



TDR115/2023/2024

APPOINTMENT OF SHORT-TERM INSURANCE BROKER

| | |
|---|----------------------------|
| CLOSING DATE: 26 APRIL 2024 | CLOSING TIME: 12h00 |
| NAME OF BIDDER* | |
| ADDRESS* | |
| | |
| | |
| | |
| TELEPHONE NUMBER* | |
| CELLPHONE NUMBER* | |
| E-MAIL ADDRESS* | |
| CENTRAL SUPPLIER DATABASE REGISTRATION NR* | |
| B-BBEE LEVEL OF CONTRIBUTION* | |
| LOCALITY (Municipal Area/Province where Business is Located) * | |
| CIDB REGISTRATION NR* (if applicable) | N/A |
| TENDER AMOUNT (VAT included) * | See page 30 |

(* - TO BE COMPLETED BY BIDDER)

Prepared by:
Mossel Bay Municipality
PO Box 25
Mossel Bay
6500

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SECTION 1.1: INVITATION TO TENDER

CLOSING TIME: 12H00

CLOSING DATE: 26 APRIL 2024

TDR115/2023/2024: APPOINTMENT OF SHORT-TERM INSURANCE BROKER

Tenders are hereby invited from insurance brokers to manage the short-term insurance portfolio of the Mossel Bay Municipality for a period of three (3) years from 1 July 2024 to 30 June 2027.

Tenders must be submitted on the original documents and remain valid for one hundred and twenty (120) days after the closing date of the tender. Enquiries pertaining to the specifications can be addressed to Mr Hennie Le Roux at telephone (044) 606-5267 or e-mail at hleroux@mosselbay.gov.za. Enquiries pertaining to the completion of the documents can be addressed to Mr. Deslin Kohler at telephone (044) 606-5192 or e-mail to dkohler@mosselbay.gov.za.

A set of tender documents can be obtained at a non-refundable cost of R264.00 per set from Mr. Deslin Kohler who may be contacted at telephone (044) 606-5192 or e-mail at dkohler@mosselbay.gov.za **OR** it can be obtained on our website at www.mosselbay.gov.za free of charge. If you require a hard copy of the tender document, payments must be made at the cashiers at the **Mossel Bay Municipality's Main Building, 101 Marsh Street on the Lower Ground Floor (seaside)** or EFT (Banking details and Reference Nr can be obtained from esnuyders@mosselbay.gov.za), prior to collecting and proof of payment must be provided when collecting the tender document from the Supply Chain Management Offices, 101 Marsh Street, Mossel Bay.

A compulsory online briefing meeting will take place at 11h00 on Wednesday, 03 April 2024 via Microsoft Teams.

Bidders who wish to attend the online briefing meeting via Microsoft Teams must log into the meeting with the following link [Click here to join the meeting](#) or using the following Teams login details:

Meeting ID: 329 222 185 658

Passcode: cDCSDr

Bidders must log into the meeting 15 minutes before the start of the meeting, to ensure that the link is working.

Bidders that log in 15 minutes or more after the advertised time the meeting starts will not be allowed to attend the meeting.

Fully completed tender documents must be placed in a sealed envelope and placed in the **tender box at the Entrance of the Mossel Bay Town Hall, 101 Marsh Street, Mossel Bay by not later than 12h00 on Friday, 26 April 2024** or be posted to reach the **Tender Box, Mossel Bay Municipality, PO Box 25, Mossel Bay, 6500** before the specified closing date and time. The envelopes must be endorsed clearly with the number, title and closing date of the tender as above.

The tender is subject to pre-qualification criteria.

Bids will be evaluated on the following functionality criteria and bids that score less than **32 out of 40 points** will be considered as not responsive:

Functionality criteria and weight:

1. Company profile carrying a weight of 18 points.
2. Project team carrying a weight of 22 points.

Responsive bids will be evaluated on the 80/20 or 90/10 Preference Points System. A maximum of 20 points (80/20 preference point system) or 10 points (90/10 preference point system) will be allocated for specific goals. 50% of

the 20/10 points will be allocated in terms of a bidder's B-BBEE scorecard and other 50% of the 20/10 points will be for a bidder's locality.

The tender box will be emptied just after 12h00 on the closing date as above, hereafter all bids will be opened in public. Late tenders or tenders submitted by e-mail or fax will under no circumstances be accepted.

The Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or award a contract to the bidder scoring the highest number of points.

It is expected of all Bidders who are not yet registered on the Central Supplier Database to register without delay on the prescribed form. The Municipality reserves the right not to award tenders to Bidders who are not registered on this Database.

MR C PUREN
MUNICIPAL MANAGER

SECTION 1.2: TENDER CONDITIONS AND INFORMATION

1.2.1 General and Special Conditions of Contract

The General Conditions of Contract (GCC) available on the National Treasury website <http://www.treasury.gov.za/divisions/ocpo/sc/GeneralConditions/> will be applicable to this tender as well as Special Conditions of Contract (SCC) (if applicable) forming part of this set of tender documents in addition to the conditions and information. Where the GCC and SCC are in conflict with one another, the stipulations of the SCC will prevail.

1.2.2 Acceptance or Rejection of a Tender

The Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or the tender scoring the highest points.

1.2.3 Validity Period

Bids shall remain valid for one hundred and twenty (120) days after the tender closure date.

1.2.4 Cost of Tender Documents

A set of tender documents can be obtained at a non-refundable cost of R264.00 per set from Mr. Deslin Kohler who may be contacted at telephone (044) 606-5192 or e-mail at dkohler@mosselbay.gov.za OR it can be obtained on our website at www.mosselbay.gov.za free of charge. If you require a hard copy of the tender document, payments must be made at the cashiers at the **Mossel Bay Municipality's Main Building, 101 Marsh Street on the Lower Ground Floor (seaside) or EFT (Banking details and Reference Nr can be obtained from esnyders@mosselbay.gov.za)**, prior to collecting and proof of payment must be provided when collecting the tender document from the Supply Chain Management Offices, 101 Marsh Street, Mossel Bay.

1.2.5 Registration on the Central Supplier Database

It is expected of all prospective service providers who are not yet registered on the Central Supplier Database to register without delay on the prescribed form. The Municipality reserves the right not to award tenders to prospective suppliers who are not registered on this Database.

1.2.6 Completion of Tender Documents

- (a) The original tender document must be fully completed and originally signed in black ink and signed by the authorised signatory to validate the tender. Section 5: DECLARATION must be completed and signed by the authorised signatory and returned. Failure to do so will result in the disqualification of the tender and will not be evaluated.
- (b) Tender documents may not be retyped. Retyped documents will result in the disqualification of the tender and will not be evaluated.
- (c) The complete original tender document must be returned. Material pages that are omitted from the tender document may result in the disqualification of the tender and the bidder will not be evaluated. The Municipality reserves the right to request immaterial pages that were omitted.

- (d) No unauthorised alteration of this set of tender documents will be allowed. Any unauthorised alteration will disqualify the tender automatically. Any ambiguity has to be cleared with contact person for the tender before the tender closure.
- (e) The tender document as provided by the Municipality's Supply Chain Management Section will be the prevailing document in the event of an inconsistency between the completed submitted tender document by a bidder and the tender document provided by the Municipality.

1.2.7 Compulsory Documentation

1.2.7.1 Tax Clearance Certificate

- (a) A copy of a Tax Compliance Status Pin, printed from the South African Revenue Service (SARS) website, must accompany the bid documents. The onus is on the bidder to ensure that their tax matters with SARS are in order.
- (b) In the case of a Consortium/Joint Venture every member must submit a separate Tax Compliance Status Pin, printed from the SARS website, with the bid documents.
- (c) If a bid is not supported by a Tax Compliance Status Pin as an attachment to the bid documents, the Municipality reserves the right to obtain such documents after the closing date to verify that the bidder's tax matters are in order. If no such document can be obtained within a period as specified by the Municipality, the bid will be disqualified.
- (d) The Tax Compliance Status Pin will be verified by the Municipality on the SARS website.

1.2.8 Other Documentation

1.2.8.1 Construction Industry Development Board (CIDB) (If applicable)

- (a) When applicable, the bidder's CIDB registration number must be included with the tender. The Municipality will verify the bidder's CIDB registration during the evaluation process.
- (b) A bidder will be non-responsive, if the CIDB status of the bidder indicates suspended or inactive or deregistered on the day of evaluation.

1.2.8.2 Municipal Rates, Taxes and Charges

- (a) A copy of the bidder's and those of its director's/members municipal accounts (for the Municipality where the bidder and its director's/members pay their account) for the month preceding the tender closure date must accompany the tender documents. If such a copy does not accompany the bid document of the successful bidder, the Municipality reserves the right to obtain such documents after the closing date to verify that their municipal accounts are in order.
- (b) Any bidder which is or whose directors are in arrears with their municipal rates and taxes or municipal charges due to any Municipality or any of its entities for more than three months and have not made an arrangement for settlement of same before the bid closure date will be unsuccessful. The arrangement for settlement for the outstanding amount (which were done before the closing date of the bid), must also be submitted with the tender document.
- (c) If a bidder and its director's/members rent their premises, the current lease agreement must be submitted with the tender document, which indicates that the rental includes their municipal rates and

taxes. If the lease agreement indicates that the bidder or its director's/members are responsible to pay the municipal rates and taxes, the Municipal Account of the leased premises indicated must also be submitted.

- (d) If a bidder and its director's/members, do not own any property, they must submit the following:
 - (i) Affidavit from the bidder and its director's/members, that they do not own any property;
 - (ii) Affidavit from the owner of the property where business is situated/director's/members reside, that the bidder and its director's/members are not liable for the municipal rates and taxes.
- (e) If a bidder or its director's/members, lives outside of South Africa, an affidavit by the Company must be submitted.

1.2.9 Authorised Signatory

- (a) A copy of the recorded Resolution taken by the Board of Directors, members, partners or trustees authorising the representative to submit this bid on the bidder's behalf must be attached to the Bid Document on submission of same.
- (b) A bid shall be eligible for consideration only if it bears the signature of the bidder or of some person duly and lawfully authorised to sign it for and on behalf of the bidder.
- (c) If such a copy of the Resolution does not accompany the bid document of the successful bidder, the Municipality reserves the right to obtain such document after the closing date to verify that the signatory is in order. If no such document can be obtained within a period as specified by the Municipality, the bid will be disqualified and will not be evaluated.
- (d) If a bidder is a sole proprietor, no such documentation is required, provided that the document was completed and signed by the owner.

1.2.10 Site / Information Meetings

- (a) Site or information meetings, if specified (in the advert), are **compulsory**. Bids will not be accepted from bidders who have not attended the compulsory site or information or online briefing meetings. Bidders that arrive or log in 15 minutes or more after the advertised time the meeting starts will not be allowed to attend the meeting or to sign the attendance register. If a bidder is delayed/have connection problems, he/she must inform the contact person before the meeting commence and will only be allowed to attend the meeting if the chairperson of the meeting as well as all the other bidders attending the meeting, give permission to do so.
- (b) All bidders, including **ALL THE PARTNERS OF A JOINT VENTURE** must attend the compulsory site or information or online briefing meeting.

1.2.11 Samples

Samples, if requested, are to be provided to the Municipality with the tender document or as stipulated.

1.2.12 Quantities of Specific Items

If tenders are called for a specific number of items, the Municipality reserves the right to change the number

of such items to be higher/more or lower/less. If the successful bidder does not accept the new scenario, it will be offered to the second-placed bidder.

