

**INVITATION TO BID**

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)

BID NUMBER:02/10/22

CLOSING DATE: 19 OCTOBER 2022

CLOSING TIME: 11:00 AM

**DESCRIPTION: TEDA: BID TEDA 01/08/22 FOR THE APPOINTMENT OF A TRAVEL AGENT TO RENDER SERVICES IN RESPECT OF TRAVEL, ACCOMMODATION AND VENUES AS WELL AS FACILITATION, EVENT MANAGEMENT AND CONFERENCES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA) FOR A PERIOD OF THREE (3) YEARS**

**The successful bidder will be required to fill in and sign a written Contract Form (MBD 7).**

BID DOCUMENTS MAY BE POSTED TO:

**TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)  
P O BOX 11751  
ZWARTKOP  
PRETORIA  
0051**

OR

DEPOSITED IN THE BID BOX SITUATED AT (*STREET ADDRESS*)

**TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)  
3<sup>RD</sup> FLOOR  
LAKEVIEW BUILDING  
1277 MIKE CRAWFORD ROAD  
CENTURION MALL**

**Bidders should ensure that bids are delivered timeously to the correct address. If the bid is late, it will not be accepted for consideration.**

The bid box is generally open 24 hours a day, 7 days a week.

ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS – (NOT TO BE RE-TYPED)

THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT

**NB: NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE (as defined in Regulation 1 of the Local Government: Municipal Supply Chain Management Regulations)**

**THE FOLLOWING PARTICULARS MUST BE FURNISHED  
(FAILURE TO DO SO MAY RESULT IN YOUR BID BEING DISQUALIFIED)**

NAME OF BIDDER .....

POSTAL ADDRESS .....

STREET ADDRESS .....

TELEPHONE NUMBER

CODE.....NUMBER.....

CELLPHONE NUMBER .....

FACSIMILE NUMBER

CODE .....

NUMBER.....

E-MAIL ADDRESS .....

VAT REGISTRATION NUMBER .....

HAS AN ORIGINAL AND VALID TAX CLEARANCE CERTIFICATE BEEN ATTACHED? (MBD 2)

YES/NO

HAS A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE BEEN SUBMITTED? (MBD 6.1)

YES/NO

IF YES, WHO WAS THE CERTIFICATE ISSUED BY?

AN ACCOUNTING OFFICER AS CONTEMPLATED IN THE CLOSE CORPORATION ACT (CCA) ☐

A VERIFICATION AGENCY ACCREDITED BY THE SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM (SANAS) ☐

A REGISTERED AUDITOR ☐

(Tick applicable box)

**(A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE 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)

SIGNATURE OF BIDDER .....

DATE .....

CAPACITY UNDER WHICH THIS BID IS SIGNED .....

TOTAL BID PRICE.....

TOTAL NUMBER OF ITEMS OFFERED .....

**ANY ENQUIRIES REGARDING THE BIDDING PROCEDURE AND TECHNICAL REQUIREMENTS MAY BE DIRECTED TO:**

**Department:** SUPPLY CHAIN MANAGEMENT

**Contact Person:** Mokgadi Mapokane at 012 3586539 or e mail to MokgadiMa@tshwane.gov.za

**All enquiries must be in writing**

**MBD 3.3****PRICING SCHEDULE**  
**(Professional Services)**NAME OF BIDDER: ..... **BID NO.:** TEDA 02/10/22CLOSING TIME **11:00 am**

OFFER TO BE VALID FOR NINETY (90) DAYS FROM THE CLOSING DATE OF BID.

ITEM NO	DESCRIPTION	BID PRICE IN RSA CURRENCY INCLUSIVE OF <u>VALUE ADDED TAX</u>
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**TEDA: CANCELLATION AND REINVITATION OF BID TEDA 02/10/22 FOR THE APPOINTMENT OF A TRAVEL AGENT TO RENDER SERVICES IN RESPECT OF TRAVEL, ACCOMMODATION AND VENUES AS WELL AS FACILITATION, EVENT MANAGEMENT AND CONFERENCES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA) FOR A PERIOD OF THREE (3) YEARS**

**SERVICE FEE**

1	Domestic air ticket – Business Class	R
2	Domestic Airlines – Economy Class	R
3	International Airlines – Economy Class	R
4	Domestic Airlines – Business Class / First Class	R
5	International Airlines – Business Class / First Class	R
6	Ticket re-issue (exchanges / upgrades)	R
7	Domestic hotel reservation (bill-back basis)	R
8	International hotel reservation	R
9	Car rental reservation (Domestic)	R
10	Car rental reservation (International)	R
11	Shuttle reservation (International)	R
12	Shuttle reservation (Domestic)	R
13	Airport Parking (Standard)	R
14	Airport Parking (Executive Parking)	R
15	Train reservation (Gau-train)	R
16	Parking reservation (train)	R
17	Train reservation (other)	R
18	Parking reservation (train)	R
19	Travel Insurance	R
20	Foreign Exchange (order & delivery)	R
21	Visas	R
22	Busses (International)	R
23	Busses (Domestic)	R
24	After hours service fee	R

25	Delivery of documents	R
26	Monthly Management Reports & Additional Reports	R
27	No-show fee (hotels)	R
28	Cancellation fee (Air Ticket)	R
29	Cancellation fee (Accommodation)	R
30	Cancellation fee (Shuttle Service)	R
31	Cancellation fee (Conference and Workshop venues)	R
32	Cancellation fee (Train Service)	R
33	Cancellation fee (Venue and Facilitators)	R
34	Cancellation fee (Train Services)	R
35	Bill Back Fee	R
<b>TOTAL COST</b>		<b>R</b>
<b>Please indicate whether the below percentage is acceptable or not. If not the provide reasons. TEDA reserves the right to negotiate the rates and or percentage to the recommended bidder</b>		
Conference, Facilitation, Workshop and Venues at 5% of the total expense of the order raised at a given time.		<b>Accepted/ Not accepted</b>

## SPECIAL CONDITIONS

1. This contract will be awarded to the **Top Two (2) Travel Agents** that scored the highest points. Quotations will be solicited from both recommended companies whenever a need arise. Where it is deemed feasible, one quotation may be solicited on a rotation basis.
2. This bid and all contracts emanating will be subject to the General Conditions of Contract (GCC) in terms of the Municipal Finance Management Act, 56 of 2003. The Special Conditions are supplementary to that of the General Conditions of Contract. Where, however the Special Conditions of Contract are in conflict with General Conditions of Contract, the Special Conditions of the Contract prevail.
3. Any discount afforded must be incorporated into the quoted fee.
4. **All quoted fees must be quoted in Rands and inclusive of VAT except for the Conference, Events Management and Facilitation and Venue which must be quoted on Percentages of the Order raised**
5. **Failure to comply with paragraph 4 above will lead to disqualification as your bid will not be comparable. TEDA reserves the right to negotiate both rates and or percentages with the recommended bidder(s).**
6. Fees to be valid for the first year of contract and thereafter increase normally with the average CPIX for the following year. Any other price increase other than the CPIX will not be accepted.
7. After hour's fee which in some cases is outsourced must not be outsourced as this creates a lot of inconvenience and unnecessary additional cost.
8. **NB: Shortlisted service providers will be requested to at least three (3) years audited financial statement. Bidders that have a bad financial standing will not be recommended as this may impact negatively on service delivery or the bill back process. All bidders are required to complete MBD 5 for National Industrial Participation Programme.**
9. The recommended service provider must provide travel and accommodation services to TEDA at discounted rates.
10. TEDA reserves the right to solicit any of the services outside this contract if it deems it cost effective and reasonably fit or in the interest of the entity.
11. Vehicle rental and Train service also forms part of the service requirements.
12. The recommended service provider(s) must be in a possession to render a professional service outside South Africa countries as well.
13. **Service providers that are not registered with both IATA (International Air Transport Association) and ASATA (Association of South African Travel Agents) or who fail to provide proof that effect will automatically be disqualified.**
14. The recommended service provider must assist officials in acquiring passports and Visas and any other related documentation and also rendering professional advice on the usage.
15. It is a condition of the bid that the recommended service provider must render advice on the accumulation and usage of the voyager miles.

16. The recommended service provider will be expected to advise on matters related to insuring staff members especially on international trips.
17. **All bidders are required to submit testimonials from not less than six (6) entities where they have rendered a similar or related service successfully in the past. TEDA reserves the right to verify authenticity of the testimonials.**
18. A designated personnel from the travel agent must be made available on a 24 hour basis.
19. Joint Ventures must each provide the relevant valid Tax Clearance certificate and also a certified BEE certificate.
20. Bidders must submit a sample of the Management reports as per the Terms of reference.
21. **The original bid documents and one copy of the tender document must be submitted** by enclosing them in a sealed envelopes bearing the applicable tender heading and bid reference number, as well as the closing date and time.
22. Municipal accounts of less than three months must be submitted together with the bid documents. Bidders who have payments for municipal or other services that are overdue for more than 30 days and/or have disputed municipal rates and taxes will be disqualified.

Bidders who have disputed municipal accounts for rates and taxes and/or accounts for municipal or other services that are more than 30 days overdue will be disqualified. Municipal accounts for the last three months must be submitted together with the bid documents.

Should the bidder be renting in a leased property, both lessor and the lessee's agreement must be furnished together with the landlord's municipal account or statement (***Failure to comply with the above requirement will lead to disqualification***)

Conditions of Contract are in conflict with General Conditions of Contract, the Special Conditions of the Contract prevail.

23. **Bidders who are in the employ of the State shall automatically be disqualified.**
24. TEDA reserves the right to enter into negotiations with the recommended services provider(s)
25. Shortlisted bidders will be invited for a presentation.
26. **Where bidders are joint ventures or consortium etc., this relationship should be disclosed. A consortium agreement should be submitted.**
27. No service may be rendered without an official order.
28. **Late bids**

Bids received late shall not be considered.

