annexure C</b></p>	12	<p>3 = More than 70% recovery rate</p> <p>2 = Between 40%-69% recovery rate</p> <p>1 = Between 10%-39% recovery rate</p> <p>0 = Less than 10% recovery rate or not provided</p>
	<p><b>2) Staff Experience and Account Management</b></p>	10	<p><b>Model Answer</b></p>
	<p><b>Staff Experience</b></p> <p>At the time of this bid at least five (5) experts/lead personnel to be allocated to the State contract are currently working for the Company in the field of debt collection and, or related services: - Provide CV's and certified copies of qualifications not older than 6 months.</p> <p>a) Have at least 3 years of relevant experience</p> <p>b) Have adequate and relevant qualifications (minimum National Diploma or degree)</p> <p>c) Are Multilingual (2 or more languages)</p>	5	<p>3 = 5 or more lead personnel complies with the requirements</p> <p>2 = three (3) to four (4) lead personnel comply with the requirements.</p> <p>1 = two (2) lead personnel comply with the requirements.</p> <p>0 = one (1) or less lead personnel comply with the requirements.</p>



	<b>Account Manager</b> The bidder must provide a dedicated Account Manager who will attend regular contract review meetings with the client department(s). The bidder is to provide a CV's of the Account manager indicating the relevant experience: a) At least three years of experience as an Account Manager b) Relevant management qualification in Finance, Legal, or any equivalent qualification c) the account manager be registered with council for debt collectors.	2	<b>Experience</b> 3 = Account Manager is more than acceptable and fully complies with the requirements. 2 = Account Manager is acceptable and complies with the requirements. 1 = Account Manager is less than acceptable and partially complies with the requirements. 0 = Account Manager is not acceptable and does not comply with the requirements
	<b>Account Manager qualifications</b> (Relevant management qualification in Finance, Legal, or any equivalent qualification) Bidders must submit certified qualifications valid for 6 months.	3	<b>Qualification</b> 3 = NQF 8 (bidder must submit certified copy) 2 = NQF 7 (bidder must submit certified copy) 0 = No information provided / NQF level is below NQF 7 or certificate not aligned / proof not submitted
	<b>3) Call Centre and IT Infrastructure</b>	30	<b>Model Answer</b>
	<b>Call Centre</b> Bidder to indicate the size of the call center and number of call center operators/seats Bidders must submit supporting documentation confirming the space, ownership, lease, rental, etc	10	3 = More than 50 seats/operators 2 = 30 to 50 seats/operators 1 = 20 to 29 seats/operators 0 = Less than 20 seats/operators or not provided
	<b>IT Infrastructure</b> Bidders provide information to demonstrate that they have IT infrastructure that complies with the following requirements:	20	3 = IT infrastructure is comprehensive and addresses all the requirements (all five mentioned). 2 = IT infrastructure is acceptable and addresses four (4) of the

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a) Process and procedures that allow for immediate and accurate updating of accounts, with relevant checks and balances, and provide the necessary supporting documentation.	5		<p>requirements.</p> <p>1 = IT infrastructure is less acceptable and addresses three (3) or less of the requirements.</p> <p>0 = IT infrastructure does not address the requirements.</p>
b) IT Resources, including all the industry-leading tools and information resources to enable tracing, monitoring, predictive dialer tools, preview dialing, and call center management tools (Demonstration may be required from shortlisted bidders).	5		
c) The system should provide tracer-based software for collection such as sending payment reminders, generating collection letters, and scheduling follow-up, and to allow for full reconciliation and audit trails; and	5		
d) Reports are updated in real-time, and available on multiple platforms (Online, email, data stores). Reports are actionable real-time management information. Sample templates must be provided.	3		
e) How client confidential information will be secured. including disaster recovery management (data security, storage, retrieved)	2		
<b>4) National Footprint</b>		<b>5</b>	<b>Model Answer</b>
<p>Bidders are required to indicate the national footprint (Satellite Office) in which they can render the service.</p> <p>Bidders must submit supporting documentation confirming ownership, lease, rental, etc</p>		<b>5</b>	<p>3 = Able to render service in nine (9) provinces</p> <p>2 = Able to render service in six (6) to eight (8) provinces</p> <p>1 = Able to render service in three (3) to five (5) provinces</p> <p>0 = Able to render service in less than (3) provinces</p>
<b>5) Risk Management</b>		<b>5</b>	<b>Model Answer</b>