1.2.13 Submission of Tender

(a) The tender must be placed in a sealed envelope, or envelopes when the two-envelope system is specified, clearly marked with the tender number, title as well as closing date and time and placed in the **tender box at the Entrance of the Mossel Bay Town Hall, 101 Marsh Street, Mossel Bay Municipality by not later than 12h00 on Friday, 26 April 2024.**

OR

(b) be posted to reach the **Tender Box, Mossel Bay Municipality, PO Box 25, Mossel Bay, 6500** before the specified closing date and time.

(c) Faxed, e-mailed and late tenders will not be accepted. Tenders may be delivered by hand, by courier, or posted at the bidder's risk and must be received by the deadline specified above, irrespective of how they are sent or delivered.

1.2.14 Expenses Incurred in Preparation of Tender

The Municipality shall not be liable for any expenses incurred in the preparation and submission of the tender.

1.2.15 Contact with Municipality after Tender Closure Date

Bidders shall not contact the Mossel Bay Municipality on any matter relating to their bid from the time of the opening of the bid to the time the contract is awarded. If a bidder wishes to bring additional information to the notice of the Mossel Bay Municipality, it should do so in writing to the Mossel Bay Municipality. Any effort by the firm to influence the Mossel Bay Municipality in the bid evaluation, bid comparison or contract award decisions may result in the rejection of the bid.

1.2.16 Opening, Recording and Publications of Tenders Received

(a) Tenders will be opened on the closing date immediately after the closing time specified in the tender documents. If requested by any bidder present, the names of the bidders, and if practical, the total amount of each bid and of any alternative offers will be read out aloud.

(b) Details of tenders received in time will be recorded in a register which is open to public inspection.

1.2.17 Evaluation of Tenders

Tenders will be evaluated in terms of their responsiveness to the tender specifications and requirements as well as such additional criteria as set out in this set of tender documents.

1.2.18 Procurement Policy

Bids will be awarded in accordance with the Preferential Procurement Regulations, 2007 pertaining to the Preferential Procurement Policy Framework Act, No 5 of 2000 and its amendments as well as the Municipality's Supply Chain Management and the current Municipal Preferential Procurement Policy.

1.2.19 Contract

The successful bidder will be expected to sign the agreement in Section 6 of this bid document. The signing of both Parts of Section 6 of this bid document signifies the conclusion of the contract. The Municipality, at its discretion, may request the signing of an additional Service Level Agreement which, together with the signed tender document, will constitute the full agreement between the Municipality and the successful bidder.

1.2.20 Subcontracting

- (a) The Contractor shall not subcontract the whole of the Contract.
- (b) Except where otherwise provided by the Contract, the Contractor shall not subcontract any part of the Contract without the prior written consent of the Municipality, which consent shall not be unreasonably withheld.
- (c) The contractual relationship between the Contractor and any subcontractors selected by the Contractor in consultation with the Municipality in accordance with the requirements of and a procedure contained within the Scope of Work, shall be the same as if the Contractor had appointed the subcontractor in terms of paragraph (b) above.
- (d) Any consent granted in accordance with paragraph (b) or appointment of a subcontractor in accordance with paragraph (c) shall not imply a contract between the Municipality and the subcontractor, or a responsibility or liability on the part of the Municipality to the subcontractor and shall not relieve the Contractor from any liability or obligation under the Contract and he shall be liable for the acts, defaults and neglects of any subcontractor, his agents or employees as fully as if they were the acts, defaults or neglects of the Contractor, his agents or employees.
- (e) The Contractor shall not be required to obtain such consent for –
 - (i) the provision of labour, or
 - (ii) the purchase of materials which are in accordance with the Contract, or
 - (iii) the purchase or hire of Construction Equipment.

1.2.21 Language of Contract

The contract documents will be compiled in English and the English versions of all referred documents will be taken as applicable.

1.2.22 Extension of Contract

The Municipality reserves the right to negotiate the extension or expansion of a contract with the successful bidder should additional funds become available. This prescribed process in terms of legislation must be followed prior to any agreement being concluded and the vesting of any rights.

1.2.23 Stamp and Other Duties

The successful bidder will be liable for all duties and costs on legal documents resulting in the establishment of a contract and for the surety, guarantees and retentions.

1.2.24 Wrong Information Furnished

Where a contract has been awarded on the strength of the information furnished by the bidder which, after the conclusion of the relevant agreement, is proved to have been incorrect, the Municipality may, in

addition to any other legal remedy it may have, recover from the contractor all costs, losses or damages incurred or sustained by the Municipality as a result of the award of the contract.

1.2.25 Past Practices

- (a) The bid of any bidder may be rejected if that bidder or any of its directors have abused the municipality's supply chain management system or committed any improper conduct in relation to such system.
- (b) The bid of any bidder may be rejected if it is or has been found that that bidder or any of its directors influenced or tried to influence any official or councillor with this or any past tender.
- (c) The bid of any bidder may be rejected if it is or has been found that that bidder or any of its directors offered, promised or granted any official or any of his/her close family members, partners or associates any reward, gift, favour, hospitality or any other benefit in any improper way, with this or any past tender.

1.2.26 DOCUMENTATION REQUIRED TO CLAIM POINTS FOR SPECIFIC GOALS

1.2.26.1 Proof of B-BBEE Status Level of Contributor:

- (a) A sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or
- (b) Any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act, as indicated below:

- **If the certificate was issued by a verification agency the following must be on the face of the certificate:**

SANAS logo, unique BVA number, must be an original certificate or certified copy of the original, the name and physical location of the bidder, the registration number and, where applicable, the VAT number of the bidder, the date of issue and date of expiry of the certificate, the certificate number for identification and reference, the scorecard that was used (for example EME, QSE or Generic), the name and / or logo of the Verification Agency, the certificate must be signed by the authorized person from the Verification Agency and the B-BBEE Status Level of Contribution obtained by the bidder.

- **If certificate was issued by an Auditor/ Accounting Officers:**

The Accounting Officer's or Registered Auditor's letter head with full contact details, the Accounting Officer's or Registered Auditor's practice numbers, the name and the physical location of the bidder, the registration number and, where applicable, the VAT number of the bidder, the date of issue and date of expiry, the B-BBEE Status Level of Contribution obtained by the measured entity, the total black shareholding and total black female shareholding, the B-BBEE Status Level of Contribution obtained by the bidder and must be an original certificate or certified copy of the original.

- **If the certificate was issued by registered auditors approved by IRBA**

Clearly identify the B-BBEE approved registered auditor by the auditor's individual registration number with IRBA and the auditor's logo, clearly record an approved B-BBEE Verification Certificate identification reference in the format required by the SASAE, reflect relevant information regarding the identity and location of the measured entity, identify the Codes of Good Practice or relevant Sector Codes applied in the determination of the scores, record the weighting points (scores) attained by the measured entity for

each scorecard element, where applicable, and the measured entity's overall B-BBEE Status Level of Contribution, reflect that the B-BBEE Verification Certificate and accompanying assurance report issued to the measured entity is valid for 12 months from the date of issuance and reflect both the issuance and expiry date, and the B-BBEE Status Level of Contribution obtained by the bidder and must be an original certificate or certified copy of the original.

1.2.26.2 Proof of Locality in a Specific Province, Region and Municipal Area

- (a) Points for specific goals to promote suppliers or service providers located in a province, district or municipal area / (hereafter referred to as locality).
- (b) Each tender must specify in the invitation to tender that a maximum of 50% of the 20/10 points will be allocated to promote the specific goal of locality.
- (c) Only one of the points as set out below that best describes the enterprise's locality may be awarded if applicable.

| No | Requirement | Points for enterprises within Mossel Bay municipal area | Points for enterprises within Garden Route District region | Points for enterprises within the Western Cape Province and other Provinces |
|----|--|---|--|---|
| 1 | Procurement under the 80/20 preference points system where the supplier or service provider is located in: | 10 | 5 | 3 |
| 2 | Procurement under the 90/10 preference points system where the supplier or service provider is located in: | 5 | 3 | 2 |

- (d) Bidders must submit one of the following in order to receive points for the abovementioned criterion.
 - (i) The business premises Municipal Account of address as indicated in bid document;
 - (ii) If the address as indicated in bid document is not in the name of the bidder, the latest lease agreement for this address or sworn affidavit of the owner stating occupancy.
 - (iii) The premises of the bidder as indicated in the MBD6.1 of the bid document as the business address should be established prior to the advertisement date.

1.2.28 Letter of Good Standing from the Commissioner of Compensation

- (a) A valid AND relevant Letter of Good Standing from the Compensation Commissioner or a copy thereof, must accompany the bid documents.
- (b) In the case of a Consortium/Joint Venture every member must submit a separate valid AND relevant Letter of Good Standing from the Compensation Commissioner or a copy thereof with the bid documents.
- (c) If a bid is not supported by a valid AND relevant Letter of Good Standing from the Compensation Commissioner or a copy thereof, as an attachment to the bid documents, the Municipality reserves

the right to obtain such document after the closing date. If no such document can be obtained within a period as specified by the Municipality, the bid will be disqualified.

- (d) If a bid is accompanied by proof of application for valid AND relevant Letter of Good Standing from the Compensation Commissioner, the original or copy thereof must be submitted on/or before the final date of award.
- (e) Should a bidder's Letter of Good Standing from the Compensation Commissioner expire during the contract period, a valid AND relevant certificate must be submitted within an agreed upon time.
- (f) The right is reserved to not award a tender if a valid AND relevant Letter of Good Standing from the Compensation Commissioner or a certified copy thereof is not submitted within the requested time.

1.2.29 Negotiations

Should the tender prices be higher than the available funds of the client, the client reserves the right to negotiate with the successful bidder to limit the work in accordance with the tender specifications in order not to exceed the available budget. These negotiations can be done prior or after the final award.

1.2.30 Joint Ventures

The Joint venture agreement must be submitted as part of the bid documents;

- (a) No amendments to Joint venture agreement may be made without the prior approval of the Municipality; if not accepted by the Municipality and the Joint venture continue without approval the Joint venture contract can be cancelled as if poor performance had taken place;
- (b) Joint venture will only qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits, together with the submission of the bid, their B-BBEE status level certificate issued in the name of the Joint venture.
- (c) Joint venture will only qualify for points for Locality as a legal entity, provided that the entity submits the address of the Lead Partner as per the Joint Venture agreement.
- (d) If the joint venture division is 50/50 the points will be allocated according to the closest address.
- (e) All members of the Joint venture must submit, with the bid documents:
 - a valid SARS tax pin, individually;
 - an agreement that clearly provides clarity of Profit and liability sharing; and
 - a resolution taken by the board of directors of the Joint venture and other information that agrees with the Joint venture agreement as detailed on pages 54-56.
- (f) For the evaluation of functionality regarding a Joint venture refer to the functionality section.

1.2.31 Enquiries

Enquiries in connection with this tender, prior to the tender closure date, may be addressed to Mr Hennie le Roux at telephone (044) 606-5267 or hleroux@mosselbay.gov.za.