29. **NB: All Bidders must continuously monitor amendments that may be made on TEDA the e Tender and TEDA website for the above bid. TEDA will not be held liable/responsible in the event that Tenderers do not view responses to questions/queries/comments which were posted on the e-Tender portal and TEDA website.**
30. **Did you take note that the Travel Management Company must comply with MCCR 2019 See Circular (MFMA Circular 97, Annexure B) attached after the General Condition of Contract.**

Any enquiries regarding bidding procedures may be directed to the following enquiries:

<b>Enquiries</b>
Mokgadi Mapokane Tel: 012-3586575 E mail: <a href="mailto:MokgadiM@tshwane.gov.za">MokgadiM@tshwane.gov.za</a>

All enquiries must be in writing.

**FUNCTIONALITY SCORE SHEET: TEDA: BID TEDA: 02/10/22**

**FUNCTIONALITY POINTS: ACCOMODATION/ CONFERENCE/ PAYMENTS/ ACCUMULATED CREDITS/ MANAGEMENT REPORT AIR, TRAIN & ROAD TRAVEL:**

	CRITERIA	WEIGHTS	SCORE	COMMENTS
1	References/Testimonials on a department of organisation's letterhead	(30) 5 points for each reference		
2	<b>Financial Aspect</b>  Special tariff  Special discounts  Accumulated Credits  Firm/Non-firm offer  Negotiations	(50)  10 points for each aspect		
3	<b>Methodology/ Detailed Implementation of the project Service/Operational cost</b>  Management of accounts  Representivity  Transfer of skills  Organisation's credentials	(20)		
		<b>100</b>		

**\*Bidders that scores less than 80 points on functionality will not be evaluated further on Price and BEE.**



**Bidders are requested to cover the below aspects in their submission and presentation as it will form part of their evaluation.**

### **FINANCIAL ASPECTS**

Do you offer any special negotiated tariffs other than the normal special tariffs?

Do you offer any special negotiated discounts?

Are special tariffs firm or not firm for the period of the contract?

Are specially negotiated discounts firm for the duration of the contract?

Would you be in a possession to provide proof of specially negotiated tariffs, discounts?

Did you take note that the Travel Management Company must comply with MCCR 2019  
See Circular (MFMA Circular 97, Annexure B) attached after the General Condition of Contract.

### **METHODOLGY AND SERVICE OPERTIONAL COST**

In what way is personnel available 24 hours?

What security measures are in place to prevent financial/ security irregularities?

In which manner will the account be reconciled?

Where are branch offices situated locally?

Do you have any offices situated outside RSA?

How many local agents will be used and where are they situated?

What support service do you offer?

How do you develop and transfer skills in the travel industry?

Are you a joint venture, if yes, how involved are you? Breakdown of equity?

Provide us with your client base (not less than six (6) as received from the relevant Department or entity

Give us examples of any large accounts that you have managed and challenges faced during the contract period.

How will you adhere to TEDA's travel policy also encouraging cost containment measures?

How will you ensure that TEDA is abreast with the latest developments in the market?

## BID CHECK LIST

1	<b>Did you familiarise yourself with the content of the Special conditions and the General Conditions of Contract?</b>	YES	NO
Non adherence to the special conditions and the General Conditions of Contract will result in a disqualification			
2	<b>Did you complete the pricing schedule: MBD 3</b>	YES	NO
Non completion of the prescribed pricing schedule in full may result in a disqualification. (Percentages are not accepted)			
3	<b>Is your company registered with both IATA and ASATA.</b>	YES	NO
If yes, provide documentary proof. Lack of proof will result in disqualification.			
4	<b>In case of consortium, have all parties to the consortium / joint venture submitted a valid Tax Clearance Certificate?</b>	YES	NO
Failure to submit consortium / joint venture agreement and declaration on MBD 6.1 may result in the disqualification of your bid			
5	<b>Have you submitted a CSD report that is tax compliant</b>	YES	NO
Failure to submit a tax compliant CSD report may lead to the disqualification of your bid			
6	<b>Has MBD 1 form been signed by a duly authorized person?</b>	YES	NO
Failure to sign the MBD 1 form may result in the disqualification of your bid			
7	<b>Did you complete and sign all bidding documents?</b>	YES	NO
All bid documents must be completed and signed			
8	<b>Did you attach a sample of the Management Reports</b>	YES	NO
9	<b>Did you submit a valid BEE certificate with SAPS affidavit</b>	YES	NO
Bidders who do not submit a BEE certificate or a Valid BEE certificate will not be entitled to Preference points claim.		YES	NO
10	<b>Did you familiarize yourself with the evaluation criteria</b>	YES	NO
Travel Management Company must comply with MCCR 2019 See Circular (MFMA Circular 97, Annexure B) attached after the General Condition of Contract.		YES	NO
11	<b>Did you take note that the Travel Management Company must comply with MCCR 2019 See Circular (MFMA Circular 97, Annexure B) attached after the General Condition of Contract</b>	YES	NO

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE A

PROCEDURES RELATING TO ARRANGEMENTS FOR ACCOMODATION

1 IDENTIFY REQUIREMENTS

- 1.1 An official of Tshwane Economic Development Agency identifies a need for accommodation for an official visit away from his/her office.

2 REQUEST FOR ACCOMMODATION

- 2.1 The official submits his/her request for accommodation for the intended visit.

3 PRELIMINARY BOOKINGS

- 3.1 If approved, SCM will contact the travel agent and make preliminary bookings.

4 METHOD OF PAYMENTS

- 4.1 The travel agent will pay for all accommodation (only bed and breakfast, except if any special arrangements have been made by SCM

5 AUTHORISE ISSUING OF VOUCHER FOR ACCOMMODATION

- 5.1 The travel agent will receive written confirmation of accepting preliminary booking, whereby the issuing of the voucher of accommodation is authorized

6 DELIVERY OF VOUCHER FOR ACCOMMODATION

- 6.1 The travel agent will deliver all vouchers for accommodation to the relevant official

7 COLLECTION OF VOUCHER FOR ACCOMMODATION

- 7.1 It is to be noted that only in exceptional cases and as mutually agreed between the travel agent and the official who made the booking, may vouchers for accommodation be collected from the travel agent.

8 CHANGES TO ACCOMMODATION ARRANGEMENTNS

- 8.1 If changes occur to the original accommodation arrangements, the official who made the booking is to liaise with the travel agent and make the necessary arrangements, with the proviso that such changes are confirmed in writing. The following actions will be taken for the indicated cases:

- a) **Cancellation of Accommodation:** The voucher for accommodation is to be reported by the official who made the booking for the travel agent who will cancel the booking. The travel agent must provide proof of cancellation to the concerned official or reflect in the management report.

COMPLY		
YES	NO	COMMENTS

		COMPLY		
		YES	NO	COMMENTS
	<p>b) <b>Changes to Accommodation Arrangements:</b> The official who made the booking is to approach the travel agent timeously and have the original bookings changed. The travel agent must provide proof of changes to the concerned official.</p>			
9	<b>REPLACEMENT OF LOST VOUCHER FOR ACCOMMODATION</b>			
9.1	The travel agent must supply written proof of cancellation of the original voucher. The travel agent will issue a new voucher for accommodation and forward it to the relevant official.			
10	<b>ARRIVAL AT ACCOMMODATION</b>			
10.1	At the reception, the official will hand in the voucher for accommodation, sign the required documents and take possession of the room keys. In case of combined bookings, all officials will individually sign the required documents and take possession of their own room keys.			
11	<b>NON-UTILISATION OF ACCOMMODATION</b>			
11.1	In the event of the accommodation not being utilized as booked and the travel agent and hotel not having been timeously advised of any cancellation or changes to the bookings, such non-utilisation of accommodation is to be reported to Supply Chain Management. Cancellation fees will be for the relevant responsibility's budget or for the concerned officer's personal account if satisfactory explanations cannot be presented.			
12	<b>ARRIVAL AT ACCOMMODATION</b>			
12.1	At the reception, the official will hand in the voucher for accommodation, sign the required documents and take possession of the room keys. In case of combined bookings, all officials will individually sign the required documents and take possession of their own room keys.			

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE  
TSHWANE ECONOMIC DEVELOPMENT AGENCY

**ANNEXURE B**

**PROCEDURES RELATING TO DOMESTIC AIR TRAVEL**

**1. IDENTITY REQUIREMENTS**

- 1.1 An official from Tshwane Economic Development Agency identifies a need to travel by a commercial airline company from point A to B. The requirement is submitted to the relevant authority to obtain approval to travel by the commercial airline

**2. AUTHORISATION**

- 2.1 The authority appointed to approve the order from travellers, reviews the request and approves it if it is in order. After the booking has been made, the booking form must be sent to the travel agency so that it can be used as a control measure to help prevent irregularities. No travel agencies will finalise or issue a flight ticket before they have received an official order form or letter on their records. It must be noted that, if a combined preliminary booking has been made for a group of travellers, each traveller has to be reflected on the booking form. Bookings may not enable traveller to gain any personal benefits.

**3. TICKET CLASSES**

- 3.1 Tickets will be booked in accordance with TEDA's travel policy as follows:

Business Class: As per the Travel policy or as approved by the Accounting officer (Travel above 5 hours)

Economy: The rest of staff except on International trips or as communicated by the Accounting officer (See TEDA policy for details)

**4. INSURANCE OF AIR TICKET**

- 4.1 Only when the travelling form is received, will the travel agent confirm the preliminary booking by issuing the air ticket to the relevant official at Tshwane Economic Development Agency

**5. DELIVERY OF AIR TICKET**

- 5.1 The travel agent will issue the air ticket/ preliminary booking to the relevant official at Tshwane Economic Development Agency.