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	<p>Bidders must include a risk management strategy to mitigate against any implementation risk that may arise during the contract period.</p> <p>Identify possible recovery challenges/risks, the impact of the risk, the likelihood of the risk, and the risk magnitude. Explain how the risk will be mitigated and monitored.</p>	<b>5</b>	<p>3 = Risk management strategy is comprehensive (early identification, well managed, and resolved adequately)</p> <p>2 = Risk management strategy is acceptable</p> <p>1 = Risk management strategy is partially acceptable.</p> <p>0 = Risk management strategy is not acceptable.</p>
<b>6) Collection Process</b>		<b>15</b>	<b>Model Answer</b>
	<p>Bidder to demonstrate how the collection process will be conducted to ensure that debt is collected efficiently and ethically. Explain the process from beginning to end.</p>	<b>15</b>	<p>3 = The Collection process is comprehensive and adequately explained (Reference Pages 8 to 10 of SCC)</p> <p>2 = The Collection process is adequate and explained in an acceptable manner</p> <p>1 = Collection process is inadequate.</p> <p>0 = The Collection process is not acceptable.</p>
<b>7) Association</b>		<b>5</b>	<b>Model Answer</b>
	<p>Provide proof of Association of Debt Recovery Agents membership or any other relevant statutory bodies.</p> <p>The minimum requirement is the Association of Debt Recovery Agents (ADRA) or Law Society.</p> <p>Other relevant bodies such as the South African Institute of Chartered Accountants (SAICA), South African Institute of Professional Accountants (SAIPA), etc. or other relevant professional bodies, e.g. Debt Counsellors, Accounting South Africa, South African Restructuring and Insolvency Practitioners (SARIPA), Turnaround Management Association (TMA) etc.</p>	<b>5</b>	<p>3 = The bidder belongs to any of the mentioned or relevant industry bodies/ association</p> <p>0 = The bidder does not belong to any of the mentioned or relevant industry bodies/ associations.</p>
<b>TOTAL</b>		<b>100</b>	



6.4.2 Bidders must provide supporting documents for all the below elements as per paragraph 6.5.

6.4.3 Bidders that have achieved the minimum qualifying score of 66.67% for functionality will be evaluated further for Price and Specific goals.

## **6.5 State Requirements from the Bidder(s)**

Bidder(s) are required to submit their response to all the information in this section:

### **6.5.1 Company Profile and Resources**

- a) Company profile must clearly indicate debt collection and related services, organisational structure, national footprint, and infrastructure to render the services;
- b) Proposal on its staff's area of experience, languages, qualifications, and competencies relevant to the scope of services.
- c) Size of call/contact centre and number of seats;
- d) Amount of time required by the bidder to commence with the services once appointed; and
- e) Full details of the dedicated Account Manager who will attend regular contract review meetings between the bidder and State Institutions (per province if applicable)

### **6.5.2 Capability**

Provide a schedule (Form 1) of the bidder's experience and proven track record over the past 3 years in debt collection and related services. The information provided for each client must include (but not limited to: -

- a) Client name;
- b) Contact person, phone number, and the company's business address;
- c) Debt book value;
- d) Contract period;
- e) Description of debt collection services rendered;
- f) State nature of account (collection for consumers, businesses, or both);
- g) Challenges;
- h) Recovery rate; and
- i) Value added services.

Please note that the State will sample and contact the clients for a reference check. It is important to ensure that the clients listed on the bidder's schedule are contactable. Supporting documents must be at least three reference letters.

**6.5.3 Collection Process**

Provide the detailed collection process implemented by the bidder to ensure that debt is collected efficiently and ethically.

Provide proof of Association of Debt Recovery Agents membership or any other relevant statutory bodies.

**6.5.4 Insurance and Trust Account**

Provide proof that the bidder has Professional Indemnity Insurance with a minimum of R50 million or a quotation from a relevant insurance. Provide proof of Trust Account.

**6.5.5 Technology and Reporting**

Provide details on the:-

- a) Process and procedure implemented for submitting and updating accounts;
- b) IT resources and infrastructure to enable tracing, monitoring, predictive dialler tools, preview dialling, and call centre management tools;
- c) Capability of bidder's system to integrate with other system but not limited (e.g. credit bureau, Home affairs, Financial System (Bass, Logis, SAP, etc)
- d) Nature and the format of reports available. These include but are not limited to online reports and the ability to provide customised reports.

**6.5.6 National Footprint**

- 6.5.6.1 Bidders are required to have a national footprint and indicate which areas/provinces they are represented. Furthermore, the state intends to appoint service providers per province to ensure Local Economic Development in the respective provinces. Due diligence and site visits may be conducted to validate the information at any stage, pre- or post-award of the bid at the discretion of the State.

**6.5.7 Risk Management**

- 6.5.7.1 Bidders must include a risk management strategy to mitigate against any implementation risks that might arise for the duration of the contract.

**6.5.8 Debt Book Value**

- 6.5.8.1 The Bidder must include the debt book value of the three (3) previous contracts that they have delt with.

**6.5.9 Recovery Rate**

- 6.5.9.1 Bidders must indicate the average recovery rate achieved on the previous three (3) contracts. Bidders are required to fill and return **Annexure C**.



**6.5.10 Collection Process**

- 6.5.10.1 Bidders must demonstrate how the collection process will be conducted to ensure that debt is collected efficiently and ethically. Explain the process from beginning to end.