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1.3 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 anything 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 goods 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 goods 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 "Supplier" means the successful bidder who is awarded the contract to maintain and administer the required and specified service(s) to the State.
- 1.26 "Tort" means in breach of contract.
- 1.27 "Turnkey" means a procurement process where one service provider assumes total responsibility for all aspects of the project and delivers the full end product / service required by the contract.
- 1.28 "Written" or "in writing" means hand-written 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 (excluding professional services related to the building and construction industry), sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- 2.2 Where applicable, special conditions of contract are also laid down to cover specific goods, 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 Invitations to bid are usually published in locally distributed news media and on the municipality/municipal entity website.
- 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.
- 6.2 When a supplier developed documentation / projects for the municipality / municipal entity, the intellectual, copy and patent rights or ownership of such documents or projects will vest in the municipality / municipal entity.
- 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.
- 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 goods to be produced or services to be rendered should at any stage be subject to inspections, tests and analyses, the bidder or contractor's premises shall be open, at all reasonable hours, for inspection by a representative of the purchaser or organization acting on behalf of the purchaser.
- 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 goods 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 goods or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such goods or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.
- 8.6 Goods 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 goods may on or after delivery be inspected, tested or analysed and may be rejected if found not to comply with the requirements of the contract. Such rejected goods shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with goods, which do comply with the requirements of the contract. Failing such removal, the rejected goods shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute goods forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected goods, purchase such goods as may be necessary at the expense of the supplier.
- 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 22 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 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, and in any subsequent instructions ordered by the purchaser.
- 10. Delivery and documents**
- 10.1 Delivery of the goods and arrangements for shipping and clearance obligations, shall be made by the supplier in accordance with the terms specified in the contract.
- 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.
- 12. Transportation**
- 12.1 Should a price other than an all-inclusive delivered price be required, this shall be specified.
- 13. Incidental Services**
- 13.1 The supplier may be required to provide any or all of the following services, including additional services, if any:
- (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, 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.
- 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 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, 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.
- 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.
- 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 or in the purchaser's request for bid validity extension, as the case may be.

- 18. Variation orders**
- 18.1 In cases where the estimated value of the envisaged changes in purchase does not vary more than 15% of the total value of the original contract, the contractor may be instructed to deliver the goods or render the services as such. In cases of measurable quantities, the contractor may be approached to reduce the unit price, and such offers may be accepted provided that there is no escalation in price.
- 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 The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the goods are required, or the supplier's services are not readily available.
- 21.4 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 22.2 without the application of penalties.
- 21.5 Upon any delay beyond the delivery period in the case of a goods contract, the purchaser shall, without cancelling the contract, be entitled to purchase goods of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.
- 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 judgement 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 supplier as having no objection and proceed with the restriction.
- 23.5 Any restriction imposed on any person by the purchaser will, at the discretion of the purchaser, 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 purchaser 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. Antidumping 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 supplier to the purchaser or the purchaser may deduct such amounts from moneys (if any) which may otherwise be due to the supplier in regard to goods or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.
- 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 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 for goods delivered and / or services rendered according to the prescripts of the contract.
- 28. Limitation of Liability**
- 28.1 Except in cases of criminal negligence or wilful 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.
- 29. Governing language**
- 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.
- 30. Applicable law**
- 30.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified.
- 31. Notices**
- 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.
- 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.

32. Taxes and duties

- 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.
- 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.
- 32.3 No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid SARS must have certified that the tax matters of the preferred bidder are in order.
- 32.4 No contract shall be concluded with any bidder whose municipal rates and taxes and municipal services charges are in arrears.

33. Transfer of contracts

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

34. Amendment of contracts

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

35. Prohibition of restrictive practices

- 35.1 In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder(s) is / are or a contractor(s) was / were involved in collusive bidding.
- 35.2 If a bidder(s) or contractor(s) based on reasonable grounds or evidence obtained by the purchaser has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in section 59 of the Competition Act No 89 Of 1998. 35.3 If a bidder(s) or contractor(s) has / have been found guilty by the Competition Commission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid(s) for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder(s) or contractor(s) from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder(s) or contractor(s) concerned.

SECTION 1.4: SPECIAL CONDITIONS OF CONTRACT

- 1.4.1 Bids shall remain valid for 120 days after the tender closure date.
- 1.4.2 All premiums must be **VAT inclusive**.
- 1.4.3 For the annual renewal, the insurance broker must on/or before the 15th May of each year obtain at least one written quotation on each of the policies as agreed with the Insured and must give clear motivation on the quotes recommended.
- 1.4.4 The bidder **must** provide a **certified copy** of a valid SABS certificate issued in terms ISO 9001:2015 Quality Management Systems – Requirements for the Provision of Financial Services in short term insurance. **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.5 The Bidder **must** be a member of the Financial Intermediaries Association (F.I.A.). A certified copy of such membership certificate must be submitted with the tender. **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.6 The Bidder **must** provide details of their Financial Advisory and Intermediary Services (F.A.I.S.) Act compliancy; i.e. a copy of the F.A.I.S. Certificate. **A certified copy** of such certificate must be submitted with the tender. **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.7 The bidder **must** provide a **certified copy** of a valid IRMSA (Institute of Risk Management South Africa) certificate. **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.8 The Bidder **must** have a minimum limit of R100, 000,000 (100 million rand) Professional Indemnity insurance. A certified copy of the insurance policy schedule reflecting the limit, excess, Insurers and renewal date must be submitted with the tender. In the case of a Trust, Consortium or Joint venture each member must provide a minimum limit of R100, 000,000 (100 million rand) Professional Indemnity insurance. **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.9 The Bidder **must** have a minimum limit of R 50, 000,000 (50 million rand) Commercial Crime Insurance insurance. A certified copy of the insurance policy schedule reflecting the limit, excess, Insurers and renewal date must be submitted with the tender. In the case of a Trust, Consortium or Joint venture each member must provide a minimum limit of R 50, 000,000 (500 million rand). **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.10 Notwithstanding abovementioned the following documentation **must** also be submitted as part of the tender: **Failure to submit proof may be seen as submitting a non-responsive bid.**
- 1.4.10.1 Proof of Insurers Solvency Margin;
- 1.4.10.2 Letter of Authority;
- 1.4.10.3 Company Registration Certificate;
- 1.4.10.4 Ownership Certificate & Change of Name Certificate (If applicable);
- 1.4.10.5 Audited financial statements for both the Broker and proposed Underwriter/(s).
Failure to submit proof may be seen as submitting a non-responsive bid.

SECTION 2.1: TERMS OF REFERENCE

2.1.1 Introduction

Mossel Bay municipality serves the towns of Mossel Bay, Boggom's Bay, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Fraaiuitsig, Friemersheim, Great Bark River, Hartenbos, Herbertsdale, Hersham, KwaNonqaba, Little Brak River, Outeniqua Beach, Reebok, Ruiterbos, Sonskynvallei, Southern Cross, Tergniet and Vleesbaai.

Section 78(1) (e) of the Municipal Finance Management Act, No. 56 of 2003, states that "Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary."

To comply with the above Act and to ensure that the Municipality's assets are adequately insured, and any risk exposure is minimized, the Municipality have established a self-insurance reserve and appoints a Service Provider in the form of an insurance broker to perform the following functions:

- Negotiate and place the Municipality's insurance portfolio with insurance underwriters and present the underwriting terms to the Municipality for acceptance each year;
- Administer the Municipality's short-term insurance portfolio; and
- Assess the Municipality's insurance cover and provide advice to adequate cover the risks associate with the Municipalities activities.

The renewal of the insurance portfolio normally falls in line with the Municipality's financial year-end and therefore must be renewed by 30 June each year to ensure that the Municipal assets are insured and risks are minimized.

The current contract for a Short-term Insurance Intermediary will expire on 30 June 2024. All decision regarding insurance portfolio will then be placed with the successful Bidder as from 01 July 2024.

2.1.2 Objectives

The Municipality invites suitably experienced insurance brokers to tender for managing the short-term insurance portfolio of the Mossel Bay Municipality with effect from 1 July 2024 till 30 June 2027.

The following key performance indicators will be applicable to the successful bidder and will be measured at least on an annual basis to assess the performance:

2.1.2.1 Ensure that the quotations and proposals for the renewal of the short-term insurance policy with an underwriter(s) is provided by the broker before or on the 15th May of each year for that the financial year that commence on the 1 July.

Standard: Formal written proposal by the Broker after revisiting the risk and insurance portfolio, highlighting possible risks that is not covered.

Target: 100% achievement.

Proof of evidence: Formal written letter from broker supported by quotations of the underwriter.

2.1.2.2 Ensure that the short-term insurance policy is in place before or on the 1st of July of each year for that the financial year.

Standard: Written confirmation by the underwriter/(s) and broker the that the insurance cover, as agreed to by the Municipality, is in place on all policy types.

Target: 100% achievement.

Proof of evidence: Formal written letter from broker with confirmation from underwriter attach.

2.1.2.3 Attend to all claims timeously.

Standard: Acknowledge claim registered within 7 days after receipt acceptance of claim documentation and provide feedback of any outstanding or additional information required.

Target: 95% achievement.

Proof of evidence: Formal written letter from broker.

- 2.1.2.4 Settle claims timeously
Standard: Settle claims within 7 days after receipt of signed settle agreement by the insured.
Target: 95% achievement.
Proof of evidence: Copy of the payment advice.
- 2.1.2.5 Supply of a monthly claim ratio report provided/delivered electronically, preferably in the form of a dashboard report with detail to support, before or on the 3rd working day of the following month.
Target: At least 80% achievement of time frame, 100% achievement of producing the report.
Standard: The report must be a true reflection of all processed claims. It must at least consist of two sections, the summary that provides the claims ratio whilst the second part the detail on which the summary is based. The detail portion of the report must provide identification numbers of each claim, including municipal insurance claim number, date of incident, date reported to the insurers, acknowledgement date of claim forms (when available), date of agreement of loss (when available) and details of all policy types regarding the progress with an indication of the outstanding information to finalize the claim. Final layout to be agreed with the Municipality.
Proof of evidence: Electronic version of report for each month
- 2.1.2.6 Regular meetings with the insurer.
Target: At least once a quarter.
Standard: A meeting, it may be via teams, with at least the CFO or the Manager responsible for the insurance portfolio. The successful bidder must keep written minutes and avail it within 1 week of the meeting.
Proof of evidence: Approved minutes of the meeting
- 2.1.2.7 Turnaround time on own damage claim
Standard: Outcome of claim communicated within 14 calendar days after provision of all documentation.
Target: 95% achievement.
Proof of evidence: % calculation based on monthly report
- 2.1.2.8 Supply of a monthly reconciliation of the Refundable Advance
Standard: The reconciliation of the refundable advance must be a true reflection of all processed claims. It must provide at least a opening balance, all expenses encountered on behalf of the insured, all cost and received from the Municipality, interest earned on the account and a closing balance of the refundable advance.
Target: At least 80% achievement of time frame, 100% achievement of producing the reconciliation report.
Proof of evidence: Electronic version of reconciliation for each month

2.1.3 Scope of Work

The general the functions to be performed by the successful bidder/insurance broker are:

- Ensure that the Municipality has insurance cover as instructed by the Municipality;
- Act as representative for the Municipality with the underwriter;
- Ensure that the interest of the Municipality, its customers and clients is conveyed to the underwriter and the interest of the Municipality is always protected;
- Provide legal advice regarding claims lodged against the Municipality;
- Advise the Municipality on any potential liabilities/risk not covered by the underwriters policy;
- Advise the Municipality of potential under insurance of policy types placed with the underwriters;
- Perform claims assessments on all claims within excess or covered by the self-insurance reserve, whilst adhering to the turnaround times; and
- Ensure that the management of the Municipality is informed on the progress of all claims and adhering to the timeframes as provided part of the key performance indicators included in 2.1.2.

2.1.3.1 Self-insurance Reserve

The Municipality has established a self-insurance reserve with the purpose of covering all own damage as well as 3rd party claims below the excess levels of the reinsurance policy.