**6. COLLECTION OF AIR TICKET**

- 6.1 Due to financial implications it is to be noted that only in exceptional cases and as mutually agreed between the travel agents and the official who made the booking, may air tickets be collected from the travel agent or from passenger services at airports(e-ticketing)

COMPLY		
YES	NO	COMMENTS

		COMPLY		
		YES	NO	COMMENTS
<b>7.</b>	<b>CHANGES TO AIR TRAVEL ARRANGEMENTS</b>			
7.1	<p>In case of changes occurring to the original travel arrangements, the official who made the booking is to liaise with the travel agent and make the necessary arrangements, with the proviso that such changes are confirmed in writing. The following actions will be taken for the indicated cases:</p> <p>(a) <b>Cancellation of Travel:</b> Arrangements is to be made in writing by the official who made the booking. If payment had been made and an invoice had already been submitted to TEDA, a credit note will be processed. In the event of cancellation fees being levied, the travel agent is to invoice TEDA accordingly. Payment of cancellation fees may be for the account of the relevant responsibility and will be regarded as a loss.</p> <p>(b) <b>Changes to Travel:</b> The official who made the booking is to approach the travel agent timeously and have the bookings changed.</p>			
<b>8.</b>	<b>REPLACEMENT OF LOST AIR TICKET</b>			
8.1	<p>The following actions must be taken:</p> <p>(a) The official who made the booking will report the loss of the air ticket to the travel agent to cancel the relevant air ticket and submit the reference number of the particular booking.</p> <p>(b) The travel agent will approach the airline company to cancel the relevant air ticket.</p> <p>(c) A new air ticket will be issued and forwarded to the relevant official at the Office of TEDA.</p> <p>In the case of an invoice already issued and submitted to Tshwane Economic Development Agency, a document showing the change in the air ticket number on the invoice only is to be submitted to Tshwane Economic Development Agency.</p>			
<b>9.</b>	<b>WEIGHING-IN AT AIRPORT</b>			
9.1	Travellers are to ensure that they timeously weigh-in at airport to prevent cancellation of bookings or additional costs relating to change in bookings.			
<b>10.</b>	<b>CHANGES IN BOOKING DURING WEIGHING-IN</b>			
10.1	Only in exceptional cases may travellers change the original approved bookings. In these cases the travellers will be obliged to pay any additional costs and refer any claim for reimbursement to TEDA. Furthermore, travellers may under no circumstances endeavour to have their air tickets changed to help accumulation of personal benefits.			

		COMPLY		
		YES	NO	COMMENTS
11	<b>EXCESS LUGGAGE</b>			
11.1	Official excess luggage will be paid for by TEDA however, private excess luggage remains the responsibility and cost of the traveler concerned.			
	a) <b><u>Prior knowledge</u></b> Tshwane Economic Development Agency is to either provide the traveler with the estimated amount of money, or the travel agent is to invoice the Tshwane Economic Development Agency, depending on the volume and cost of the excess luggage involved.			
	b) <b><u>Weighing-in at Airport</u></b> The traveller will be obliged to pay the cost for any excess luggage identified during the weighing-in at airports and submit any claim for reimbursement to Tshwane Economic Development Agency.			
12.	<b>LOUNGES AT AIRPORTS</b>			
12.1	Use of designated lounges at airports may only be used by travellers if it is at no additional cost to Tshwane Economic Development Agency or it is included in the relevant air ticket, or in the event of specific and special arrangements with the travel agent with due consideration that costs be kept to the minimum.			

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE C

		COMPLY		
		YES	NO	COMMENTS
<b>PROCEDURES RELATING TO INTERNATIONAL TRAVEL</b>				
<b>1. REQUIREMENTS</b>				
1.1	An official of Tshwane Economic Development Agency identifies a need to travel from point A to B. The requirement is submitted on a request form to the relevant authority to obtain approval to travel. Official visiting abroad must be recommended as per delegated authority			
<b>2. BOOKINGS</b>				
2.1	If the travel application is approved, SCM will contact the travel agent and finalise the bookings.			
<b>3. PASSPORTS, VISAS AND FOREIGH EXCHANGE</b>				
3.1	The official will instruct the travel agent to proceed with the arrangements regarding passports, visas and foreign exchange. The travel agent will also be responsible for the collection and delivery of these items.			
<b>4. METHOD OF PAYMENT DIRECTLY TO TRAVEL AGENT</b>				
4.1	a) Tshwane Economic Development Agency will effect payment to the travel agent after receipt of an invoice and a copy of the relevant requisition order form.  b) Tshwane Economic Development Agency will issue a warrant voucher to the full amount of the required foreign exchange to the travel agent.			
<b>5. ISSUE OF TICKETS</b>				
5.1	Only when written approval is received from TEDA, will the travel agent confirm the preliminary booking by issuing the tickets or vouchers to the official in Tshwane Economic Development Agency or the relevant delivery or collection.			
<b>6. COLLECTION OF DOCUMENTS</b>				
6.1	It is to be noted that only in exceptional cases and as mutually agreed between the travel agent and the official who made the booking, may tickets, vouchers, passports and foreign exchange be collected from the travel agent or other companies.			
<b>7. CHANGES IN TRAVEL</b>				
7.1	If changes occur in bookings, the official is to liaise with the travel agent and make the necessary arrangements, with the proviso that such changes are confirmed in writing. The following actions will be taken for the indicated cases:			



- (a) **Cancellation of Travel:** The relevant ticket is to be returned by the official who made the booking to the travel agent who will cancel the booking. If an invoice had already been submitted to Tshwane Economic Development Agency, a credit note will be processed.
- (b) **Changes to Travel:** The official who made the booking should timeously approach the travel agent, return the relevant tickets and have the original bookings cancelled. The travel agent will provide the official with a new ticket.

COMPLY		
YES	NO	COMMENTS

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE D

PROCEDURES RELATING TO VEHICLE RENTAL

1. IDENTITY REQUIREMENTS

- 1.1 An official of TEDA identifies a need to use a vehicle during an official visit away from his/her office.

2. BOOKINGS

- 2.1 If approved to travel, the travel agent will be contacted to make preliminary bookings.

3. SIGNING RENTAL AGREEMENT

- 3.1 At the destination the member approaches the relevant car rental company or meets the representative of the car rental company delivering the vehicle and hands in the voucher rental. After providing his/her ID document, the official will correctly complete and sign the rental agreement on behalf of the office. The **travel agent** must ensure that the care rental company includes insurance cover in respect of collision, personal accident insurance, and theft.

4. CHANGES IN VEHICLE RENTAL ARRANGEMENTS

- 4.1 a) If changes occur to the original vehicle rental arrangements, i.e. cancellation or changes to the date or time the vehicle is required, the official who made the booking is to liase with the travel agent and make the necessary arrangements, with the proviso that such changes are confirmed in writing.
- (i) Cancellation of vehicle rental: The voucher for rental is to be returned by the official who made the booking to the travel agent who cancelled the booking.
- (ii) Changes to vehicle rental: The official who made the booking is timeously to approach the travel agent and have the original bookings changed.

5. REPLACEMENT OF LOST VOUCHER FOR CAR RENTAL

- 5.1 The travel agent will issue a new voucher for rental and forward it to the official.

6. NON-UTILISATION OF RENTED VEHICLES

- 6.1 In the event where vehicles are not utilised as booked and the car rental companies are not timeously advised of any cancellation or changes to the bookings, such non-acceptance of rented vehicles is to be reported to SCM.

COMPLY		
YES	NO	COMMENTS

## 7. RECEIPT OF THE RENTED VEHICLES

7.1 Before taking receipt of vehicle, the official is to ensure that the vehicle is in good order and condition, properly filled with petrol unless alternative arrangements have been made, and that the mileage on the odometer corresponds with the mileage entered on the rental agreement. Any damages or deviations are to be referred to the car rental company and noted in writing before departure.

(a) **Cancellation of Travel:** The relevant ticket is to be returned by the official who made the booking to the travel agent who will cancel the booking. If an invoice had already been submitted to TEDA, a credit note will be processed.

(b) **Changes to Travel:** The official who made the booking is timeously to approach the travel agent, return the relevant tickets and have the original bookings cancelled. The travel agent will provide the official with a new ticket.

## 8. REPLACEMENT OF LOST TICKET

8.1 The following actions have to be taken by the travel agent:

(a) The relevant ticket is to be cancelled.

(b) A new ticket is to be issued and forwarded to the relevant official at TEDA.

(c) In the case of invoice already have been issued and submitted to TEDA a document showing changes in ticket number, only on the invoice is to be submitted to TEDA.

COMPLY		
YES	NO	COMMENTS

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

**ANNEXURE F**

**PROCEDURES RELATING TO ARRANGING BUS TRAVEL**

**1. IDENTITY REQUIREMENTS**

- 1.1 The official of Tshwane Economic Development Agency identifies a need to travel by bus.

**2. PRELIMINARY BOOKINGS**

- 2.1 The official submits his/her request to travel to SCM for approval. If approved, the travel agent will be contacted and make preliminary bookings.

COMPLY		
YES	NO	COMMENTS

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE G

		COMPLY		
		YES	NO	COMMENTS
<b>PROCEDURES RELATING TO PAYMENT</b>				
<b>1.</b>	<b>SUBMISSION OF INVOICES</b>			
1.1	If the order forms were submitted to the travel agent, the travel agent will provide SCM with the required invoices of order forms as soon as possible after the service has been rendered. Monthly accounts, to be submitted for payment to the office, must state the amounts and relevant official that bookings were made for. The invoices are to contain the following minimum basic information and additional specific information relating to the indicated service rendered:			
(a)	<b>Basic Information</b>			
	(i) Invoice number and date.			
	(ii) Travel agent's name, address, and office of issue and consultant's name.			
	(iii) The official who required the service.			
	(iv) Copy of the order form.			
	(v) Cost			
(b)	<b>Air Travel Information</b>			
	(i) Date of travel			
	(ii) Air ticket number			
	(iii) Airline Company's name and routes traveled			
	(iv) Passenger's name			
	(v) Class of travel			
	(vi) Cost			
(c)	<b>Accommodation</b>			
	(i) Invoice number			
	(ii) Date of accommodation			
	(iii) Official accommodation			
	(iv) Name of Hotel or Guesthouse			
	(v) Grading			
	(vi) Cost			
(d)	<b>Conference</b>			
	(i) Date service was provided			
	(ii) Service provider			
	(iii) Official accommodated			
	(iv) Cost			
(e)	<b>Bus travel</b>			
	(i) Date service was received			
	(ii) Service provider			
	(iii) Name of the official/traveler			
	(iv) Cost			

		COMPLY		
		YES	NO	COMMENTS
(f)	<b>Supporting Service</b>			
	(i) Date service was provided			
	(ii) Service provider			
	(iii) The official concerned from Tshwane Economic Development Agency			
	(iv) Particulars of service			
	(vii) Cost			
3.	<b>CREDITS NOTES</b>			
3.1	Credit notes are to contain the following minimum information:			
	(a) Credit note number and date.			
	(b) Travel agents name, address, and office of issue and consultant's name.			
	(c) The official who required the service.			
	(d) Copy of order form.			
	(e) Invoice number and date			
	(f) Amount			
	(g) Copy of original invoice			
4.	<b>METHOD OF PAYMENT</b>			
4.1	All payment will be made through Electronic Funds Transfer System within 30 days after receipt of certified and acceptable invoices. No hand-written voucher will be acceptable to TEDA.			