**6.5.11 Association**

- 6.5.11.1 Bidders must Provide proof of Association of Debt Recovery Agents membership or any other relevant statutory bodies.

**6.5.12 Call Centre and IT Infrastructure**

- 6.5.12.1 Bidders must indicate the size of the call centre and the number of call centre operators/seats
- 6.5.12.2 Bidders must provide information to demonstrate that they have IT infrastructure that complies with the following requirements:
- a) Process and procedures that allow for immediate and accurate updating of accounts, with relevant checks and balances, and provide the necessary supporting documentation.
  - b) IT Resources, including all the industry-leading tools and information resources to enable tracing, monitoring, predictive dialer tools, preview dialing, and call center management tools (Demonstration may be required from shortlisted bidders).
  - c) The system should provide tracer-based software for collection such as sending payment reminders, generating collection letters, and scheduling follow-up, and allow for full reconciliation and audit trails; and
  - d) Reports are updated in real-time, and available on multiple platforms (Online, email, data stores). Reports are actionable real-time management information. Sample templates must be provided

**6.6 PHASE 4: PRICE AND SPECIFIC GOALS**

- 6.6.1 Only Bidder(s) who have met the minimum threshold of 66.67% in functionality will be evaluated in Phase 4.

**6.6.2 Pricing Structure (Commission Rate) and structure requirements:**

- 6.6.2.1 Prices must be **all-inclusive** for the provision of debt collection services, this includes VAT (if registered for VAT), and any other costs that may influence the price.
- 6.6.2.2 The pricing Structure (Commission Rate) provided in this bid forms an integral part of the bid document and bidders must ensure that it is completed without changing the structure thereof. Bidders are required to complete a mandatory Pricing Structure as a response to how much the items offered will be charged.
- 6.6.2.3 Due diligence on market-related pricing (Commission rate) may be conducted. The State reserves the right to disqualify bid offers that are under-quoted and or are above market value. In this case, the bidder may be required to submit supporting documentation to the State to prove that the pricing is not under-quoted or above market value.



- 6.6.2.4 Conditional discounts offered will not be taken into consideration during evaluation.
- 6.6.2.5 Prices submitted in this bid must be filled in on the field provided on the pricing Structure supplied with the bid. Price structures that do not comply with this requirement will invalidate the bid.
- 6.6.2.6 The Pricing Structure (Commission Rate) (**see Annexure B attached**) must be submitted in two forms, as hardcopy which must be included in the bid document and an Excel spreadsheet saved in a USB/memory stick together with the bid proposal at the closing date and time of the bid. It is the bidder's responsibility to ensure that both the hard copy and the Excel version are the same (replica).

### 6.6.3 Preference Points System

- 6.6.3.1 The 90/10 preference points system will apply in terms of the Preferential Procurement Regulations about the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), and responsive bids will be adjudicated as follows:
- Price (Maximum of 90 points)
  - Specific Goals (Maximum 10 points)
- 6.6.3.2 The following formula will be used to calculate the points for price:

$$P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where,

$P_s$  = Points scored for price of tender under consideration

$P_t$  = Price of tender under consideration

$P_{\min}$  = Price of lowest acceptable tender

- 6.6.3.3 A maximum of 10 points may be awarded to a bidder for being a historically disadvantaged individual and/or achieving any of the specified goals. The State reserves the right to arrange contracts with more than one contractor.
- 6.6.3.4 The points out of 10 will be allocated as follows:

SPECIFIC GOALS	POINTS ALLOCATED OUT OF 10	FORMULA TO CALCULATE THE POINTS OUT OF 10
HDI: Who had no franchise in national elections before the 1983 and 1993 Constitution	4	$PSSG = MPA \times \frac{PEO}{100}$  Where: PSSG = Points scored for a specific goal
HDI: Who is a Female	4	MPA = Maximum points allocated for a specific goal
HDI: Who has a Disability	2	PEO = Percentage of equity by an HDI



<b>POINTS</b>	<b>10</b>	
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- a) The points scored by a bidder in respect of the goals indicated above will be added to the points scored for price.
- b) Bidders are required to complete the SBD 6.1 forms in order to claim preference points.
- c) Only a bidder who has completed and signed the declaration part of the SBD 6.1 preference points claim forms will be considered for preference points.
- d) The tenderer must submit proof of its ownership. CSD report (submit full CSD report) together with the bidder's CIPC registration documents must be submitted to confirm proof of ownership.
- e) The tenderer must submit proof of disability (if claiming points for disability). A medical certificate/letter signed by a registered medical practitioner confirming disability status will serve as proof.
- f) Failure on the part of a bidder to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed.
- g) The Transversal Contracting officials may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- h) Points scored will be rounded off to the nearest 2 decimals.
- i) In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of points for the specified goals. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- j) A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.
- k) Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.

#### 6.6.4 **Applicable Taxes**

- a) All bid prices must be inclusive of all applicable taxes.
- b) All bid prices must be inclusive of fifteen percent (15%) Value Added Tax (if registered for VAT).
- c) Failure to comply with this condition may invalidate the bid.