The self-insurance reserve may only be utilized for financing activities that was caused by an unforeseen activity and caused damage, other than by means of normal wear and tear to the capital assets of the Municipality or a third party.

The municipality aims, but is not limited, to progressively grow the self-insurance reserve with surplus cash generated and annual contributions to a level of 7.5% of the carrying value of capital assets as at year end. As at 30 June 2023 the reserve is cash back to the value of R 173.440 million. The target of 7.5% amounts to R 220 million. The minimum annual contribution will be 0.175% of the carrying value of capital assets at the end of each financial year.

The assessment of claims covered by the self-insurance reserve must be performed by the success full bidder, this includes:

- Assessment of the claim document to determine whether it is a valid claim and that the damage was not caused by normal wear or tear or that the claim is not covered by any other reinsurance policy type of the Municipality.
- Appointment of a Loss adjuster must be appointed by the broker that complies with the following:
 - Registered with the Institute of Loss Adjuster of SA.
 - Must have an office within 60-kilometer radius of the Municipal yard situated in Schoeman street, Mossel Bay.
 - Bidder must provide the name, address and certificate of the proposed lost adjuster before 1 July 2024.
- For any claim, excluding claims that is basically replacement items, such as laptops, any other furniture and office equipment, etc, with an estimated damage value of more than R 30 000, a lost adjuster must be used.
- The Lost adjuster, appointed by the successful bidder/insurance broker, must at least:
 - Determine and advise on the cost-effective breakeven point for the repair of a vehicle and advise when the vehicle must rather be written-off;
 - Determine a realistic value of repair or replacement; and
 - If necessary, negotiate with service providers regarding the value of repairs and or parts on the quotations as provided to him/her.
- All assessment outcomes must be provided to the Municipality in writing on a letterhead of the successful bidder/insurance broker.

2.1.3.2 Insurance Sections and policy types

The Municipality have developed an insurance policy. This policy provides guidance on what is covered by the self-insurance reserve and what must be covered by the reinsurance portfolio. This policy will be reviewed in conjunction with the successful bidder.

Attach as Annexure A is the current approved insurance policy which will be revised and made applicable by no later than the 1st June 2024

In terms of this policy the Municipality requires cover for SASRIA, and the liabilities listed below. The precise policy wording will be negotiated after the award with the successful bidder. The agreed cover must be obtained by the successful bidder

| POLICY TYPE | COVER |
|------------------------------------|--|
| Motor fleet 3rd Party | All Vehicles with a total limit of R 25 000 000 |
| Public Liability | All claims with a total limit of R 100 000 000 |
| Employers Liability | All claims with a total limit of R 50 000 000 |
| Events liability | Overall limit per event R 10 000 000 |
| Directors and Officers Liability | All claims with a total limit of R 10 000 000 |
| Network Security (CYBER) Liability | All claims with a total limit of R 25 000 000 |
| SASRIA (Motor and non-motor) | All claims based on the latest available capital asset value |

2.1.3.2.1 Placement of portfolio

The successful bidder will be required to perform the following:

- 2.1.3.2.1.1 Assess the Municipality's insurance requirements as reflected in the insurance policy;
- 2.1.3.2.1.2 Submit the Municipality's latest information to the proposed Insurance Underwriters;
- 2.1.3.2.1.3 Negotiate with the Insurance Underwriters on suitable insurance terms and premiums based on the quotations obtained by the Service Provider in satisfaction of this tender;
- 2.1.3.2.1.4 Attend insurance pre-placement meeting(s) with the Municipality to discuss the underwriting terms and premiums;
- 2.1.3.2.1.5 Advise the Municipality and provide quotations on additional insurance cover that might be necessary to take out to ensure that the Municipality's risk is minimized given the insurance policy of the Municipality;
- 2.1.3.2.1.6 Advise and inform the Municipality of any new products that will reduce cost; and
- 2.1.3.2.1.7 Place the Municipality's insurance portfolio with the Insurance Underwriters and provide the Municipality with written confirmation thereof together with details of the insurance cover placed.

2.1.3.2.2 Under writer Administration

The successful bidder will be required to perform the following:

- 2.1.3.2.2.1 Provide quotations on any additional insurance cover required by the Municipality and place the insurance cover with the Insurance Underwriters on the Municipality's instruction and provide the Municipality with written confirmation thereof together with details of the insurance cover placed; and
- 2.1.3.2.2.2 Meet with the Municipality's Officials whenever required by either party to discuss or advice on

insurance cover. The Service Provider's staff members required at these meetings will depend on the technicality of the issues to be discussed.

2.1.3.2.3 Claims administration

- 2.1.3.2.3.1 In the case of 3rd party claims the Municipality **will not** communicate directly with any legal representatives of the service provider, third parties or the Underwriter, where the insurance is placed.
- 2.1.3.2.3.2 The successful bidder will be required to perform at least the following:
- 2.1.3.2.3.2.1 Administer all the Municipality's insurance claims with regard to own damage;
- 2.1.3.2.3.2.2 Administer all claims received by the Municipality from third party's claiming for personal injury or damage to their property. This includes liaising with the third parties on the Municipality's behalf;
- 2.1.3.2.3.2.3 In the case of 3rd party claims the Municipality will not communicate directly with any legal representatives of the service provider, third parties or the Underwriter, where the insurance is placed;
- 2.1.3.2.3.2.4 Provide a motivation, based on substantive legal grounds, for all claims that are rejected by the Insurance Company. The Municipality reserves the right to reconsider any opinion received, to refer it back to the Broker for another opinion or recommendation. The Municipality will under no circumstances communicate directly with the Underwriter regarding any aspects of a claim;
- 2.1.3.2.3.2.5 In the case of all other claims, whether covered by the underwriter or self-insurance reserve or is within the excess amounts, the following process will be followed:
- i) The Municipality will place a refundable advance of R 500 000 with the successful bidder at the start of the contract from which the claim cost should be funded.
 - ii) It is required from the bidder to invest the unused funds in an interest-bearing instrument that complies with a credit rating as prescribe by the Insured cash and investment policy, which will be provided to the successful bidder before commencement of the contract.
 - iii) The refundable advance will serve as a petty cash and must be replenished by the successful bidder by producing tax invoices for all expense incurred by the successful bidder regarding claims settled with supplier on behalf of the Municipality.
 - iv) At the end of the contract the refunded advance, with all interest earned, must be paid back to the Municipality within 30 days after end of contract, being the end date of the contract period.
 - v) In order to recognises the interest on a monthly basis in the records of the Municipality, a reconciliation must be provided of the refundable advance, with supporting documents clearly providing the calculations of the interest on a daily basis.
 - vi) The successful bidder will be required to provide as on the end of each financial year confirmation of the balance of the refundable advance in writing to the insured that balance back to the reconciliation.
 - vii) It is expected from the successful bidder to perform the assessments of all claims and negotiate with the potential service providers to quotations provided, provide written instructions to the successful service supplier, receive the tax invoices (made out in the

name of the successful bidder) and settle these tax invoices within 30 days of the service or item being delivered, after which an tax invoice is provided to the Insured for payment.

- viii) The Broker will be allowed to charge the insurer for each claim assessed on behalf of the Municipality a fee, including the cost of the loss adjuster appointed, the cost referred in this regard must be included in the appropriated portion of the pricing schedule.
- ix) The cost referred in viii) above must be provided on a separate tax invoice on a monthly basis for all claims assessed during the month.

2.1.3.2.3.2.6 Submit monthly updated reports in respect of the Municipality's claims submitted, indicating the status of each claim (Refer to section 2.1.2.5 and 2.1.2.8 for more details); and

2.1.3.2.3.2.7 Meet with the Municipality's relevant officials, individually or in groups, whenever required by either party to discuss or advice on insurance claims. (Refer to section 2.1.2.6 for more details)

2.1.3.2.4 Renewal / Placement of the Municipality's Insurance Portfolio

The successful bidder will be required to perform the following before the renewal in respect of each year:

2.1.3.2.4.1 An assessment of the Municipality's insurance requirements as reflected in the insurance policy;

2.1.3.2.4.2 Compile or obtain the updated information for the Municipality regarding the latest insurance statistics and submit this information to the Insurance Underwriters;

2.1.3.2.4.2 Negotiate with the Insurance Underwriters on suitable insurance terms and premiums based on the Municipality's existing insurance cover and updated asset register;

2.1.3.2.4.3 Attend insurance pre-renewal meeting(s) with the Municipality to discuss the underwriting terms and premiums (Refer to section 2.1.2.1 for the deadline/s, standard and proof of evidence)

2.1.3.2.4.4 Advise the Municipality and provide quotations on additional insurance cover that could become necessary to be taken out to ensure that the Municipality's risk is minimized;

2.1.3.2.4.5 Renew the Municipality's insurance portfolio with the Insurance Underwriters. (Refer to section 2.1.2.2 for the deadline/s, standard and proof of evidence)

2.1.3.2.5 Handling of Outstanding Claims

2.1.3.2.5.1 The current Service Provider will remain responsible for the administration and finalisation of all existing outstanding / open claims as at 30 June 2024, including claims with date of loss up to 30 June 2024 but only discovered and submitted on or after 1 July 2024. The same principle will apply for the successful service provider's term as on 30 June 2027.

2.1.3.2.5.2 Public Liability claims are dealt with on a claims-made basis, therefore any Public Liability claims received up to 30 June 2024 will be dealt with by the current Service Provider at the date of loss. Public Liability claims received on or after the commencement date of the contract with the successful bidder will be dealt with by the newly appointed Service Provider, even where the actual date of loss is before said date.

2.1.4 EVALUATION OF PROPOSAL

2.1.4.1 FUNCTIONALITY

2.1.4.1.1 The evaluation of the functional proposal will also be based on its responsiveness to Section 2.1.4.2 and will be scored out of 40 points.

2.1.4.1.2 Proposals that do not score the minimum of 32 points or more for functionality will be not responsive and only those bidders who score more than 32 out of 40 points will be evaluated further on the 80/20 preference points system.

2.1.4.1.3 The Bid Evaluation Committee of the Municipality will determine whether the technical and pricing proposals are complete, i.e. whether all the items as required have been priced. If not, the proposal may be rejected as non-responsive.