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE H

		COMPLY		
		YES	NO	REPLY
<b>PROCEDURES RELATING TO ACCUMULATED CREDITS</b>				
<b>1. INFORMATION CONCERNING ACCUMULATED CREDITS</b>				
1.1	The travel agent will advise TEDA of credits relating to the relevant airline companies. The information is to reflect the total of credits earned, and a continued credit status or the whole of the TEDA up to that specific date.			
<b>2. PROCESSING OF AIR TICKETS AGAINST ACCUMULATED CREDITS</b>				
(a)	The travel agent must advise management on credit accumulated and the best way to spend it.			
(b)	All these air tickets are to be booked through the central branch office of the travel agent.			
<b>3. RECORDING OF CREDITS USED</b>				
3.1	The travel agent will ensure that the use of credits is properly recorded with the relevant airline companies.			
<b>4. CONDITIONS APPLICABLE TO AIR TICKETS USED AGAINST ACCUMULATED CREDITS</b>				
	The following conditions will be applicable to air tickets used against the accumulated credits:			
(a)	All travels will be official and in accordance with Tshwane Economic Development Agency's policy concerning the use of the public airline companies.			
(b)	The air tickets will only be for use of the airline companies concerned.			
(c)	Once the available credit has decreased to an amount not able to cover the value of an air ticket, the balance is to be retained until the next credits.			
(d)	The travel agent is to advise on the best possible option in the accumulation and usage of credits and in the best interest of TEDA			
(e)	TEDA's policy must be adhered to in terms of the use of accumulated travel credits			

SPECIFICATION FOR TRAVEL, ACCOMODATION, VENUE, FACILITATORS AND CONFERENCE SERVICES FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE I

PROCEDURES RELATING TO ARRANGING TRAVEL BY TRAIN

1. IDENTITY REQUIREMENTS

- 1.1 The official of Tshwane Economic Development Agency identifies a need to travel by train.

2. PRELIMINARY BOOKINGS

- 2.1 The official submits his/her request to travel to SCM for approval. If approved, the travel agent will be contacted and make preliminary bookings.

- 2.2 The travel agent must arrange for the official's Parking

COMPLY		
YES	NO	COMMENTS



SPECIFICATION FOR EVENTS MANAGEMENT FOR THE TSHWANE ECONOMIC DEVELOPMENT AGENCY

ANNEXURE J

PROCEDURES RELATING TO EVENTS MANAGEMENT

**1. IDENTITY REQUIREMENTS**

- 1.1 The official of Tshwane Economic Development Agency identifies a need to for an event.

**2. PRELIMINARY BOOKINGS**

- 2.1 The official submits his/her request to travel to SCM for approval. If approved, the travel agent will be contacted to discuss the required service and relevant logistics

- 2.2 The travel will then quote and if market related, a service will be booked or arranged

- 2.3 Take note that this service must be quoted in % and not rands

COMPLY		
YES	NO	COMMENTS

#### MBD 4

(All claims shall be considered as valid until such time that revised claim is submitted to TEDA)

#### DECLARATION OF INTEREST

1. No bid will be accepted from persons in the service of the state<sup>1</sup>.
2. Any person, having a kinship with persons in the service of the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons connected with or related to persons in service of the state, it is required that the bidder or their authorised representative declare their position in relation to the evaluating/adjudicating authority.

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

3.1 Full Name of bidder or his or her representative:.....

3.2 Identity Number: .....

3.3 Position occupied in the Company (director, trustee, shareholder<sup>2</sup>):.....

3.4 Company Registration Number: .....

3.5 Tax Reference Number:.....

3.6 VAT Registration Number: .....

3.7 The names of all directors / trustees / shareholders members, their individual identity numbers and state employee numbers must be indicated in paragraph 4 below.

3.8 Are you presently in the service of the state? **YES / NO**

3.8.1 If yes, furnish particulars. ....

.....

<sup>1</sup>MSCM Regulations: "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.

<sup>2</sup> Shareholder" means a person who owns shares in the company and is actively involved in the management of the company or business and exercises control over the company.

3.9 Have you been in the service of the state for the past twelve months? .....YES / NO

3.9.1 If yes, furnish particulars.....

.....

3.10 Do you have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and or adjudication of this bid? ..... YES / NO

3.10.1 If yes, furnish particulars.

.....

.....

3.11 Are you, aware of any relationship (family, friend, other) between any other bidder and any persons in the service of the state who may be involved with the evaluation and or adjudication of this bid? YES / NO

3.11.1 If yes, furnish particulars

.....

.....

3.12 Are any of the company's directors, trustees, managers, principle shareholders or stakeholders in service of the state? YES / NO

3.12.1 If yes, furnish particulars.

.....

.....

3.13 Are any spouse, child or parent of the company's directors trustees, managers, principle shareholders or stakeholders in service of the state? YES / NO

3.13.1 If yes, furnish particulars.

.....

.....

3.14 Do you or any of the directors, trustees, managers, principle shareholders, or stakeholders of this company have any interest in any other related companies or business whether or not they are bidding for this contract. YES / NO

3.14.1 If yes, furnish particulars:

.....

.....

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

Full Name	Identity Number	State Employee Number

.....  
**Signature**

.....  
**Date**

.....  
**Capacity**

.....  
**Name of Bidder**

**DECLARATION FOR PROCUREMENT ABOVE R10 MILLION (ALL APPLICABLE TAXES INCLUDED)**

For all procurement expected to exceed R10 million (all applicable taxes included), bidders must complete the following questionnaire:

1 Are you by law required to prepare annual financial statements for auditing?

1.1 If yes, submit audited annual financial statements for the past three years or since the date of establishment if established during the past three years.

**\*YES / NO**

.....

.....

2 Do you have any outstanding undisputed commitments for municipal services towards any municipality for more than three months or any other service provider in respect of which payment is overdue for more than 30 days?

2.1 If no, this serves to certify that the bidder has no undisputed commitments for municipal services towards any municipality for more than three months or other service provider in respect of which payment is overdue for more than 30 days.

2.2 If yes, provide particulars.

.....

.....

.....

.....

3 Has any contract been awarded to you by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract?

\* Delete if not applicable

**\*YES / NO**

3.1 If yes, furnish particulars

.....  
.....

**\*YES / NO**

4. Will any portion of goods or services be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality / municipal entity is expected to be transferred out of the Republic?

**\*YES / NO**

4.1 If yes, furnish particulars

.....  
.....

**CERTIFICATION**

**I, THE UNDERSIGNED (NAME)** .....

**CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS CORRECT.**

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

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

## PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2017

All claim made by the supplier/ service provider shall remain valid and binding until revised claim is submitted to TEDA

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.**

### 1. GENERAL CONDITIONS

- 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
- 1.2
- a) 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
  - b) Either the 80/20 preference point system will be applicable to this tender (*delete whichever is not applicable for this tender*).
- 1.3 Points for this bid shall be awarded for:
- (a) Price; and
  - (b) B-BBEE Status Level of Contributor.
- 1.4 The maximum points for this bid are allocated as follows:
- |  | POINTS     |
|--|------------|
| PRICE  | 80         |
| B-BBEE STATUS LEVEL OF CONTRIBUTOR                       | 20         |
| <b>Total points for Price and B-BBEE must not exceed</b> | <b>100</b> |
- 1.5 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.
- 1.6 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.

### 2. DEFINITIONS

- (a) “B-BBEE” means broad-based black economic empowerment as defined in section

- 1 of the Broad-Based Black Economic Empowerment Act;
- (b) **“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;
  - (c) **“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;
  - (d) **“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
  - (e) **“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;
  - (f) **“functionality”** means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents.
  - (g) **“prices”** includes all applicable taxes less all unconditional discounts;
  - (h) **“proof of B-BBEE status level of contributor”** means:
    - 1) B-BBEE Status level certificate issued by an authorized body or person;
    - 2) A sworn affidavit as prescribed by the B-BBEE Codes of Good Practice;
    - 3) Any other requirement prescribed in terms of the B-BBEE Act;
  - (i) **“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;
  - (j) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;

### 3. POINTS AWARDED FOR PRICE

#### 3.1 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**

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right) \quad \text{or} \quad P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

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

$P_t$  = Price of bid under consideration

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



#### 4. POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTOR

- 4.1 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 (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	6	14
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

#### 5. BID DECLARATION

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

#### 6. B-BBEE STATUS LEVEL OF CONTRIBUTOR CLAIMED IN TERMS OF PARAGRAPHS 1.4 AND 4.1

- 6.1 B-BBEE Status Level of Contributor:      = .....(maximum of 10 or 20 points)  
(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 4.1 and must be substantiated by relevant proof of B-BBEE status level of contributor.)

#### 7. SUB-CONTRACTING

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

(***Tick applicable box***)

YES		NO	
-----	--	----	--

- 7.1.1 If yes, indicate:

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

(***Tick applicable box***)

YES		NO	
-----	--	----	--

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

<b>Designated Group: An EME or QSE which is at least 51% owned by:</b>	<b>EME</b> √	<b>QSE</b> √
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		
<b>OR</b>		
Any EME		
Any QSE		

**8. DECLARATION WITH REGARD TO COMPANY/FIRM**

8.1 Name of company/firm:.....

8.2 VAT registration number:.....

8.3 Company registration number:.....

**8.4 TYPE OF COMPANY/ FIRM**

- ☐ Partnership/Joint Venture / Consortium  
☐ One person business/sole propriety  
☐ Close corporation  
☐ Company  
☐ (Pty) Limited  
 [TICK APPLICABLE BOX]

**8.5 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES**

.....  
 .....  
 .....  
 .....  
 .....