#### 6.6.5 **Cost Breakdown**

- 6.6.5.1 Bidders are requested to submit the cost breakdown of their pricing for each item offered. Should the cost breakdown be the same for all items on the bid response, the bidder must indicate clearly in the bid response. The cost breakdown submitted will be utilized during the price adjustment considerations.



6.6.5.2 Bidders should itemise the cost of each item into various components which are cost drivers. The cost needs to be broken down into direct and indirect costs. Each cost driver should be assigned a percentage of the total cost.

6.6.5.3 **Example:**

**Table 4: Example of Cost Breakdown**

Cost-driver	% Total Cost
Labour	70%
Other (Indicate)	30%
The total price of the item	100%



## **7. PART 2: ADDITIONAL BID REQUIREMENTS**

### **7.1 COMPANY PROFILE**

7.1.1 Bidders are requested to submit a company profile that includes, but is not limited to the following:

7.1.1.1 Business structure and strategies;

7.1.1.2 Details of the bidder's directors/owners (Full name and surname and ID or passport number); and

7.1.1.3 Number of years the company has been in existence and the number of years of experience relevant to this bid.

### **7.2 TERMS AND CONDITIONS OF BID**

#### **7.2.1 Counter Conditions**

7.2.1.1 Bidders' attention is drawn to the fact that amendments to any of the bid conditions or setting of counter conditions by bidders may result in the invalidation of such bids.

7.2.1.2 The National Treasury reserves the right to change or supplement any information or to issue any addendum to this bid before the closing date and time. The National Treasury and its officers, employees, and advisors will not be liable in connection with either the exercise of or failure to exercise this right.

7.2.1.3 If the National Treasury exercises its right to change or supplement information in terms of the above clause, it may seek amended bid documents from all bidders.

#### **7.2.2 Fronting**

7.2.2.1 The National Treasury supports the spirit of Broad-Based Black Economic Empowerment (B-BBEE) and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and an honest, fair, equitable, transparent, and legally compliant manner. Against this background, the National Treasury does not support any form of fronting.

7.2.2.2 The National Treasury, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct, or initiate the necessary inquiries/investigations to determine the accuracy of the representation made in this bid document. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade, Industry, and Competition (the DTIC), be established during such inquiry/investigation, the onus will be on the bidder to prove that fronting does not exist.

7.2.2.3 Failure to do so by the bidder within a period of fourteen (14) days from the date of notification by the National Treasury may invalidate the bid/contract and may also result in the restriction of the bidder to conduct business with the state for a period not exceeding ten (10) years, in addition to any other remedies the National Treasury may have against the bidder concerned.



### 7.3 SUBMISSION OF BIDS

#### 7.3.1 PHYSICAL AND HARDCOPY BID SUBMISSION

- 7.3.1.1 Bidders are required to submit hard copies at the National Treasury, 240 Madiba Street, Tender Information Centre (TIC), and deposit the bid in the Tender Box.
- 7.3.1.2 The hard copy of the bid response will serve as the legal bid document.
- 7.3.1.3 Bidders' attention is drawn to the sequential submission format as per the **checklist in Table 1**.
- 7.3.1.4 Bidders must submit the bid in the following format:
  - a. One (1) original hard copy, and
  - b. One (1) USB / memory stick with all the documents on the original hard copy and the **Excel version of the pricing Structure** (Commission Rate) (**Annexure B**). Bidders must ensure that the USB / memory stick is marked with the bidder's name.
- 7.3.1.5 It is the responsibility of the bidder to ensure that **All** documents on the USB / memory stick submitted are the exact copy (replica) of the hard copy documents. Any discrepancies between the USB document and the original hard copy, the hard copy will take precedence.
- 7.3.1.6 A bid should be submitted in a sealed envelope or sealed suitable cover on which the name and address of the bidder, the bid number, and the closing date must be clearly visible.
- 7.3.1.7 Submit all bid queries via email to [Demand.Acquisition1@treasury.gov.za](mailto:Demand.Acquisition1@treasury.gov.za)

### 7.4 LATE BIDS

- 7.4.1 Bids received after the closing date and time at the TIC will **NOT** be accepted for consideration and where practical, be returned unopened to the bidder.

### 7.5 COMMUNICATION AND CONFIDENTIALITY

- 7.5.1 The Chief Directorate: Transversal Contracting (TC) within the Office of the Chief Procurement Officer (OCPO) may communicate with bidders where clarity is sought after the closing date and time of the bid and prior to the award of the transversal contract, or to extend the validity period of the bid, if necessary.
- 7.5.2 Any communication to any State official or a person acting in an advisory capacity for the State in respect of this bid between the closing date and the award of the bid by the bidder is discouraged.
- 7.5.3 Whilst all due care has been taken in connection with the preparation of this bid, the National Treasury makes no representations or warranties that the content in this bid or any information communicated to or provided to bidders during the bidding process is, or will be, accurate, current, or complete. The National Treasury, and its officers, employees, and advisors will not be liable with respect to any



information communicated which is not accurate, current, or complete.