2.1.4.1.4 Full details of the functional areas mentioned below must be supplied.

2.1.4.2 Functionality criteria

The following criteria and formula will be used to calculate points for the functionality of the proposal:

| Description | Points Awarded |
|---|----------------|
| <p>1. Company Profile (18)</p> <p>a) Experience of company or legacy companies in the field insurance broker (Max. points – 12)</p> <p>Breakdown of points allocated for years of experience:</p> <p>=>3 - 5 years 6</p> <p>=>6 - 10 years 10</p> <p>10+ years 12</p> <p>b) Experience in rendering an Insurance broker services to a Local Authority (Max. points - 3)</p> <p>Breakdown of points allocated for years rendering insurance broker services to local authorities:</p> <p>=>3 - 5 years 1</p> <p>=>6 - 10 years 2</p> <p>10+ years 3</p> <p>c) Number of Local Authorities clients listed as references (Max. points - 3)</p> <p>Breakdown of points allocated for the number of local authorities listed as client references:</p> <p>1 - 3 clients 1</p> <p>4 - 6 clients 2</p> <p>7 + clients 3</p> | |
| <p>2. Project Team (22)</p> <p>a) Experience of Relationship Manager (Project Contract leader) (Max. points - 8)</p> | |

| | |
|--|---|
| =>2 - 5 years | 4 |
| =>6 - 10 years | 6 |
| 10+ years | 8 |
| b) Qualifications of Relationship Manager (Project Contract leader) (Max. points - 4) | |
| National Diploma | 2 |
| Degree | 4 |
| c) Experience of Claims clerk / specialist (Max. points - 6) | |
| =>2 - 4 years | 2 |
| =>6 - 5 years | 4 |
| 6+ years | 6 |
| d) Qualifications of Claims clerk / specialist (Max. points - 4) | |
| Matric | 2 |
| Diploma or Degree | 4 |

2.1.4.2.1 For the evaluation of functionality bidders are requested to furnish detailed information in substantiation of compliance with the functionality criteria mentioned in paragraph 2.1.4.2 above, for example business registration documents, Updated CV's of the project team and the latest set of financial statements of the bidder, not older than 12 months. Note: Tender will be considered non-responsive if service prospective bidder score 10 points or less on the company's profile section as mentioned in 2.1.4.2 of the functionality criteria. (**Relevant experience of company or legacy companies**)

2.1.4.2.2 The project team as mentioned in 2.1.4.2 of the functionality criteria is defined as:

2.1.4.2.2.1 For the project team for each individual an updated CV must be attached with supporting evidence of the qualifications. The CV must also indicate current employment status of the officials or an accepted offer by the bidder.

2.1.4.2.2.2 Relationship Manager (Project/Contract leader) is defined as the contact person that will be responsible for the policy amendments, reports and solving of Municipal enquiries regarding claims that has been rejected or are long outstanding; and

2.1.4.2.2.3 Claims clerk or specialist is defined as the contact person that will deal with the day to day administration of the claims reported.

2.1.4.2.3 The evaluation of functionality regarding a Consortium or Joint venture, will be performed as follow:

2.1.4.2.3.1 For **company experience** the evaluation is based on the experience of the partner with the **highest/longest** experience record;

2.1.4.2.3.2 For the evaluation of the **project team, at least** the Relationship Manager (Project/Contract leader) **must be an employee** with the **leading partner** of the consortium or joint venture.

2.1.4.2.3.3 The leading partner of the consortium or joint venture is determined by the shareholding regarding the liability, which is included in the consortium or joint venture agreement.

2.1.4.2.4 The designated relationship manager (project leader) and claims clerk or specialist may not be changed without the prior approval of the accounting officer or his/her nominated person once the bid was awarded.

2.1.4.2.5 A bidder that scores less than 32 points out of 40 in respect of the functionality criteria will be regarded as submitting a non-responsive bid and will not be evaluated on price and B-BBEE.

JOINT VENTURES

The evaluation of functionality regarding a Consortium or Joint venture, will be performed as follows:
For company experience the evaluation is based on the experience of the partner with the highest/longest experience record;

For the evaluation of the project team, if applicable, at least one of the Project leaders must be an employee with the leading partner of the consortium or joint venture. The leading partner of the consortium or joint venture is determined by the shareholding regarding the liability, which is included in the consortium or joint venture agreement.

If required for the evaluation of the financial ratings, if not issued for the consortium or joint venture specifically, the rating of the leading partner will be use in the assessment.

The designated Project leaders, if applicable, may not be changed without the prior approval of the accounting officer or his/her nominated person once the bid was awarded.

SECTION 2.2: PRICING SCHEDULE

- 2.2.1 **No other format of pricing schedule, as prescribed in the pricing schedule below will be allowed. Bids that do not adhere to the requirements will be considered non-responsive.**
- 2.2.2 It must be highlighted that the value of premium of the underwriter based on the proposed and accepted policy will be amended, after awarding the tender to the successful bidder. Therefor the premium included in the pricing schedule is only for evaluation purposes. The actual commission fee earned by the successful bidder from the Underwriter will be deducted from the broker fee as included in the bid document.
- 2.2.3 The liability for payment of Assessor Fees within the agreed timeframes between the successful bidder and the lost adjuster is for the account of the bidder in all instances.
- 2.2.4 The premium/prices tendered must remain firm for the initial period of 12 months, thereafter the annual escalation in the Rand value for year 2 and 3 must not exceed the CPIX inflation rate as at 30 April of each year; subject to any changes, additions and / or reductions required as per the updated information supplied by the Municipality.
- 2.2.5 For bid evaluation purposes to determine the total estimated contract value all insured values will remain the same and all bids will be escalated with an estimated CPIX rate of 6%.
- 2.2.6 Prescribed Pricing Schedule**

| <u>SECTION</u> | <u>QUANTITIES</u> | <u>TARIFF</u> | <u>ESTIMATED ANNUAL</u> |
|---|-------------------|---------------|-------------------------|
| A | B | C | D (BxC) |
| <p>2.2.6.1 Broker fees</p> <p>The broker fees must include all cost to the Insured. The commission earned from the underwriter as quoted below will be deducted from the Broker fee: (Including all cost relating to the assessment of self-insurance claims but excluding the cost of appointment of a lost adjustor as included below)</p> <p>Fixed Broker fee per month, excluding VAT</p> | 12 | R | R |
| Less: Commission earned on Under writer premium | R 3 700 000.00 | % | R |
| Sub-total for 2.2.6.1 Broker fees, excluding VAT | | | R |
| <p>2.2.6.2 Assessor or Lost Adjuster Cost</p> <p>The cost of assessor for self-insured claims the insured must can be quoted as a markup percentage of the cost incurred by the success full bidder on all cost of the Loss Adjusters appointments.</p> <p>Estimated rand value for evaluation purposes of cost paid by Broker to Lost adjuster for services on own damage claims</p> | R 300 000.00 | % | R |
| OR | | | |
| The assessor cost for self-insured claims can be quoted per incident. The estimated number of claims per annum. | 12 | R | R |
| Sub-Total, excluding VAT | | | R |
| Total Cost for year 1, including VAT @ 15% | | | R |

SECTION 3.1: MBD1: BID REQUIREMENTS FOR MOSSEL BAY MUNICIPALITY

PART A – INVITATION TO BID

| INVITATION TO BID FOR REQUIREMENTS OF THE MOSSEL BAY MUNICIPALITY | | | | | |
|--|---|---------------------|----------------------|---------------------|--------------|
| BID NUMBER | TDR115/2023/2024 | CLOSING DATE | 26 APRIL 2024 | CLOSING TIME | 12h00 |
| DESCRIPTION | APPOINTMENT OF A SHORT-TERM INSURANCE BROKER | | | | |
| THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (MBD7) | | | | | |

ORIGINAL COMPLETED BID DOCUMENTS MAY BE **POSTED** TO REACH THE TENDER BOX BY CLOSING DATE TO:

**The Tender Box
Mossel Bay Municipality
P O Box 25
MOSEL BAY
6500**

OR

ORIGINAL COMPLETED BID DOCUMENTS MAY BE **DEPOSITED** IN THE TENDER BOX BY CLOSING DATE AT:

**The Entrance of the Mossel Bay Municipality’s Town Hall
101 Marsh Street
MOSEL BAY**

| SUPPLIER INFORMATION | |
|---|--|
| NAME OF BIDDER | |
| POSTAL ADDRESS AND CODE | |
| STREET ADDRESS | |
| TELEPHONE NUMBER | |
| ALTERNATIVE NUMBER | |
| E-MAIL ADDRESS | |
| VAT REGISTRATION NUMBER | |
| TAX COMPLIANCE STATUS PIN | |
| CIDB REGISTRATION NUMBER (if applicable) | |

| A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/SWORN AFFIDAVIT (FOR EME'S & QSE'S) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE) | | | |
|---|--------------------------|--|--------------------------|
| B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE | YES | NO | |
| B-BBEE STATUS LEVEL SWORN AFFIDAVIT | YES | NO | |
| ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS/SERVICES/WORK OFFERED? | | YES/NO (if YES, enclose proof) | |
| ARE YOU'RE A FOREIGN BASED SUPPLIER FOR THE GOODS/SERVICES/WORK OFFERED? | | YES/NO (if YES, answer Part B) | |
| TOTAL NUMBER OF ITEMS OFFERED | | Various | |
| TOTAL BID PRICE | | See page 29 | |
| SIGNATURE OF BIDDER | | | |
| DATE | | | |
| CAPACITY UNDER WHICH THIS BID IS SIGNED | | | |
| BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO: | | TECHNICAL ENQUIRIES MAY BE DIRECTED TO: | |
| DEPARTMENT | SCM | DEPARTMENT | Financial Services |
| CONTACT PERSON | Mr Deslin Kohler | CONTACT PERSON | Mr Hennie le Roux |
| TELEPHONE NUMBER | (044) 606-5192 | TELEPHONE NUMBER | (044) 606-5267 |
| E-MAIL ADDRESS | dkohler@mosselbay.gov.za | E-MAIL ADDRESS | hleroux@mosselbay.gov.za |

PART B – TERMS AND CONDITIONS FOR BIDDING

| | |
|---|--|
| 1. BID SUBMISSION: | |
| <p>1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.</p> <p>1.2. ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED – (NOT TO BE RE-TYPED) OR ONLINE</p> <p>1.3. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, THE PREFERENTIAL PROCUREMENT REGULATIONS AND ANY APPROPRIATE MUNICIPAL POLICY. THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.</p> | |
| 2. TAX COMPLIANCE REQUIREMENTS | |
| <p>2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.</p> <p>2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VIEW THE TAXPAYER'S PROFILE AND TAX STATUS.</p> <p>2.3 APPLICATION FOR THE TAX COMPLIANCE STATUS (TCS) CERTIFICATE OR PIN MAY ALSO BE MADE VIA E-FILING. IN ORDER TO USE THIS PROVISION, TAXPAYERS WILL NEED TO REGISTER WITH SARS AS E-FILERS THROUGH THE WEBSITE WWW.SARS.GOV.ZA.</p> <p>2.4 FOREIGN SUPPLIERS MUST COMPLETE THE PRE-AWARD QUESTIONNAIRE IN PART B:3.</p> <p>2.5 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.</p> <p>2.6 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED; EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.</p> <p>2.7 WHERE NO TCS IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.</p> | |
| 3. QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS | |
| 3.1. IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)? | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| 3.2. DOES THE ENTITY HAVE A BRANCH IN THE RSA? | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| 3.3. DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA? | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| 3.4. DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA? | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| 3.5. IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION? | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| <p>IF THE ANSWER IS "NO" TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 ABOVE.</p> | |

SIGNATURE OF BIDDER:

CAPACITY UNDER WHICH THIS BID IS SIGNED:

DATE:

SECTION 4.1: MBD4: DECLARATION OF INTEREST

1. No bid will be accepted from persons in the service of the state*.
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 favoritism, 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.**
4. **Bidders are required to declare any change in directorship or membership during the term of this tender should it have had an influence on the award of the bid.**

| | | |
|---|--|---------------|
| 4.1 | Full Name of Bidder OR his OR her representative | |
| 4.2 | Identity Number | |
| 4.3 | Position occupied in the Company (director, trustee, shareholder ²) | |
| 4.4 | Company Registration Number | |
| 4.5 | Tax Reference Number | |
| 4.6 | VAT Registration Number | |
| 4.7 The names of all directors/trustees/shareholder's/member, their individual identity numbers and state employee numbers must be indicated in number 4, below. | | |
| 4.8 Are you presently in service of the state | | YES/NO |
| 4.8.1 If so, furnish particulars | | |
| 4.9 Have you been in the service of the state for the past twelve months? | | YES/NO |
| 4.9.1 If so, furnish particulars | | |
| 4.10 Do you have any relationship (family, friend, other) with persons in service of the state and who may be involved with the evaluation and or adjudication of this bid? | | YES/NO |
| 4.10.1 If so, furnish particulars | | |
| 4.11 Are you, aware of any relationship (family, friend, other) between a bidder and any persons in the service of the state and who may be involved with the evaluation and or adjudication of this bid? | | YES/NO |
| 4.11.1 If so, furnish particulars | | |

| | |
|--|---------------|
| | |
| 4.12 Are any of the company's directors, managers, principal shareholders or stakeholders in service of the state? | YES/NO |
| 4.12.1 If so, furnish particulars | |
| 4.13 Are any spouse, child or parent of the company's directors, managers, principal shareholders or stakeholders in service of the state? | YES/NO |
| 4.13.1 If so, furnish particulars | |
| 4.14 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 |
| 4.14.1 If so, furnish particulars | |

*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.