**8.6 COMPANY CLASSIFICATION**

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

**8.7 MUNICIPAL INFORMATION**

**Municipality where business is situated:**  
 .....

**Registered Account Number:** .....

**Stand Number:**.....

8.8 Total number of years the company/firm has been in business:.....

8.9 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 paragraphs 1.4 and 6.1 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 6.1, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- iv) 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: .....

ADDRESS .....

.....

.....

## DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

(All claims shall be considered as valid until such time that revised claim is submitted to TEDA)

- 1 This Municipal Bidding Document must form part of all bids invited.
- 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.
- 3 The bid of any bidder may be rejected if that bidder, or any of its directors have:
  - a. abused the municipality's / municipal entity's supply chain management system or committed any improper conduct in relation to such system;
  - b. been convicted for fraud or corruption during the past five years;
  - c. willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - d. 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).
- 4 **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

Item	Question	Yes	No
4.1	<p>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?</p> <p>(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 <i>audi alteram partem</i> rule was applied).</p> <p><b>The Database of Restricted Suppliers now resides on the National Treasury's website(<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) and can be accessed by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>
4.1.1	If so, furnish particulars:		
4.2	<p>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)?</p> <p><b>The Register for Tender Defaulters can be accessed on the National Treasury's website (<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>
4.2.1	If so, furnish particulars:		
4.3	<p>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?</p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>

4.3.1	If so, furnish particulars:		
<b>Item</b>	<b>Question</b>	<b>Yes</b>	<b>No</b>
4.4	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 <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		
4.5	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 <input type="checkbox"/>	No <input type="checkbox"/>
4.7.1	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**

## CERTIFICATE OF INDEPENDENT BID DETERMINATION

(All claims shall be considered as valid until such time that revised claim is submitted to TEDA)

- 1 This Municipal Bidding Document (MBD) must form part of all bids<sup>1</sup> invited.
  
- 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).<sup>2</sup> Collusive bidding is a *pe se* prohibition meaning that it cannot be justified under any grounds.
  
- 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:
  - a. take all reasonable steps to prevent such abuse;
  - b. 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
  - c. 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.
  
- 4 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.
  
- 5 In order to give effect to the above, the attached Certificate of Bid Determination (MBD 9) must be completed and submitted with the bid:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

<sup>2</sup> 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.

**CERTIFICATE OF INDEPENDENT BID DETERMINATION**

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)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
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;
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:
  - (a) has been requested to submit a bid in response to this bid invitation;
  - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
  - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder

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<sup>3</sup> will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
  - (a) prices;
  - (b) geographical area where product or service will be rendered (market allocation)
  - (c) methods, factors or formulas used to calculate prices;
  - (d) the intention or decision to submit or not to submit, a bid;
  - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
  - (f) bidding with the intention not to win the bid.
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.
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.

<sup>3</sup> 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.



**MBD 9**

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

# **THE NATIONAL TREASURY**

**Republic of South Africa**



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## **GOVERNMENT PROCUREMENT: GENERAL CONDITIONS OF CONTRACT**

**July 2010**

**GOVERNMENT PROCUREMENT**  
**GENERAL CONDITIONS OF CONTRACT**  
**July 2010**

**NOTES**

The purpose of this document is to:

- (i) Draw special attention to certain general conditions applicable to government bids, contracts and orders; and
- (ii) To ensure that clients be familiar with regard to the rights and obligations of all parties involved in doing business with government.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

- The General Conditions of Contract will form part of all bid documents and may not be amended.
- Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC shall prevail.

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## **General Conditions of Contract**

### **1. Definitions**

1. The following terms shall be interpreted as indicated:
  - 1.1 “Closing time” means the date and hour specified in the bidding documents for the receipt of bids.
  - 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.
  - 1.3 “Contract price” means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.
  - 1.4 “Corrupt practice” means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official in the procurement process or in contract execution.
  - 1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.
  - 1.6 “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.
  - 1.7 “Day” means calendar day.
  - 1.8 “Delivery” means delivery in compliance of the conditions of the contract or order.
  - 1.9 “Delivery ex stock” means immediate delivery directly from stock actually on hand.
  - 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 supplies are so delivered and a valid receipt is obtained.
  - 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.

- 1.12 "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.
- 1.13 "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.
- 1.14 "GCC" means the General Conditions of Contract.
- 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.
- 1.16 "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 supplies covered by the bid will be manufactured.
- 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.
- 1.18 "Manufacture" means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.
- 1.19 "Order" means an official written order issued for the supply of goods or works or the rendering of a service.
- 1.20 "Project site," where applicable, means the place indicated in bidding documents.
- 1.21 "Purchaser" means the organization purchasing the goods.
- 1.22 "Republic" means the Republic of South Africa.
- 1.23 "SCC" means the Special Conditions of Contract.
- 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.

- 1.25 “Written” or “in writing” means handwritten in ink or any form of electronic or mechanical writing.

**2. Application**

- 2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- 2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.
- 2.3 Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.

**3. General**

- 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 non-refundable fee for documents may be charged.
- 3.2 With certain exceptions, invitations to bid are only published in the Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from [www.treasury.gov.za](http://www.treasury.gov.za)

**4. Standards**

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

**5. Use of contract documents and information; inspection.**

- 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 so far as may be necessary for purposes of such performance.
- 5.2 The supplier shall not, without the purchaser’s prior written consent, make use of any document or information mentioned in GCC clause 5.1 except for purposes of performing the contract.
- 5.3 Any document, other than the contract itself mentioned in GCC clause 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.
- 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.

**6. Patent rights**

- 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.

**7. Performance security**

- 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.
- 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.
- 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:
  - (a) 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
  - (b) a cashier's or certified cheque
- 7.4 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 in SCC.

**8. Inspections, tests and analyses**

- 8.1 All pre-bidding testing will be for the account of the bidder.
- 8.2 If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the Department or an organization acting on behalf of the Department.
- 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.
- 8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.
- 8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.
- 8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.
- 8.7 Any contract supplies 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 supplies 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 supplies which do comply with the requirements of the contract. Failing such removal the rejected supplies shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.

- 8.8 The provisions of clauses 8.4 to 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 23 of GCC.

## **9. Packing**

- 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.
- 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, specified in SCC, and in any subsequent instructions ordered by the purchaser.

## **10. Delivery and documents**

- 10.1 Delivery of the goods shall be made by the supplier in accordance with the terms specified in the contract. The details of shipping and/or other documents to be furnished by the supplier are specified in SCC.
- 10.2 Documents to be submitted by the supplier are specified in SCC.

## **11. Insurance**

- 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 in the SCC.

## **12. Transportation**

- 12.1 Should a price other than an all-inclusive delivered price be required, this shall be specified in the SCC.

## **13. Incidental services**

- 13.1 The supplier may be required to provide any or all of the following services, including additional services, if any, specified in SCC:
- (a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
  - (b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
  - (c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;

- (d) 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
- (e) 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.

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.

#### **14. Spare parts**

14.1 As specified in SCC, 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:

- (a) 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
- (b) in the event of termination of production of the spare parts:
  - (i) Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
  - (ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

#### **15. Warranty**

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.

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 in SCC.

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

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

15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified in SCC, 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.

**16. Payment**

- 16.1 The method and conditions of payment to be made to the supplier under this contract shall be specified in SCC.
- 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.
- 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.
- 16.4 Payment will be made in Rand unless otherwise stipulated in SCC.

**17. Prices**

- 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 in SCC or in the purchaser's request for bid validity extension, as the case may be.

**18. Contract amendments**

- 18.1 No variation in or modification of the terms of the contract shall be made except by written amendment signed by the parties concerned.

**19. Assignment**

- 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.

**20. Subcontracts**

- 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.

**21. Delays in the supplier's performance**

- 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.
- 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.
- 21.3 No provision in a contract shall be deemed to prohibit the obtaining of supplies or services from a national department, provincial department, or a local authority.
- 21.4 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 supplies are required, or the supplier's services are not readily available.

21.5 Except as provided under GCC Clause 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 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

21.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser shall, without canceling the contract, be entitled to purchase supplies 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.

## **22. Penalties**

22.1 Subject to GCC Clause 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 23.

## **23. Termination for default**

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:

- (a) 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 21.2;
- (b) if the Supplier fails to perform any other obligation(s) under the contract; or
- (c) if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

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.

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.

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 intended penalty as not objected against and may impose it on the supplier.

- 23.5 Any restriction imposed on any person by the Accounting Officer / Authority will, at the discretion of the Accounting Officer / Authority, also be applicable to any other enterprise 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 Accounting Officer / Authority actively associated.
- 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:
- (i) the name and address of the supplier and / or person restricted by the purchaser;
  - (ii) the date of commencement of the restriction
  - (iii) the period of restriction; and
  - (iv) the reasons for the restriction.

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

- 23.7 If a court of law convicts a person of an offence as contemplated in sections 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.

#### **24. Anti-dumping and countervailing duties and rights**

- 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 favourable difference shall on demand be paid forthwith by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor in regard to supplies 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

**25. Force Majeure**

- 25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the 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.
- 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.

**26. Termination for insolvency**

- 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.

**27. Settlement of Disputes**

- 27.1 If any dispute or difference of any kind whatsoever arises 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.
- 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.
- 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.
- 27.4 Mediation proceedings shall be conducted in accordance with the rules of procedure specified in the SCC.
- 27.5 Notwithstanding any reference to mediation and/or court proceedings herein,
- (a) the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and
  - (b) the purchaser shall pay the supplier any monies due the supplier.

**28. Limitation of liability**

- 28.1 Except in cases of criminal negligence or willful misconduct, and in the case of infringement pursuant to Clause 6;
- (a) 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

	(b) 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.
<b>29. Governing language</b>	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.
<b>30. Applicable law</b>	30.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified in SCC.
<b>31. Notices</b>	<p>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</p> <p>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.</p>
<b>32. Taxes and duties</b>	<p>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.</p> <p>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.</p> <p>32.3 No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid the Department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Services.</p>
<b>33. National Industrial Participation Programme (NIP)</b>	33.1 The NIP Programme administered by the Department of Trade and Industry shall be applicable to all contracts that are subject to the NIP obligation.
<b>34 Prohibition of Restrictive practices</b>	<p>34.1 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 (or bid rigging).</p> <p>34.2 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 investigation and possible imposition of administrative penalties as contemplated in the Competition Act No. 89 of 1998.</p>

- 34.3 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.