- 7.5.4 If a bidder finds or reasonably believes it has found any discrepancy, ambiguity, error, or inconsistency in this bid or any other information provided by the National Treasury (other than minor clerical matters), the bidder must promptly notify the National Treasury in writing of such discrepancy, ambiguity, error or inconsistency in order to afford the National Treasury an opportunity to consider what corrective action is necessary (if any).
- 7.5.5 Any actual discrepancy, ambiguity, error, or inconsistency in this bid or any other information provided by the National Treasury will, if possible, be corrected and provided to all bidders without attribution to the bidder who provided the written notice.
- 7.5.6 All communication between the bidder and the National Treasury office must be done in writing as per the Contact Details below.
- 7.5.7 No representations made by or on behalf of the National Treasury in relation to this bid will be binding on the National Treasury unless that representation is expressly incorporated into the contract ultimately entered between the National Treasury and the successful bidder(s).
- 7.5.8 All persons (including all bidders) obtaining or receiving this bid and any other information in connection with this bid, or the tendering process must keep the contents of the bid and other such information confidential, and not disclose or use the information except as required for the purpose of developing a response to this bid.

## 7.6 CONTACT DETAILS

- 7.6.1 **General:** - National Treasury, Office of the Chief Procurement Officer, Chief Directorate: Transversal Contracting, Private Bag x115, Pretoria, 0001. Physical address: 240 Madiba Street, corner Thabo Sehume and Madiba Streets, Pretoria.
- 7.6.2 **Bid Enquiries:** - All enquiries should be in writing to [Demand.Acquisition1@treasury.gov.za](mailto:Demand.Acquisition1@treasury.gov.za). The closing date for receipt of all enquiries is **27 November 2023**. All enquiries beyond the closing date may not be considered.

**8. PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS**

8.1 Once the evaluation process is complete there will be a recommendation report by the Bid Evaluation Committee (BEC) to the Bid Adjudication Committee (BAC) which has the authority to either support (approve) or not support (not approve) the recommendation/s and appointment/s.

8.2 On approval of the recommendation/s and appointment/s, the successful bidder(s) will sign an appointment letter for the provision of debt collection services for this bid and the unsuccessful bidder(s) will be informed accordingly.

**8.3 Tax Compliance Requirements**

8.3.1 It is a condition of this bid that the tax matters of the successful bidder(s) are in order, or that satisfactory arrangements have been made with the South African Revenue Service (SARS) to meet the bidder's tax obligations.

8.3.2 The Tax Compliance status requirements are also applicable to potential foreign bidders/individuals who wish to submit a bid.

8.3.3 Bidders are required to be registered on the Central Supplier Database (CSD) and the National Treasury shall verify the bidder's tax compliance status through the CSD or through SARS.

8.3.4 Where Consortia / Joint Ventures / Sub-Contractors are involved, each party must be registered on the CSD, and their tax compliance status will be verified through the CSD or through SARS.

8.3.5 The state will not award a bid to any bidder whose tax matters are not in order.

**8.4 Multiple Award**

8.4.1 The State reserves the right to award the same item to more than two suppliers to address service availability. Due diligence will be applied to ensure that pricing (Commission Rate is affordable, market-related, and aligned to end-user requirements.

8.4.2 The maximum number of bidders to be awarded will be at the discretion of the Bid Evaluation Committee.

8.4.3 The following will be taken into consideration when awarding through a multiple award:

- a) Capacity to meet volume demand as per bid requirements
- b) Estimated volume to be supplied
- c) Previous performance of the bidder

**8.5 Negotiations**

8.5.1 The State reserves the right to negotiate with the shortlisted bidders prior to the award. The terms and conditions for negotiations will be communicated to the shortlisted bidders prior to the invitation to negotiations. This phase is meant to ensure value for money is achieved through the measure of quality





that will assess the monetary cost of the items or services against the quality and or benefits of that item or services.

## **8.6 Due Diligence**

8.6.1 The State reserves the right to conduct due diligence during the evaluation phases, before the final award, or at any time during the transversal contract period and this may include pre-announced/ non-announced site visits. During the due diligence process, the information submitted by the bidder will be verified and any misrepresentation thereof may disqualify the bid in whole or in part.

## **8.7 Right of Award**

8.7.1 The State reserves its following rights -

8.7.1.1 To award the bid in part or in full,

8.7.1.2 Not to make any award in this bid or accept any bids submitted,

8.7.1.3 Request further technical information from any bidder after the closing date,

8.7.1.4 Verify information and documentation of the bidder(s),

8.7.1.5 Not to accept any of the bids submitted,

8.7.1.6 To withdraw or amend any of the bid conditions by notice in writing to all bidders before closing of the bid and post-award, and

8.7.1.7 If an incorrect award has been made to remedy the matter in any lawful manner it may deem fit.

## **8.8 Ethical Conduct**

8.8.1 All successful bidders must adhere to the code of conduct and ethical practices as prescribed by the council for debt collectors.