SECTION 4.2: MBD5: DECLARATION FOR PROCUREMENT ABOVE R10 MILLION

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

| | |
|--|---------------|
| 4.2.1 Are you by law required to prepare annual financial statements for auditing? | YES/NO |
| 4.2.1.1 If yes , submit audited annual financial statements for the past three years or since the date of establishment during the past three years. | |
| 4.2.2 Do you have any outstanding undisputed commitments for municipal services towards a municipality or any service provider in respect of which payment is overdue for more than 30 days? | YES/NO |
| 4.2.2.1 If no , this serves to certify that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days. | |
| 4.2.2.2 If yes , furnish particulars: | |
| 4.2.3 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? | YES/NO |
| 4.2.3.1 If yes , furnish particulars: | |
| 4.2.4 Will any portion of goods or services to be sourced from outside the Republic and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic? | YES/NO |
| 4.2.3.1 If yes , furnish particulars: | |

SECTION 4.3: MBD6.1: PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS, 2022.

This preference form must form part of all tenders invited. It contains general information and serves as a claim form for preference points for specific goals.

NB: BEFORE COMPLETING THIS FORM, TENDERERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF THE TENDER AND PREFERENTIAL PROCUREMENT REGULATIONS, 2022

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to invitations to tender:

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).

1.2 To be completed by the organ of state

- (a) The 90/10 or 80/20 preference point system will be applicable in this tender. The lowest (goods and services) / highest (sales and leases) acceptable tender will be used to determine the accurate system once tenders are received.

1.3 Points for this tender (even in the case of a tender for income-generating contracts) shall be awarded for:

- (a) Price; and
- (b) Specific Goals.

1.4 To be completed by the organ of state:

The maximum points for this tender are allocated as follows:

| | POINTS | POINTS |
|--|---------------|---------------|
| PRICE | 80 | 90 |
| SPECIFIC GOALS | 20 | 10 |
| Total points for Price and SPECIFIC GOALS | 100 | 100 |

1.5 Failure on the part of a tenderer to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed. The tenderer is however required to submit the proof or documentation required in terms of this specific goals. That documentation may be requested by the municipality.

1.6 The organ of state reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the organ of state.

2. DEFINITIONS

- (a) “**tender**” means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;
- (b) “**price**” means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;
- (c) “**rand value**” means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;
- (d) “**tender for income-generating contracts**” means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and
- (e) “**the Act**” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

3. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

3.1. POINTS AWARDED FOR PRICE

3.1.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

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

$$\begin{array}{ccc} \mathbf{80/20} & \mathbf{or} & \mathbf{90/10} \\ \\ \mathbf{Ps = 80 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)} & \mathbf{or} & \mathbf{Ps = 90 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)} \end{array}$$

Where

- Ps = Points scored for price of tender under consideration
- Pt = Price of tender under consideration
- Pmin = Price of lowest acceptable tender

3.2. FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

3.2.1. POINTS AWARDED FOR PRICE

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

$$\begin{array}{ccc} \mathbf{80/20} & \mathbf{or} & \mathbf{90/10} \\ \\ \mathbf{Ps = 80 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)} & \mathbf{or} & \mathbf{Ps = 90 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)} \end{array}$$

Where

- Ps = Points scored for price of tender under consideration
- Pt = Price of tender under consideration
- Pmax = Price of highest acceptable tender

4. POINTS AWARDED FOR SPECIFIC GOALS

4.1. In terms of Mossel Bay Preferential Procurement Policy, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:

4.2. In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
- (b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,

then the organ of state must indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.

4.3. 50% of the 20/10 points will be allocated to promote this goal and points will be allocated in terms of the B-BBEE scorecard as follows.

| B-BBEE Status Level of Contributor | Number of Points for Preference (80/20) | 50% of Points for Preference |
|------------------------------------|---|------------------------------|
| 1 | 20 | 10 |
| 2 | 18 | 9 |
| 3 | 14 | 7 |
| 4 | 12 | 6 |
| 5 | 8 | 4 |
| 6 | 6 | 3 |
| 7 | 4 | 2 |
| 8 | 2 | 1 |
| Non-compliant contributor | 0 | 0 |

| B-BBEE Status Level of Contributor | Number of Points for Preference (90/10) | 50% of Points for Preference |
|------------------------------------|---|------------------------------|
| 1 | 10 | 5 |
| 2 | 9 | 4.50 |
| 3 | 6 | 3 |
| 4 | 5 | 2.50 |
| 5 | 4 | 2 |
| 6 | 3 | 1.50 |
| 7 | 2 | 1 |
| 8 | 1 | 0.50 |
| Non-compliant contributor | 0 | 0 |

- (a) A tenderer must submit proof of its B-BBEE status level contributor [scorecard].
(b) A tenderer failing to submit proof of B-BBEE status level of contributor may only score in terms of the 80/90-point formula for price; and scores 0 points for B-BBEE status level of contributor.

4.3.1 B-BBEE STATUS LEVEL OF CONTRIBUTOR CLAIMED IN TERMS OF PARAGRAPHS 4.1

B-BBEE Status Level of Contributor :

(Only indicate your B-BBEE Status Level of Contributor – the points will be calculated by the Municipality)

4.4. Points for specific goals to promote suppliers or service providers located in a province, district or municipal area / (hereafter referred to as locality)

- (a) Each tender must specify in the invitation to tender that a maximum of 50% of the 20/10 points will be allocated to promote the specific goal of locality.
(b) Only one of the points as set out below that best describes the enterprise's locality may be awarded if applicable.

| No | Requirement | Points for enterprises within the Mossel Bay municipal area | Points for enterprises within the Garden Route District region | Points for enterprises within the Western Cape Province and other Provinces |
|----|--|---|--|---|
| 1 | Procurement under the 80/20 preference points system where the supplier or service provider is located in: | 10 | 5 | 3 |
| 2 | Procurement under the 90/10 preference points system where the supplier or service provider is located in: | 5 | 3 | 2 |

- (c) Bidders must submit one of the following in order to receive points for the abovementioned criterion.
 - (i) Municipal Account of address as indicated in bid document;
 - (ii) If the address as indicated in bid document is not in the name of the bidder, the latest lease agreement for this address or sworn affidavit of the owner stating occupancy.
 - (iii) The premises of the bidder as indicated in the MBD6.1 of the bid document as the business address should be established prior to the advertisement date.

4.4.1 LOCALITY CLAIMED IN TERMS OF PARAGRAPHS 4.4

Locality (indicate as per table above) :

(The address provided in 4.5 below, will be used to determine the locality as per 4.4 above)

4.5. MUNICIPAL INFORMATION

Municipality where business is situated :

Registered Account Number :

Stand Number :

DECLARATION WITH REGARD TO COMPANY/FIRM

- 4.6. Name of company/firm.....
- 4.7. Company registration number:

4.8. TYPE OF COMPANY/ FIRM

- Partnership/Joint Venture / Consortium
 - One-person business/sole propriety
 - Close corporation
 - Public Company
 - Personal Liability Company
 - (Pty) Limited
 - Non-Profit Company
 - State Owned Company
- [TICK APPLICABLE BOX]

4.9. I, the undersigned, who is duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the specific goals as advised in the tender, qualifies the company/ firm for the preference(s) shown and I 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 4.2, the contractor may be required to furnish documentary proof to the satisfaction of the organ of state that the claims are correct;
- iv) If the specific goals have been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the organ of state may, in addition to any other remedy it may have –
 - (a) disqualify the person from the tendering 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 tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted 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, if deemed necessary.

WITNESSES

1.

2.

.....
SIGNATURE(S) OF BIDDERS(S)

DATE:

ADDRESS:

.....

.....

SECTION 4.4: MUNICIPAL RATES AND TAXES

| Names of Directors/Partners/Senior Managers | Physical residential address of the Directors/Partners/Senior Managers | Residential Municipal Account number(s) | Name of Municipality |
|---|--|---|----------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

*Documentation as indicated in Section 1.2.8.2 must be submitted with the tender document.

DECLARATION

I, **THE UNDERSIGNED** (NAME and SURNAME)

CERTIFY THAT THE INFORMATION FURNISHED ABOVE IS CORRECT. I ACCEPT THAT THE STATE MAY ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....
 Signature

.....
 Date

.....
 Position

.....
 Name of Bidder

SECTION 4.6: MBD8: DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

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. wilfully 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 as a company or person 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 National Treasury after the audi alteram partem rule was applied).</p> <p>The Database of Restricted Suppliers now resides on the National Treasury's website(www.treasury.gov.za) and can be accessed by clicking on its link at the bottom of the home page.</p> | Yes <input type="checkbox"/> | No <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>The Register Tender Defaulters can be accessed on the National Treasury's website (www.treasury.gov.za) by clicking on its link at the bottom of the home page.</p> | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4.2.1 | If so, furnish particulars: | | |
| 4.3 | Was the bidder or any of its directors convicted by a court of law (including a court of law outside the Republic of South Africa) for fraud or corruption during the past five years? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

| | | | |
|-------|--|---------------------------------|--------------------------------|
| 4.3.1 | If so, furnish particulars: | | |
| 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"/> |
| 4.5.1 | 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

SECTION 4.7: MBD9: CERTIFICATE OF INDEPENDENT BID DETERMINATION

1. This Municipal Bidding Document (MBD) must form part of all bids¹ 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). ² 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 (MBD9) must be completed and submitted with the bid:

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

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

CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

TDR115/2023/2024: APPOINTMENT OF A SHORT-TERM INSURANCE BROKER

in response to the invitation for the bid made by:

MOSSEL BAY MUNICIPALITY

(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 consortium³ 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.
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

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

SECTION 5: DECLARATION

1. I hereby declare that I have read, understood, agree and comply with all of the sections below, if included, that it shall be deemed to form and be construed as part of this agreement:

- (i) Bidding documents, viz
 - Invitation to bid;
 - Tax Compliance Status Pin;
 - Pricing schedule(s);
 - Technical Specification(s);
 - Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations;
 - Points claims in terms of specific goals for locality;
 - Declaration of interest;
 - Declaration of bidder's past SCM practices;
 - Certificate of Independent Bid Determination
 - Special Conditions of Contract;
- (ii) General Conditions of Contract; and
- (iii) Other (specify)

2. I confirm that I am duly authorised to sign this document.

NAME (PRINT)

CAPACITY

SIGNATURE

NAME OF FIRM

DATE

| | |
|-----------|-------|
| WITNESSES | |
| 1 | |
| 2. | |
| DATE: | |

SECTION 6.1: MBD7.1: CONTRACT FORM: PART 1 (TO BE COMPLETED BY THE BIDDER)

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

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

- (i) Bidding documents, viz
 - Invitation to bid;
 - Tax Compliance Status Pin;
 - Pricing schedule(s);
 - Technical Specification(s);
 - Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations;
 - Points claims in terms of specific goals for locality;
 - Declaration of interest;
 - Declaration of bidder's past SCM practices;
 - Certificate of Independent Bid Determination
 - Special Conditions of Contract;
- (ii) General Conditions of Contract; and
- (iii) Other (specify)

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

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

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

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

NAME (PRINT)

CAPACITY

SIGNATURE

NAME OF FIRM

DATE

| | |
|-------------|-------|
| WITNESSES | |
| 1 | |
| 2. | |
| DATE: | |

SECTION 6.2: MBD7.2: CONTRACT FORM: PART 1 (TO BE COMPLETED BY THE PURCHASER)

1. I..... in my capacity as **Director: Financial Services** accept your bid under reference number **TDR115/2023/2024** dated..... for the supply of goods/works indicated hereunder and/or further specified in the annexure(s).
2. An official order indicating delivery instructions is forthcoming.
3. I undertake to make payment for the goods/works delivered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice accompanied by the delivery note.

| ITEM NO | PRICE (ALL APPLICABLE TAXES INCLUDED) | BRAND | DELIVERY PERIOD | B-BBEE STATUS LEVEL OF CONTRIBUTION | LOCALITY |
|---------|--|-------|-----------------|--|----------|
| | | | | | |

4. I confirm that I am duly authorized to sign this contract.

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

NAME AND SURNAME (PRINT)

SIGNATURE

OFFICIAL STAMP

WITNESSES

1.