## Municipal Cost Containment Measures

### Purpose

The Local Government: Municipal Cost Containment Regulations (MCCR), were promulgated on 7 June 2019, and came into effect on 1 July 2019. This circular confirms and clarifies the process followed to promulgate the MCCR, provides more information to municipalities and municipal entities to assist with implementation. There were also various engagements with stakeholders, including provincial and municipal officials, since 2016. This Circular replaces MFMA Circular 82.

Sections 62(1)(a) and 95(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality or municipal entity is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the key principles being promoted are that elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are prudently utilised to ensure value for money is achieved. This will necessitate council policies to be aligned with the spirit and intent of the regulations, promoting the concept of cost vs benefits at all levels in the municipality and municipal entities, and to ensure that such savings can be better utilised towards improvements in service delivery.

This circular will assist municipalities and municipal entities to implement cost containment measures in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others, consistent with the MCCR.

### Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure. These can then be re-prioritised to address service delivery backlogs.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure.

In implementing the above, the Minister of Finance also announced cost containment measures in his budget speech on 24 February 2016, and urged Mayors of

municipalities to exercise and oversee the elimination of wasteful expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments. Additionally, before promulgation, various engagements with stakeholders were held, matters discussed at coordination forums, regional provincial engagements, comments were received and considered, and the MCCR were submitted and tabled for Parliamentary processes on 5 March 2019. After promulgation, further engagements were held between Minister of Finance and SALGA where the matters were clarified and the effective date confirmed.

As an urgent measure, accounting officers are requested to share the MCCR and its own policies with all officials and councillors. This is to be followed by a thorough revision and updating of municipal policies to be consistent with the MCCR. Moreover, in-year monitoring and reporting can then be institutionalised. The progress and completion of this process, including tabling of the revised policies are to be finalised by 30 September 2019. This will allow for full implementation.

Municipalities and municipal entities are advised to also refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending. (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx> ).

## Municipal Cost Containment Regulations, 2019

The National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

Discussions with the Office of the Auditor-General has resulted in agreement on a transition period from 1 July to 30 September 2019 to allow municipalities and municipal entities to adopt their policies, before these measures will be subjected to audit. In doing so, the spirit and intent of the MCCR must be upheld, therefore no contracts can be entered into from 1 July that can be interpreted as non-compliant with the measures in the MCCR.

Municipalities and municipal entities must disclose cost containment measures in their in-year budget reports, and annual costs savings in their annual reports. These reports must be submitted to Council for review and resolution. This measure is to enhance transparency and local accountability. The MCCR therefore provide a framework that is consistent with the provisions of the MFMA and other government pronouncements.

The effective implementation of the MCCR is the responsibility of the municipal council, board of directors of municipal entities, municipal accounting officer and accounting officers of municipal entities. It is also intended to ensure that municipalities and municipal entities achieve value for money in utilising public resources to deliver municipal services. The MCCR applies to all officials and councillors.

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## Municipal cost containment policy

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decide to extend current contracts, such contracts must be aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies. Cognisance has been taken of the fact that the 2019/20 financial year budget process has been completed and therefore new or revised cost containment policies must be adopted by 30 September 2019, as part of its updated budget related policies.

Some municipalities and municipal entities already have cost containment policies in place. These must be reviewed to bring them in line with the MCCR. Other municipalities and municipal entities have different aspects of the cost containment measures captured in different council approved policies. In this instance such policies may be consolidated into one policy or reference can be made to the different policies in one single consolidated policy. As an interim measure for those municipalities and municipal entities that do not have cost containment policies in place, the accounting officers must issue communication to officials and councillors on the cost containment measures to be implemented, in line with the MCCR, until such time that a cost containment policy is adopted by the municipal council or board of directors, as the case may be. The above approach has been discussed with the Office of the Auditor-General.

## Clarification of specific provisions within the MCCR

### Use of Consultants

Regulation 5 provides for municipalities and municipal entities' use of consultants. It should be made clear that the MCCR do not prohibit the use of consultants, but require municipalities and municipal entities, before procuring the services of a consultant, to assess the need thereof against the available internal capacity for the specific services required. The assessment process should be addressed in Council policy. Failure to undertake the latter assessment will result in the expenditure incurred being classified as irregular expenditure.

This regulation also requires the municipality and municipal entity to consider the remuneration guidelines currently in place in order to determine and adopt a fair and reasonable remuneration framework for contracts. Therefore, the MCCR should not be interpreted to mean that municipalities and municipal entities must remunerate consultants based on the rates regulated but to use this as part of the remuneration framework to be approved by the accounting officer. It is always advisable to negotiate lower rates than the maximum.

Some useful links regarding rates follow, this is not exhaustive, as there may be different rates for different professions, for example, engineers' contracts may relate to time, cost and rates, etc.

[www.dpsa.gov.za/dpsa2g/consultant\\_fees.asp](http://www.dpsa.gov.za/dpsa2g/consultant_fees.asp)

[https://www.saica.co.za/portals/0/documents/Circular\\_01\\_2018\\_Guideline\\_on\\_AGS\\_A\\_Fees.pdf](https://www.saica.co.za/portals/0/documents/Circular_01_2018_Guideline_on_AGS_A_Fees.pdf)

Monitoring of performance against contracts must also ensure skills are transferred to municipal officials, which forms an integral part of the contract or arrangements arising from such contracts. Skills may be transferred through the provision of workshops or on the job training.

Municipalities and municipal entities may use the information on cost containment measures and the consultancy reduction plan issued by the National Treasury for PFMA institutions and customise it for its own internal use. These documents can be accessed using the following link:

<http://www.treasury.gov.za/legislation/pfma/guidelines/default.aspx>

### *Vehicles used for political office-bearers*

Regulation 6 introduces an expenditure ceiling for the procurement of vehicles for qualifying public office bearers. This is aligned to the notices issued in terms of the Public Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs whereby the latter Act provides for an allowance for the procurement of vehicles and the MCCR now specify the expenditure ceiling when the allowance is utilised. This is consistent with the MFMA, the management of expenditure and internal controls. Council policy must give effect to these measures.

As part of demand management, municipalities must first conduct market research, taking into account the national government transversal contract and must use the transversal contract mechanism to procure vehicles in order to realise the actual cost savings already negotiated under the contract if this is the cheaper option after all associated costs have been taken into account. The most cost effective option should be utilised. Municipal fleet should also be considered in this regard because more often than not, the municipal fleet specifications would be aligned for the specific municipal terrain.

It has become common practice for municipalities to purchase vehicles for public office bearers when a new incumbent takes office. The regulation requires municipalities to first assess the state of the current vehicle(s) that was used by the previous incumbent before purchasing a new vehicle for a public office bearer. The costs mentioned in the regulation represents total costs, including financing charges. The same ceiling applies when the municipality policy allows for rentals or leasing arrangements.

### *Travel and Subsistence*

Regulation 7 provides the context, where viable, and does not oblige the use of public or alternative modes of transport for public office bearers, but rather requires municipalities to ensure that expenditure in this regard is reasonable and balanced against the service delivery needs and priorities of the municipality or municipal entity. This will also address the challenges faced in rural areas. The principle of prudent use of public funds as well as obtaining value for money must feature in council policies. Security and other related needs of public office bearers can be considered in council



policy, however when it comes to transport, these must not be the determining factors. The service delivery needs of the community and issues of budgetary constraints must always have a higher weighting than any other factors.

A municipality may hire a vehicle that is higher than the Group B class outlined in regulation 7(6), but only where this is required for a particular terrain or to cater for the special needs of an official or when the number of officials attending a specific event necessitate a higher class vehicle. However, this must be done with the prior approval of the accounting officer. Therefore, in determining the appropriate mode of transport to enable the performance of duties, municipalities should apply the factors mentioned in the regulation. However, these factors are not exhaustive and the cost containment policy of the municipality and municipal entity may include other factors including safety considerations.

The MCCR require municipalities and municipal entities to first consider their own fleet, where viable, prior to hiring of vehicles. The use of shuttle services, if the cost of such a service is below the cost of hiring a vehicle, and other options can be considered. Therefore, accounting officers must encourage officials and councillors to make use the most cost effective option so as to reduce travel costs. Council policy can permit employees to accept up-graded group of hired vehicles if such an up-grade is offered with no extra charge or at a lower charge than a Group B vehicle. Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. The principle of cost containment and savings should inform council's policies.

The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore, municipalities and municipal entities are requested to utilise these agreements to assist in implementing their respective cost containment measures, unless you can negotiate lower air travel rates or utilise other service providers that offer lower rates.

The intention with this specific measure is to ensure that institutions actually realise the discounts which have been negotiated at National Government level. These thresholds will contribute towards institutions achieving cost savings on their travel and accommodation budgets.

All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.

In the spirit of transparency, the Office of the Chief Procurement Officer is taking a firm position on rebates, overrides or any volume driven target incentives being paid by suppliers to Travel Management Companies (TMC). As of 1 April 2016, these payments and the practice of overrides are to discontinue for Government business. The National Treasury has issued the National Travel Policy framework which can be used for municipalities and municipal entities. This framework can be accessed using the following link:

<http://www.treasury.gov.za/legislation/pfma/TreasuryInstruction/AccountGeneral.aspx>

## Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees, including councillors, travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceeds 5 hours, consideration may be applied.
- The premise of “Best Fare on the Day” should be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Municipalities and municipal entities must also request quotations from other Low Cost Carriers. Please note that all discounted rates are subject to class availability.
- In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B.
- Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agent’s name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number.
- Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with the MCCR, 2019 read together with this Circular. Current arrangements need to be updated and amended to reflect these changes.
- Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel.