8.8.2 The state may cancel the contract and impose other reasonable remedies in a case where a successful bidder has contravened the prescribed code of conduct issued by the council for debt collectors.

8.8.3 All successful bidders must treat the data submitted by the state as confidential and may not be shared with a third party without prior approval of the National Treasury in consultation with the Department of Justice and Constitutional Development (DOJ&CD) and the relevant State Institution.

8.8.4 The State reserves the right to negotiate with the shortlisted bidders prior to award and with the successful bidder(s) post-award.

## **8.9 Collected Data**

8.9.1 All data collected by successful bidders in the execution of this contract belongs to the state.

8.9.2 The state reserves the right to request that information be handed over to the state at any given time and instruct that information not be shared with any third party unless written consent has been given.



## SECTION C: CONDITIONS OF CONTRACT

### 9. CONCLUSION OF MASTER TRANSVERSAL AGREEMENT AND PARTICIPATION AGREEMENT

**9.1** The Master Transversal Agreement between National Treasury and the bidding company/entities collectively referred to as Parties shall come into effect after the bidding company/entities have been issued with an unconditional letter of acceptance of their bids and listed on the panel.

**9.2** The following will form part of the Master Transversal Agreement documents between the Parties as far as RT27 is concerned:

9.2.1 Bid Documents

9.2.2 Award Letters

9.2.3 Contract Circular and its Annexures,

9.2.4 Master Transversal Agreement

### 10. PARTICIPATING IN STATE INSTITUTIONS

**10.1** The following State institutions will be participating in the transversal contract for RT27-2024:

No	Organs of State
1.	Agricultural Research Council
2.	Eastern Cape Department of Health
3.	Eastern Cape Department of Public Works & Infrastructure
4.	Ekurhuleni Water Care Company
5.	Elundini Municipality
6.	Gateway Airports Authority Limited
7.	KwaZulu Natal Department of Human Settlements
8.	MerSETA
9.	Road Agency Limpopo
10.	Pan South African Language Board
11.	South African National Accreditation System
12.	The Breede Gouritz Catchment Management Agency
13.	Department of Defence

**10.2** This contract would be applicable to Government Departments / organs of state that have a need to recover the debts as per the below:

#### 10.2.1 National Departments

- All National departments

#### 10.2.2 Provincial Departments



- All provincial departments

### 10.2.3 All organs of state

## 11. POST AWARD PARTICIPATION

11.1 PFMA public institutions listed in Schedules 1, 2, 3A, 3B, 3C, 3D and Local Government may send an application to the National Treasury post-award to request participation in the transversal contract.

11.2 In terms of Treasury Regulation 16A6.5 Accounting Officer/Accounting Authority of National and Provincial departments, constitutional institutions, and public entities listed in schedules 1, 3A, and 3C to the PFMA may opt to participate in a transversal contract facilitated by the relevant treasury.

11.3 Regulation 32 of the Municipal SCM Regulations provides that a Supply Chain Management policy may allow the accounting officer to procure goods or services for a municipality or municipal entity under a contract secured by another organ of the state.

## 12. AWARD CONDITIONS

The State reserves the right to award contracts to more than one contractor for the same item.

## 13. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES

### 13.1 Contract Administration

13.1.1 The administration and facilitation of the transversal contract is the responsibility of the National Treasury and all correspondence in this regard must be directed to the Transversal Contracting Department via email at [TCcontracts2@treasury.gov.za](mailto:TCcontracts2@treasury.gov.za)

13.1.2 Service providers must advise the Chief Directorate: Transversal Contracting, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the transversal contract. Full particulars of such circumstances as well as the period of delay must be furnished.

### 13.2 Supplier Performance Management

13.2.1 Supplier performance management will be the responsibility of the purchasing institution and where supplier performance disputes cannot be resolved between the service provider and the relevant purchasing institution, National Treasury: Transversal Contracting must be contacted for corrective actions.

13.2.2 Supplier performance rating Form (to be provided for by National Treasury after the bid award) will be instituted, and every service provider must complete it to ensure good performance.

13.2.3 End-user State institutions are required to report to the National Treasury where the service provider's performance is not satisfactory.

13.2.4 Successful service providers will have their performance scored. National Treasury will provide a template that will be used to measure overall performance in terms of the transversal contract. Service



providers who score an unacceptable performance rating may not be awarded future contracts of the same bid and may have the transversal contract terminated before the end of the transversal contract period.

#### 14. CONTRACT PRICE ADJUSTMENT

##### 14.1 Formula

14.1.1 Prices submitted for this bid will be regarded as non-firm and may be subject to adjustment(s) in terms of the following formula, defined areas of cost, and defined periods.