2.

DATE

SECTION 6.3: THE RESOLUTION TAKEN BY THE BOARD OF DIRECTORS OF A JOINT VENTURE

RESOLUTION of a meeting of the Board of Directors / Members / Partners of

NAME OF TENDERER (Must agree with bidder details)

Held at _____ on _____
(Place) (Date)

RESOLVED THAT:

1. The enterprise submits a Tender to Mossel Bay Municipality in respect of the following:

TDR115/2023/2024: APPOINTMENT OF A SHORT-TERM INSURANCE BROKER

(list all the legally correct full names and registration numbers, if applicable, of the Enterprises forming the Joint Venture).

_____ and
_____ and
_____ and
_____ and
_____ and
_____ and

2. Mr./Mrs./Ms. _____

In his/her capacity as _____

and who will sign as follows: _____

(SPECIMEN SIGNATURE)

be, and is hereby, authorised to sign the Tender and all other documents and/or correspondence in connection with and relating to the Tender, as well as to sign any contract, and or all documentation resulting from the award of the Tender to the **Joint Venture** enterprise mentioned above.

3. The enterprise in the form of a joint venture accept jointly and several liability, with parties under item 1 above for the fulfilment of the obligations of the joint venture deriving from, and in any way connected with the contract to be entered with the Mossel Bay Municipality in respect of the project described above under item 1.
4. The **Joint Venture** enterprise chooses as its domicilium citandi et executandi for all purposes arising from the joint venture agreement and contract with the Mossel Bay Municipality in respect of the project under item 1:

(Physical Address) _____

Note: The resolution **must be signed by all directors or members / partners** of the bidding enterprise. Should the space provided below not be enough for all the directors to sign, please provide a separate sheet in the same format below:

NB: **COMPULSARY TO BE COMPLETED** IN CASE OF JOINT VENTURE

| | NAME | ID NUMBER | DIRECTORS/OWNERS PERSONAL TAX NO | SIGNATURE |
|----|------|-----------|-------------------------------------|-----------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |

| | |
|---|---|
| Name of Joint Venture | |
| Names of Each Enterprise: | |
| (1) Name and Address of Enterprise: | |
| (2) Name and Address of Enterprise: | |
| (3) Name and Address of Enterprise: | |
| Has an original valid Tax Clearance Certificate been submitted for each enterprise: | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| CIDB Registration Number(s), if applicable: | |

Submit your Joint Venture Agreement together with this tender document. If no Joint Venture Agreement is submitted, the tender will be seen as non-responsive.

SIGNED ON BEHALF OF JOINT VENTURE _____



SHORT TERM INSURANCE POLICY

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1. PREAMBLE

The Accounting Officer must take all reasonable steps to ensure that the Mossel Bay Municipality has and implements budget related policies for effective financial and risk management.

Asset Management is one function in ensuring effective financial management. Section 63 of the Municipal Finance Management Act, Act 56 of 2003, places the responsibility of asset management on the Accounting Officer.

Section 63 (1) (a) stipulates as follows:

“ASSET AND LIABILITY MANAGEMENT

- 63. (1) *The accounting officer of a municipality is responsible for the management of—***
- (a) the assets of the municipality, including the safeguarding and the maintenance of those assets; and***
 - (b) the liabilities of the municipality.”***

Other legislative requirements in this regard placed on the Accounting Officer are:

- That all budget related policies must be approved together with the adoption of the annual budget in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, Act 56 of 2003; and
- That all budget related policies must be placed on the official website of the Municipality within 5 days after tabling the documents in Council in terms of section 75(1)(b) and 75(2) of the Municipal Finance Management Act, Act 56 of 2003.

A standard short-term insurance policy document for the municipal environment had been prepared that takes all circumstances related to the municipality into account. There are however aspects in addition to this standard that the Council can decide on as policy, especially to take affordability into account.

For this purpose, Mossel Bay Municipality developed this policy.

2. DEFINITIONS

In this policy document the following words will have the meaning assigned to it:

“Accounting Officer” means a person appointed in terms of section 54A of the Municipal Systems Act; and refers to the municipal manager of a municipality in terms of section 60 of the MFMA;

“Annual Earnings” mean the annual rate of wages and salary, including fixed annual bonus and cost of living allowances such as traveling, housing subsidies, cell phone and others plus overtime. If the person has not been in the continuous employ of the Insured for 12 calendar months, the amount to

be added for overtime constant character shall be the average monthly amount earned during the period of employment times 12;

“Assets” means resources controlled by the Municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the Municipality;

“Budget-related Policy” means a policy of the municipality affecting or affected by the annual budget of the municipality and includes all policies as prescribed in terms of the Municipal Budget and Reporting Regulations as published under GN 393 in GG 32141 dated 17 April 2009;

“Chief Financial Officer” means a person designated in terms of section 80(2) (a) of the MFMA;

“Council” means the municipal council of Mossel Bay Municipality referred to in section 18 of the Municipal Structures Act;

“Councillor” means a member of council;

“Damage” means the loss, destruction, or damage of tangible property;

“Delegation” means the power to perform a function duty which is given to an office bearer, councillor, or staff members either in terms of section 59 of the MSA or section 79 of the MFMA;

“Executive Mayor” means the Councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;

“Financial year” means a twelve-month period commencing on 1st July and ending on 30th June each year;

“General Public” means ordinary persons, or the state of a nation, or community members including legal entities such as businesses;

“Insurance Section” means the section of the municipality designated by the Chief Financial Officer to be administratively in charge of the short-term insurance functions;

“Money” means cash, bank and currency notes, cheques, postal orders, money orders, current negotiable postage, revenue and holiday stamps, credit card vouchers and documents, certificates, or other instruments of a negotiable nature;

“Municipal Council” means the council of the municipality referred to in section 18 of the Municipal Structures Act;

“Occurrence” means an accident or an event or a continuous event or repeated exposure to conditions, which results in personal injury, property damage, advertising liability, errors and omissions, exposure to medical malpractice and/or legal defense costs;

“Personal Injury” means:

bodily injury, inclusive of internal injury (poison etc.) causing disability or shock, including death at any time arising there from, mental anguish and mental injury;

“Public liability claims” means the claim instituted by a third party against the municipality. In other words, this refers to claims from the public against the municipality for:

- a) false arrest, false imprisonment, wrongful eviction, wrongful entry, wrongful detention, wrongful discharge, or malicious prosecution;
- b) libel, slander, defamation of character, injuria, humiliation, or invasion of the rights of privacy, unless arising out of advertising activities;

- c) discrimination not committed by or at the direction of the Insured or any executive officer, director, or councillor thereof, but only with respect to the liability other than fines and penalties imposed by law; and
- e) assault and battery committed for the purpose of protecting persons and/or property; caused by an occurrence;

“Self-Insurance Reserve” means a cash backed reserve established in terms of the Council approved borrowing, funding and reserve policy to cover all cost as a result of damage to Municipal owned/controlled property, damage to 3rd party property due to negligence not covered by outsourced external party and bodily harm caused by accidents; and

“Senior Manager” means all officials reporting directly to the Accounting Officer as contemplated in section 56 of the MSA.

3. ABBREVIATIONS AND OBJECTIVES

AO – Accounting Officer

CFO – Chief Financial Officer

CRC – Current Replacement Cost

MFMA – Municipal Finance Management Act, Act 56 of 2003

MSA – Municipal System Act, Act 32 of 2000

SIR – Self-Insurance Rese

OBJECTIVE

The objectives of this policy are to:

- 3.1. Set out a legislative framework to comply with asset management requirements, especially regarding the safeguarding risk management thereof;
- 3.2. Ensuring that the general public’s rights and obligations when lodging a public liability claim is spelled-out; and
- 3.3. Set out the role and responsibilities of Councillors and officials regarding safeguarding of assets, risk mitigation and insurance processes.

In general, the object of this policy is to ensure sound and sustainable financial management within Mossel Bay Municipality.

4. RISK MANAGEMENT

4.1. ORGANIZATION

Risk management forms part of management's core responsibilities and is an integral part of the internal processes of the institution. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the institutions service delivery capacity. Risk Management is guided by the Risk Management Policy and Risk Management Strategy.

4.1.1 Process Responsibility

4.1.1.1 In terms of Section 62(1)(c)(i) of the MFMA requires the following:

“The accounting officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all responsible steps to ensure-

(c) *that the municipality has and maintains effective, efficient and transparent systems-*

(i) *of financial and risk management and internal control...”*

Section 78 of the MFMA extends this responsibility of risk management to all levels of management, the Chief Risk Officer and Risk Champions.

4.1.1.2 The Chief Risk Officer is also responsible for coordinating risk assessments with the institution within the institution on a regular basis leading the creating and maintaining the risk register.

4.1.1.3 The Chief Risk Officer has overall facilitative responsibility for the risk management process to assist the institution to embed and leverage the benefits of risk management to achieve its stated objectives. Specific responsibilities will include the following activities which are set out in the Risk Management Strategy.

4.1.1.4 The Risk Champions is the person to whom the primary risk responsibility for mitigating has been assigned. A Risk Champion is usually an existing member of the senior management corps within the institution. Risk Champions support the risk management process in specific allocated areas or functions. A Risk Champion has sufficient authority to drive ERM as required by the institutions risk management policy and strategy. A key part of the Risk Champions responsibility involves escalating instances where the risk management efforts are stifled, such as when individuals try to block ERM initiatives. The Risk Champion also adds value to the risk management process by providing guidance and support to manage problematic risks and risks of a transversal nature.

4.1.1.6 Senior Managers is also aligned with a risk to assure adequate support.

4.1.1.7 The municipalities Risk Management Committee has overall responsibility for ensuring for assisting the Accounting Officer in addressing its oversight requirements of risk management and evaluating and monitoring the institution's performance with regards to risk management. The role of the Risk Management Committee is to formulate, promote and review the institution's ERM objectives, strategy and policy and monitor the process at strategic, management and operational levels.