## Domestic Accommodation

Regulation 8 requires municipalities and municipal entities to only book accommodation where the return trip exceeds 500 kilometres. There may be circumstances that such limitations may be impractical. For example, in instances where attendance is required over a number of days, or there is a risk to the health of the official or councillor and cost vs benefit considerations can warrant such expenditure. The council policy must address the practicalities around travelling in and out from meeting venues each day or the circumstances that pose risk to health

of the official or councillor, consistent with the cost containment principles of prudent use of public funds. The municipal cost containment policy may allow for exceptions in such instances, and approval of the Accounting Officer or delegated official would be required.

National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities and municipal *entities* should find options that are equal to or lower than the rates in Table 1, as contained in Annexure A to this Circular, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle.

### *Credit Cards*

Regulation 9 prohibits the issuance of credit cards to municipal officials or public office bearers. A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards for official purposes:

- contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed;
- contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure;
- contravene section 15 of the MFMA by incurring expenditure not authorised in an approved budget;
- non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public;
- non-compliance with the supply chain management regulations; and
- undermine efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices.

While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

Where officials or councillors incur expenses in relation to official municipal activities, they can use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.

### *Sponsorships, events and catering*

Regulation 10 requires municipalities and municipal entities to only incur catering expenses in instances where meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council exceed five hours. The regulation

therefore does not prohibit the incurrence of catering expenses, however, the duration of the meeting will be the determining factor.

The regulation also prohibits municipalities and municipal entities from incurring expenditure on alcoholic beverages, unless such expense is recovered from the sale of such beverages. This practice has previously been abused. Municipalities and municipal entities must be guided by their objectives, including where the purchase of alcoholic beverages is part of the business model, and whether expenditure on alcoholic beverage is in terms of achieving those objectives.

Reference to petty cash in the regulations must be understood to mean limits set in council policies.

Municipalities often incur expenditure on social events, team building exercises, year –end functions, sporting events or budget vote dinners using municipal funds. The regulation does not prohibit these activities but prohibits the funding of such activities using municipal funds or it being funded by any suppliers or sponsors. The regulation must be read together with regulation 38 of the SCM Regulations which deals with the combating of abuse of the SCM system when it comes to suppliers or sponsors.

#### *Communication*

Regulation 11 do not prohibit the publication in newspapers as there are legislative provisions which require municipalities and municipal entities to advertise certain processes in newspapers. This include public participation processes.

There are certain geographical areas where internet connectivity is problematic hence the regulation includes the phrase “as far as possible”. The discretion is still with the municipalities and municipal entities taking into account principles of cost containment.

The regulation prohibits the purchase of newspapers unless this is required for professional purposes and where unavailable in electronic format. Therefore, municipalities and municipal entities may purchase newspapers where it is required for professional purposes. It is also noted that officials and councillors possess their own or utilise council equipment to assess information. These additional tools available to access information can be accommodated in council policies.

#### *Conferences, meetings and study tours*

Regulation 12 provides a framework within which municipalities and municipal entities must manage the attendance of conferences, events hosted by professional bodies or non-governmental institutions and study tours by municipal officials and public office bearers. It requires the municipality and municipal entity to be guided by the official's or public office bearer's role and responsibilities and must also determine whether the conference, event or study tour will address the relevant skills gaps in the institution. The number of officials or public office bearers that may attend a conference, event or study tour must be limited to three. The municipality must also be guided by its operational requirements in approving the attendance.

The benchmark cost for attendance of conferences is currently two thousand five hundred rand R2 500.



### *Other related expenditure items*

Regulation 13 addresses measures that aims to encourage the reduction and excessive spending on office furniture and equipment and other items. It prohibits the use of municipal funds for electioneering, printing of brochures, limits spend on tools of trade but is aligned to what is provided for in the Public Office Bearers Act and Notices issued in terms thereof. For example, municipal policies can address the requirements during election period as municipal officials are required to support the IEC with its mandate. On security matters, the regulations provide for an assessment to be undertaken before the provision of security measures for qualifying public office bearers can be approved. It also requires motivations to be submitted before overtime is approved or for all unplanned overtime. Municipalities and municipal entities are encouraged to ensure that proper processes are followed when dismissing and suspending officials, to minimise unnecessary legal costs. Once, more we repeat that the spirit, intent and principle of the MCCR must be applied and addressed in council policy,

### **Enforcement of cost containment measures**

The non-adherence to the provisions of the MCCR will be an act of financial misconduct as defined in section 171 and 172 of the MFMA and municipalities and municipal entities will have to implement the provisions of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Municipalities and municipal entities are required to revised their policies and delegations. Where practical considerations are required to be addressed, these should be included in municipal/entities' policies. Municipalities are reminded that the National and Provincial Treasuries annually conducts municipal budget benchmark engagements with municipalities during which all budgets will be assessed against the cost containment measures outlined in the MCCR.

Municipalities and municipal entities are required to utilise existing reporting requirements, to report internally and externally on cost saving measures. This include reporting such savings in the Annual Report. Refer to Annexure D for a template on quarterly reporting and the annual report.

Municipalities must also ensure that there is consistency between its own policies as the parent municipality and that of its entities.

It is also requested that the measures implemented are captured in quarterly reports submitted to the Municipal Public Accounts Committee and Mayor for review and recommendations to Council on additional measures to be taken.

The contents of this Circular have been shared with the office of the Auditor-General for their application, scrutiny and assessment.

## Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council, the board of directors and all other relevant officials within municipalities and municipal entities. It is recommended that:

- Municipalities and municipal entities review other finance related policies to ensure consistency with the MCCR and this Circular;
- Municipalities and municipal entities must create appropriate internal control measures, delegations and oversight mechanisms to monitor and implement cost containment measures consistent with the MCCR;
- Implementation of the cost containment measures as contained in the MCCR will assist in ensuring that the sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically, transparently and in the best interests of the local community.

Municipalities and municipal entities must refer to Annexure A, B and C for further information on rates for accommodation, table of quotes for flights, the contract options available under the current transversal contract.

Any queries on the cost containment measures should be directed to the respective National or Provincial Treasury official or MFMA helpdesk, email [mfma@treasury.gov.za](mailto:mfma@treasury.gov.za)

## Contact



**national treasury**


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**TV PILLAY**  
**CHIEF DIRECTOR: MFMA IMPLEMENTATION**  
**31 July 2019**

## Annexure A

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
<b>Graded Hotel, Boutique Hotel, Lodge or Resort</b>			
	BAND 1	BAND 2	BAND 3
1 Star	R 590	R 730	R 855
2 Star	R 920	R 1 050	R 1 230
3 Star	R 1 120	R 1 230	R 1 400
4 Star	R 1 275	R 1 380	R 1 550
5 Star	R 2 140	R 2 250	R 2 500
<b>Bed &amp; Breakfast, Country House or Guest house</b>			
	BAND 1	BAND 2	BAND 3
1 Star	R 3350	R 495	R 630
2 Star	R 510	R 670	R 830
3 Star	R 920	R 1 080	R 1 230
4 Star	R 1 020	R 1 180	R 1 330
5 Star	R 1 225	R 1 385	R 1 530
<b>Self-Catering*</b>			
	BAND 1	BAND 2	BAND 3
1 Star	R 590		
2 Star	R 920		
3 Star	R 1 120		
4 Star	R 1 275		
5 Star	R 1 475		
<b>Meals**</b>			
	BAND 1	BAND 2	BAND 3
<b>Breakfast</b>	R 110	R -	R -
<b>Lunch</b>	R 160	R 160	R 160
<b>Dinner</b>	R 180	R 180	R -
<b>Total</b>	<b>R 4500</b>	<b>R 340</b>	<b>R 160</b>

Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.

\*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.

Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.

\*\*Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be

accommodated at a four-star establishment if the rate at the four-star establishment is the same as or lower than a three-star establishment.

- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
  - a. the higher star graded facility is the only available option due to location and availability; or
  - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.

**Annexure B: BA/COMAIR and SAA Deal Codes per Municipality**

Municipalities and municipal entities should use the following codes when requesting quotes from BA/COMAIR.

<b>MUNICIPALITIES</b>	
<b>NAME</b>	<b>DEAL CODE</b>
<b>EASTERN CAPE</b>	
<b>Alfred Nzo District Municipality</b> Matatiele, Mbizana, Ntabankulu and uMzimvubu	1020907
<b>Amathole District Municipality</b> Amahlathi, Mquma, Ngqushwa, Raymond Mhlaba, Mbashe and Great Kei,	1020906
<b>Buffalo City Metropolitan Municipality</b>	1020901
<b>Chris Hani District Municipality</b> Emalahleni, Engcobo, Intsika, Inxuba, Sakhisizwe and Enoch Mgijima	1020908
<b>Joe Gqabi District Municipality</b> Elundini, Walter Sisulu and Senqu	1020909
<b>Nelson Mandela Bay Metropolitan Municipality</b>	1020899
<b>OR Tambo District Municipality</b> Ingquza Hill, King Sabata Dalindyebo, Mhlontlo, Nyandeni and Port St Johns	1020903
<b>Sarah Baartman District Municipality</b> Dr Beyers Naudé, Blue Crane Route, Makana, Ndlambe, Sundays River Valley, Kouga and Kou-kamma	1020921
<b>FREE STATE</b>	
<b>Fezile Dabi District Municipality</b> Mafube, Moqhaka, Metsimaholo and Ngwathe	1020922
<b>Lejweleputswa District Municipality</b> Masilonyana, Matjhabeng, Nala, Tokologo and Tswelopele	1020923
<b>Mangaung Metropolitan</b>	1020923
<b>Thabo Mafutsanyana District</b> Dihlabeng, Maluti - a- Phofung, Mantsopa, Nketoana, Phumelela and Setsoto	1020924
<b>Xhariep District</b> Kopanong, Letsemeng and Mohokare	1020925
<b>GAUTENG</b>	
<b>City of Johannesburg Metropolitan</b>	1020900
<b>City of Tshwane Metropolitan</b>	1020898
<b>Ekurhuleni Metropolitan</b>	1020904
<b>Sedibeng District</b> Emfuleni, Lesedi and Midvaal	1020926
<b>West Rand District</b> Merafong, Mogale City, Rand West	1020927
<b>KWAZULU-NATAL</b>	
<b>eThekweni Metropolitan</b>	1008810
<b>iLembe District Municipality</b> KwaDukuza, Mandeni, Maphumulo and Ndwedwe	1020929
<b>Harry Gwala District Municipality</b> Greater Kokstad, Uhlebezwe, Umzimkhulu and Dr Nkosazana Dlamini Zuma	1020835
<b>Ugu District Municipality</b> uMdoni, Umzumbe, uMuziwabantu and Ray Nkonyeni	1020836