14.1.2 Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.

14.1.3 The following price adjustment formula will be applicable for calculating contract price adjustments (CPA).

**Table 5: Contract Price Adjustment Formula**

$Pa = (1 - V)Pt \left( D1 \frac{R1t}{R1o} + D2 \frac{R2t}{R2o} + D3 \frac{R3t}{R3o} + ..... + Dn \frac{Rnt}{Rno} \right) + VPt$		
Pa	=	The new adjusted price to be calculated
V	=	The fixed portion of the bid price (15% or 0.15)
Pt	=	Original bid price. Note that Pt must always be the original bid price and not an adjusted price
(1-V)Pt	=	Adjustable portion of the bid price (85% or 0.85)
D1 – Dn	=	Each factor (or percentage) of the bid price, e.g., material, labor, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%)
R1t – Rnt	=	End Index. Index figure obtained from the index at the end of each adjustment period.
R1o–Rno	=	Base Index. Index figure at the time of bidding.
VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment

##### 14.2 Formula component definitions

###### 14.2.1 Adjustable amount

14.2.1.1 The adjustable amount is the portion of the bid price that is subject to adjustment. In this bid, the adjustable amount is 85% of the original bid price. For example, if the bid price is R1000, then only R850 will be subject to adjustment.

###### 14.2.2 Fixed portion



14.2.2.1 The fixed portion represents those costs that will not change over the adjustment period and do NOT represent the profit margin. In this bid, the fixed portion is 15% of the original bid price. Using the same example as above, it would amount to R150 which will remain fixed over the contract periods.

#### 14.2.3 Cost Components and Proportions

14.2.3.1 The cost components of the contract price usually constitute the cost of materials (raw material or finished product), cost of direct labour, cost of transport, and those other costs which are inclined to change. The proportions are the contribution to the contract price of each of these cost components. In this bid, the following cost components will be used to calculate contract price adjustments.

14.2.3.2 Bidders are requested to submit the cost breakdown of the bid price for each item with their bid. Should the cost breakdown be the same for all items on the bid, please indicate it clearly in the bid document. Bidders will not be allowed to change the cost breakdown of bid prices during the tenure of the contract.

14.2.3.3 Successful bidders who are direct importers of raw material / finished products can apply for RoE adjustment under cost element D1. If the successful bidder is not a direct importer of raw material / finished product, cost component D1 would not be applicable and only local cost components (D2 - Dn) would be applicable.

**Table 6 - Contract Price Adjustment Cost Components**

Cost Component	% Contribution
D3 – Labour	
D6 – Other	
<b>TOTAL (Cost components must add up to 100%)</b>	<b>100 %</b>

#### 14.2.4 Applicable Indices/references

14.2.4.1 The applicable index refers to the relevant market index, which is a true reflection of price movement(s) in the cost over time. In this bid, the following indices or references will be applicable:

**Table 7: Applicable Indices/References**

Cost component	Index Publication	Index Reference
D3 – Labour	STATS SA P0141 (CPI), Table E; OR Labour Agreement <sup>2</sup>	Table E - All Items (CPI Headline) OR Labour agreement to be provided/ Regulated Pricing Adjustment

<sup>2</sup> In the absence of a labour agreement, the labour cost component will be adjusted with CPI Headline inflation.



Cost component	Index Publication	Index Reference
D6 – Other	Specify (STATS SA Index)	STATS SA Table (Specify)

#### 14.2.5 Base index date

14.2.5.1 The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid, the base index date is **NOVEMBER 2023**.

#### 14.2.6 End index date

14.2.6.1 The end index dates are the dates at predetermined points in time during the contract period. In this bid, the end indices are defined in the next paragraph (Price Adjustment Periods).

#### 14.2.7 Price adjustment periods

14.2.7.1 Price adjustment shall be applied on an annual basis at the anniversary of the transversal contract from the closing date of the bid.

**Table 8: Price Adjustment Period**

Adjustment Period	CPA application to reach the office by the following dates	End Index	Dates from which adjusted prices will become effective
<b>1<sup>st</sup> Adjustment</b>	1 November 2024	September 2024	1 February 2025
<b>2<sup>nd</sup> Adjustment</b>	1 November 2025	September 2025	1 February 2026
<b>3<sup>rd</sup> Adjustment</b>	1 November 2026	September 2026	1 February 2027
<b>4<sup>th</sup> Adjustment</b>	1 November 2027	September 2027	1 February 2028
<b>5<sup>th</sup> Adjustment</b>	1 November 2028	September 2028	1 February 2029

#### 14.2.8 General

14.2.8.1 Unless prior approval has been obtained from the National Treasury, Transversal Contracting, no adjustment in contract prices will be made.

14.2.8.2 Application for price adjustment must be accompanied by documentary evidence in support of any adjustment.

14.2.8.3 CPA application will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.

14.2.8.4 If the service provider's CPA application, based on the above formula and parameters, differs from



Transversal Contracting verification, Transversal Contracting will consult with the service provider to resolve the differences.

14.2.8.5 Bidders are referred to in the paragraph regarding counter conditions.

14.2.8.6 An electronic price adjustment calculator will be available on request from Transversal Contracting.

14.2.8.7 The State reserves the right to negotiate a price adjustment or not to grant any price adjustment.

## **15. PLACEMENT OF ORDERS AND PAYMENTS**

15.1 Orders will be placed by participating institutions who will be responsible for the payment to service providers for goods delivered and/or services rendered.

15.2 This contract is concluded for the purposes of appointing more than two (2) service providers to be used on a rotational basis, where practical.

## **16. REFERRAL OF DEBT COLLECTION**

### **16.1 Referrals**

16.1.1 Referrals of debt collection cases will be referred to successful bidders by the relevant State Institution.

### **16.2 Deliverables**

16.2.1 Maintain and provide the State Institution with proper accounting records in respect of all money collected and paid over, on a monthly basis;

16.2.2 Provide feedback reports on the status of matters regarding recovery on a monthly and quarterly basis.

### **16.3 Finalisation of Debt Collection**

16.3.1 Valid invoices accompanied by proof of debt collection must be submitted to the State Institution to finalize and close on a monthly basis or as determined by the participating State Institution(s).

### **16.4 Uncollectable Cases that Require Litigation Process**

Upon conclusion that a case is not collectible and requires litigation, the participating state institution will refer the matter to the State Attorney for litigation process.

## **17. CHANGES IN DETAILS OF SUCCESSFUL SERVICES PROVIDERS**

17.1 Where a contracted service provider plans to merge with or is going to be acquired by another entity, the contracted service provider must inform the National Treasury in writing 90 days before such event of relevant details.

### **17.2 Changes in the Service Provider Contact Details**

17.3 A contracted service provider must inform the National Treasury within 7 days of any changes of



address, name, and or contact details.

## **18. REGISTRATION ON DATABASES OF PARTICIPATING INSTITUTIONS**

- 18.1** Service providers must ensure continued compliance with all statutory requirements which may affect their complying status on the Central Supplier Database managed by National Treasury.
- 18.2** All service providers must ensure registration at all participating institutions within 30 days of accepting the award.
- 18.3** Service providers must ensure that they register with all the participating institutions the items that they have been awarded in the contract. Service providers must take note that the participating institutions have different systems that they use internally to capture awarded contract information including that of awarded service providers.
- 18.4** Failure to meet this requirement will result in an inability to process orders and payments for goods.

## **19. MONITORING**

- 19.1** Monitoring audits may be conducted periodically and randomly by the National Treasury, various organs of the State, or by a supplier appointed by the State to determine continuous compliance with the service and terms of the contract. The Participating Institutions, will monitor the performance of contracted service providers and maintain a report for compliance with the terms of this contract as follows:
- 19.1.1** Compliance with delivery lead times.
- 19.1.2** Percentage of orders supplied in full first time.
- 19.1.3** Compliance with reporting requirements according to reporting schedule.
- 19.1.4** Attendance of compulsory meetings: The National Treasury compulsory meetings with service providers to review supplier performance. The schedules of the meetings will be sent to successful bidders.
- 19.2** The state may conduct a random audit(s) with or without prior appointment arrangements with the appointed service providers.
- 19.3** The National Treasury will conduct meetings with the Participating Institutions and service providers to discuss transversal contracting issues.
- 19.4** The National Treasury may request Participating Institutions to impose penalties, where deemed necessary, as per Sections 21 and 22 of the General Conditions of Contract.
- 19.5** Any change in the status of supply performance during the contract period must be reported within seven (7) days of receipt of such information to the National Treasury.
- 19.6** Reporting and service provider meetings will be on a six-monthly basis and will be scheduled post-award.
- 19.7** All successful service providers are required to submit historical value and volume reports via e-mail every quarter to: [TCcontracts2@treasury.gov.za](mailto:TCcontracts2@treasury.gov.za)





**19.8** Detailed reporting requirements from service providers will be provided to awarded service providers.

**20. TERMINATION**

**20.1** The State shall be entitled to terminate this agreement if one or more of the following occur: –

20.1.1 The service provider decides to transfer the contract or cede the contract.

20.1.2 The service provider does not honor contractual obligations including the submission of information.

20.1.3 The service provider is provisionally or finally liquidated, making it impossible for the service provider to perform its functions in terms of this transversal contract.

20.1.4 The service provider enters into settlement arrangements with their creditors.

20.1.5 The service provider commits an act of insolvency.

20.1.6 In the event that the service provider is a member of an unincorporated joint venture or consortium and the membership of such joint venture or consortium changes.

20.1.7 There is a change in ownership of the service provider that has the effect that over 50% of the ownership of the service provider belongs to the new owner without the prior written approval of the State.

20.1.8 Overall poor performance rating during the contract period.

**END**