MUNICIPALITIES	
NAME	DEAL CODE
<b>uMgungundlovu District Municipality KZN</b> uMshwathi, uMngeni, Mpofana, Impendle, Msunduzi, Mkhambathini and Richmond	1020837
<b>uMkhanyakude District Municipality KZN</b> Umhlabyalingana, Jozini, Mtubatuba and Big Five Hlabisa	1020838
<b>uMzinyathi District Municipality KZN</b> Endumeni, Nquthu, Msinga, Umvoti	1020839
<b>uThukela District Municipality</b> Okhahlamba, iNkosi Langalibalele and Alfred Duma	1020840
<b>King Cetshwayo district Municipality</b> uMfolozi, uMhlathuze, uMlalazi, Mthonjaneni and Nkandla	1020841
<b>Zululand District Municipality KZN</b> eDumbe, uPhongolo, Abaqulusi, Nongoma and Ulundi	1020842
<b>LIMPOPO</b>	
<b>Capricon District Municipality</b> Blouberg, Lepelle-Nkumpi, Molemole and Polokwane	1020843
<b>Mopani District Municipality</b> Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen and Maruleng	1020844
<b>Sekhukhune District Municipality LM</b> Ephraim Mogale, Elias Motsoaledi, Makhuduthamaga and Fetakgomo Tubatse	1020845
<b>Vhembe District Municipality LM</b> Musina, Thulamela, Makhado and Collins Chabane	1020846
<b>Waterberg District Municipality</b> Thabazimbi, Lephalale, Bela Bela, Mogalakwena and Modimolle-Mookgophong	1020847
<b>MPUMALANGA</b>	
<b>Ehlanzeni District Municipality</b> Thaba Chweu, Nkomazi, Bushbuckridge and City of Mbombela	1020902
<b>Gert Sibande District</b> Albert Luthuli, Dipaleseng, Govan Mbeki, Lekwa, Mkhondo, Msukaligwa and Pixley Ka Isaka Seme	1020848
<b>Nkangala District</b> Dr JS Moroka, Emakhazeni, Emalahleni, Steve Tshwete, Thembisile Hani and Victor Khanye	1020849
<b>NORTH WEST</b>	
<b>Bojanala Platinum District</b> Kgetlengriver, Madibeng, Moretele, Moses Kotane and Rustenburg	1020850
<b>Dr Kenneth Kaunda District Municipality</b> City of Matlosana, Maquassi and JB Marks	1020851
<b>Dr Ruth Segomotsi Mompati District Municipality</b> Greater Taung, Kagisano-Molopo, Lekwa-Teemane, Mamusa and Naledi	1020852
<b>Ngaka Modiri Molema District Municipality</b> Ditsobotla, Mahikeng, Ramotshere, Ratlou and Tswaing	1020853
<b>NORTHERN CAPE</b>	
<b>John Taolo Gaetsewe</b> Ga-Segonyana, Joe Morolong and Gamagara	1020909
<b>Namakwa</b> Hantam, Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khoi and Richtersveld	1020856



MUNICIPALITIES	
NAME	DEAL CODE
<b>Pixley Ka Seme</b> Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu	1020857
<b>ZF Mgcawu</b> !Kai! Garib, !Kheis, Tsantsabane, Kgatelopele and Dawid Kruiper	1020858
<b>WESTERN CAPE</b>	
<b>Cape Winelands District Municipality</b> Witzenberg, Drakenstein, Stellenbosch, Breede Valley and Langeberg	1020859
<b>Central Karoo District Municipality</b> Beaufort West, Laingsburg and Prince Albert	1020859
<b>City of Cape Town Metro</b>	1008771
<b>Garden Route District Municipality</b> Bitou, George, Hessequa, Kannaland, Kynsna, Mossel Bay and Oudtshoorn	1020861
<b>Overberg District Municipality</b> Cape Agulhas, Overstrand, Swellendam and Theewaterskloof	1020862
<b>West Coast District Municipality</b> Bergrivier, Cederberg, Matzikama, Swartland and Saldanha Bay	1020863

Municipalities and municipal entities not listed above should use the following details to contact BA/Comair to obtain a deal code:

#### Contact Details

Nangamso Letlape: National Account Manager: Government  
[Nan.letlape@comair.co.za](mailto:Nan.letlape@comair.co.za)

Municipalities and municipal entities should use the following deal code when requesting quotations from SAA: CK3828. In order to arrange access to the deal codes, travel management companies servicing municipalities and municipal entities should contact the following SAA representatives:

#### Contact Details

Eastern Cape: Tracy Mentzel ([tracymentzel@flysaa.com](mailto:tracymentzel@flysaa.com))  
 Western Cape: Enid Sinequan ([enidsinequan@flysaa.com](mailto:enidsinequan@flysaa.com))  
 KwaZulu-Natal: Kriba Govender ([kribagovender@flysaa.com](mailto:kribagovender@flysaa.com))  
 All other provinces: Mark Steele ([marksteele@flysaa.com](mailto:marksteele@flysaa.com))

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**Annexure C: RT15-2016 Mobile Communication Services****1. ONE ACCOUNT**

The enterprise bundle account will be in the name of the municipality and no longer in the name of an individual mobile user. Individual mobile user contracts (lines) will be migrated to the enterprise bundle account as follows:

- Vodacom individual mobile user contracts (lines) will be migrated immediately irrespective of their contract period at no penalty.
- Non-Vodacom mobile user contracts (lines) will be left to run their contract periods. On expiry of the contract, they will be ported and migrated to the enterprise bundle account.
- Vodacom may consider buying out existing contracts that are left with less than six (06) months to expiry. These will be on a case-by-case basis.

**2. BUNDLE SUBSCRIPTIONS**

The enterprise bundle solution is a pool of minutes, data and SMSs consumed by all mobile users in a municipality. A municipality can customise the pool of voice, data and SMSs to meet its mobile requirements. The minimum bundle options available are as follows:

**2.1 Enterprise Voice Bundle WITH Hardware Fund**

A device with 400 domestic voice minutes, 500 closed user group minutes that allow calls for free to all numbers (all state institutions) participating on RT15, 600MB, and 100 SMSs at a monthly subscription of R463.98 inclusive of VAT.

- The device is managed separately. Vodacom (Pty) Ltd “Vodacom” creates a hardware fund account by allocating R3990 inclusive of VAT per mobile user to create the hardware fund. The municipality will procure any terminal (device) from the hardware fund. The municipality will choose any devices that are fit for its purpose.
- If a municipality allocates devices within the hardware fund limit, there will be no payment to Vodacom. Vodacom Operations and Billing together with the municipality will reconcile the hardware fund.
- If a municipality allocates devices in excess of the hardware fund limit, there will be payment for the excess to Vodacom. The excess can either be paid once-off or it can be paid by amortisation for a certain period as agreed with Vodacom. Vodacom will invoice the municipality once, where there is an agreement to pay the excess once-off. Vodacom will invoice monthly where the agreement is an amortisation payment.



## 2.2 **Enterprise Voice Bundle WITHOUT a Hardware Fund (SIM only)**

- 400 domestic voice minutes, 500 closed user group minutes that allow calls for free to all numbers (all state institutions) participating on RT15, 600MB, and 100 SMS's at a monthly subscription of R320.84 inclusive of VAT.
- No hardware fund is applicable with this bundle.

## 2.3 **Enterprise Data Bundle (SIM only)**

- The enterprise data bundle solution is a pool of data consumed by all mobile users in a municipality. A municipality can customise the pool of data to meet its mobile requirements.
- 800MB of data at a monthly subscription of R100.32 inclusive of VAT.
- No hardware fund is applicable with this bundle.

## 3. **Other services available on RT15**

- Internet of Things (e.g. Any asset management including Smart Metering);
- Enterprise mobility management (Any mobile applications);
- Roaming (Zone 1 are Vodafone Countries where daily access fee is waived and home rates are charged, there are roaming agreements on Zone 2 where daily access fee is reduced by 50%, No Roaming agreement on Zone 3 where SMS charges are reduced by 50%)
- Device security;
- Bulk SMS including USSD;
- APN (Access Point Node);
- Push-to-talk (using a mobile device);
- Value Added Services;
- Insurance for Devices;
- Unified Communications (e.g. Video Conferencing, One-Net etc.); and

All these services come with a commitment by Vodacom of Best Quality network – there is an agreement with Vodacom to ensure coverage on all areas where there is public service rendered. Municipalities must contact the National Treasury where there are coverage requirements.

#### 4. Contact Details

- **National Treasury**

For all transversal contract and participation queries, please use the following link to contact the relevant official on transversal contracts.

<http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/Transversal%20Contracting%20Contact%20List%2001%20June%202019.pdf>

- **Vodacom**

All on-boarding queries by participating municipalities should be directed by Administrators to 08217875 and/or Email Address: [national.treasury@vodacom.co.za](mailto:national.treasury@vodacom.co.za). For all mobile users within a participating municipality the contact number is 0821940.

**Annexure D: Total Cost Savings Disclosure in the In-Year and Annual Report**

	<b>Cost Containment In-Year Report</b>					
<b>Measures</b>	<b>Budget</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Savings</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Use of consultants						
Vehicles used for political office -bearers						
Travel and subsistence						
Domestic accommodation						
Sponsorships, events and catering						
Communication						
Other related expenditure items						
<b>Total</b>						

<b>Cost Containment Annual Report</b>			
<b>Cost Containment Measure</b>	<b>Budget</b>	<b>Total Expenditure</b>	<b>Savings</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Use of consultants			
Vehicles used for political office -bearers			
Travel and subsistence			
Domestic accommodation			
Sponsorships, events and catering			
Communication			
Other related expenditure items			
<b>Total</b>			