Under normal circumstances Risk management involves four major phases, namely risk identification, risk analysis, risk response planning, and risk monitoring and control. In the short-term insurance side, it also includes reduction.

4.2. REDUCTION

In asset management risk management relates to the identification, analysis, and evaluation of potential losses to develop methods to reduce or eliminate them. Risks are identified and then steps are taken to avoid them. Employing risk management principles will not always prevent the Municipality from being sued or from suffering some or other loss, but the resulting financial burdens can be reduced.

Although risk identification is an on-going process that changes with each new situation, the major risks identified as part of asset management are normally common to all Municipalities and companies.

When identification of risks is undertaken then assets include both monetary assets and tangible assets. All municipal activities need to be evaluated to be able to complete a comprehensive risk identification process.

Obviously, a great amount of guesswork is involved in risk identification, and some potential losses may be overlooked. However, by making a conscientious effort, the most common losses can be identified and reduced or perhaps totally avoided by proper preventative measures. Some risks may result in such a small monetary value or probability of loss that the municipality will decide to simply absorb the risk. On the other hand, some risks may result in a large monetary value or probability of loss and therefore any potential losses which might occur, or the potential loss may be so large and difficult to avoid that insurance might be the only recourse.

Specific objectives to be considered are:

- Ensure critical risks impacting scope, schedule, budget, business performance, and/or change management are proactively identified, communicated, mitigated, and escalated in a timely manner;
- Facilitate attention to key risks impacting the municipality and the client's business;
- Produce meaningful information that allows the risk management team to focus efforts on the "right" place (e.g., high likelihood and high impact) risks with an effective coordination of effort;
- Ensure appropriate stakeholders are informed and, if applicable, participate in the mitigation; and
- Record an audit trail of discussions and mitigation of municipality risks.

4.3. IDENTIFIED RISKS

- 4.3.1. The AO must ensure that an evaluation of all potential events that might adversely affect the finances of a municipality are performed. The potential loss of income and extra expenses that a municipality might incur must be the consideration factor when the risk identification exercise is performed.
- 4.3.2. Table 1 below provides a list of all the possible risks identified in alphabetical order for the new financial year commencing on the 1st July.

Table1

| Risk | Examples |
|-----------------------|--|
| Accidents | Accidents caused by employees with vehicles or plant equipment when performing their duties. |
| Death | The death of Councillors, their spouses, employees, temporary workers, and volunteers of the Municipality when performing official duties on behalf of the Municipality. |
| Disability | Injury to Councillors, their spouses, employees, temporary workers, and volunteers of the Municipality when performing official duties on behalf of the Municipality. |
| Dishonesty | Loss of/or damage to money arising from dishonesty of a Councillor or employee |
| Explosion | Loss of/or damage to property due to an explosion caused by incorrect storage of inventory |
| Fire | Loss of/or damage to property or records due to a fire. |
| Lightning | Loss of/or damage caused to property, plant, and equipment due to lightning |
| Malicious | Malicious damage caused to property |
| Power surge | Damage caused to property, plant, and equipment of the Municipality due to power surges |
| Theft | Loss or damage caused to property, plant, and equipment due to thefts |
| Subsidence & Landslip | Loss of/or damage caused to property, plant, and equipment due to subsidence and landslip |

4.4. RISK CONTROL

- 4.4.1. The AO must ensure that all identified risks are reduced by means of preventative measures and what remains that cannot be retained must be transferred to be covered by another party, for example insurance companies. Insurance, however, should be viewed as the absolute last resort to be used after all attempts to reduce or eliminate the risks have failed.
- 4.4.2. It is the responsibility of each Senior Manager to ensure that preventative measures are implemented, as far as the resources appropriated to the directorates allows it.
- 4.4.3. To mitigate the events or incidents that do occur, the Municipality have established a Self-Insurance Reserve to which money is contributed in terms of the borrowing, funding and reserves

policy and from which the money is used to fund the cost experienced as a result of the occurrence any risk identified in clause 5.2 and not covered by another party.

4.5. RISK PREVENTATIVE MEASURES

4.5.1. All Senior Managers must ensure that the preventative measures included in Table 2 are implemented as far as possible given the available resources appropriated to their Directorates.

Table 2

| Risk | Preventative measures to reduce or mitigate the risk |
|------------------|---|
| Accidents | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure participation of all departmental Heads regarding Occupational Health & Safety to ensure reporting of all unsafe situations 2. Ensure training of employees to use the property, plant & equipment correctly 3. Ensure that disciplinary action is initiated when an incident was caused because of negligence by an employee. |
| Death/Disability | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure participation of all departmental Heads regarding Occupational Health & Safety to ensure reporting of all unsafe situations 2. Ensure training of employees to use the property, plant & equipment correctly to create an accident free environment within the Municipality. |
| Dishonesty | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure strict enforcement of the code of conduct for councillors and employees 2. Developing of operating procedures to strengthen internal control by enforcing regular reconciliations and review thereof, especially in cases of cash involvement. 3. Ensure that training of employees takes place with regards to the operating procedures. |
| Explosion | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure access control at Municipal property, where feasible 2. Ensure that all Occupational Health & Safety prescriptions are complied with. |
| Fire | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure participation of all departmental Heads regarding Occupational Health & Safety to ensure reporting of all unsafe situations 2. Ensure that all fire extinguishers are maintained regularly 3. Ensure that a proper functioning fire department is established. |

Table 2 continue

SHORT TERM INSURANCE POLICY - JULY 2022

| Risk | Preventative measures to reduce or mitigate the risk |
|-----------------------|---|
| Lightning/Power surge | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure that all thatch roof buildings have the required lightning protection equipment fitted. 2. Ensure that the public is informed that all end users are liable for their own protection against power surges 3. Ensure that all buildings owned by the Municipality has been fitted with power surge protection devices. |
| Malicious | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure access control to Municipal property, where feasible 2. Ensure security protection at Municipal property in the form of alarms, outdoor beams, or human/dog guards. |
| Theft | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure access control to Municipal property, where feasible 2. Ensure security protection at Municipal property in the form of alarms, outdoor beams, or human/dog guards. |
| Subsidence & Landslip | Preventative actions to be taken: <ol style="list-style-type: none"> 1. Ensure that the public is informed that all end users are liable for their own cover regarding the cost caused by subsidence and landslips 2. Ensure that with any new town development application the developer is forced to perform proper and all legal required geological tests. |

4.5.2. The relevant Senior Managers must initiate an investigation to establish the cause of any damage which occurred within the directorate's functional area.

4.5.3. Once the Senior Manager is of the opinion that negligence might have occurred on the part of an employee of the municipality, then the Senior Manager must complete the incident report, investigate for negligence on behalf of an employee and report to the Human resources section for action if necessary.

4.6. RISK TRANSFER (INSURANCE PORTFOLIO)

4.6.1. Given the risk assessments identified and the preventative measures mentioned it is acknowledged that not all risks can be eliminated, therefore Council accepts the fact that insurance remains the ultimate solution to risk management. It must however be viewed as the last resort.

4.6.2. Table 3 below provides a list of risks that must be transferred to another party in the form of insurance. Risks not listed may be retained either due to the cost control or due to the inability to obtain insurance cover. All risks retained will be funded from the Self-Insurance Reserve.

Table 3

| POLICY TYPE | COVER |
|----------------------------------|--|
| Motor fleet 3rd Party | All Vehicles with a total limit of R 25 000 000 |
| Public Liability | All claims with a total limit of R 100 000 000 |
| Employers Liability | All claims with a total limit of R 50 000 000 |
| Events liability | Overall limit per event R 10 000 000 |
| Directors and Officers Liability | All claims with a total limit of R 10 000 000 |
| SASRIA (Motor and non-motor) | All claims based on the latest available capital asset value |

4.7. RISK RETAINED (SELF INSURANCE RESERVE)

- 4.7.1 All risks not transferred as per clause 4.6.2 is retained and cover by the Self -Insurance Reserve, which are created and maintained in terms of the Borrowing, Funding and Reserve policy of Mossel Bay Municipality.
- 4.7.2 Apart from damage to property a defined event of bodily injury which is caused by an accidental, violent, external and visible means to any Official or Councillor, spouse of the Councillors or Voluntary worker must be covered either by transferring the risks or by the self-insurance reserve based on the advice of the appointed insurance broker.

5. SHORT TERM INSURANCE

5.1. APPOINTMENT: INSURANCE BROKER

- 5.1.1. The AO shall call for bids to appoint an insurance broker at least once every three years.
- 5.1.2. The appointment of an insurance broker must be performed via the normal supply chain management processes of Mossel Bay Municipality
- 5.1.3. The insurer broker must as part of the supply chain management processes; as well as annually thereafter with the consideration of the insurable conditions; provide sufficient proof of its:
 - 5.1.3.1. Own Public liability and professional liability insurance cover;
 - 5.1.3.2. Registration with the professional body for insurance brokers; and
 - 5.1.3.3. Registration as a financial advisor.

5.2. REVIEW OF PORTFOLIO

- 5.2.1. The AO with the assistance of the Senior Managers must annually review the insurable conditions at least 60 days prior to the date that the insurance cover is required. Insurance cover coincide with the financial year of Mossel Bay Municipality.
- 5.2.2. Ad hoc cover during the financial year may be arranged on instruction of the AO by the CFO.

6. **IMPLEMENTATION & MONITORING**

6.1. **CLAIMS**

6.1.1. **General Public Claims**

6.1.1.1. Any claim from the general public relating to personal injury or damage within the jurisdictional area of Mossel Bay Municipality or in the course of or in connection with the delivered municipal services for which the member of the public held the municipality liable should be directed and addressed as follow:

a) Physical address
101 Marsh Street
Financial Administration Section
Mossel Bay
6500

b) Postal address
Mossel Bay Municipality
Private Bag X29
Mossel Bay
6500

For Attention: Financial Administration Section

c) Email address
admin@mosselbay.gov.za

For attention: Financial Administration section

6.1.1.2. The claim must be in writing whilst delivered by hand, post, email, or fax.

6.1.1.3. The claim must at least provide the following details:

- 6.1.1.3.1. Surname, initials, and Identity number;
- 6.1.1.3.2. Contact details (Address, Telephone or Cell);
- 6.1.1.3.3. Date and time when Incident occurred;
- 6.1.1.3.4. Premises or Location where Incident occurred; and
- 6.1.1.3.5. Description of the Incident.

6.1.1.4. All claims will be referred to the appointed Municipal insurance broker as contemplated in Section 5 of this policy for investigation and outcome.

6.1.2. **Claims for Own damage in terms of identified risks.**

- 6.1.2.1. Any internal claim should be reported within 10 working days of incident or when the incident came to the attention of an official.
- 6.1.2.2. All official claim template forms are available on the document system of the Municipality.
- 6.1.2.3. The claim must be lodged via the document system (Collaborator), when assistance is required the department can contact the Insurance section of the Sub-Directorate Financial Administration.
- 6.1.2.4. All claims must be accompanied by 3 preplacement or repair quotes.
- 6.1.2.5. Claims will be referred to an appointed loss adjuster for investigation and final decision, if deemed necessary.

6.2. RECOVERY OF COST

- 6.2.1 For any claim whether it is covered by self-insurance or a policy of an underwriter, the damage is only payable/recoverable if the cause of the damage is as result of an incident other than normal wear and tear.
- 6.2.2 When damage occur and it is not normal wear and tear, then it must be determined whether any person is responsible and whether the damage occur due negligence or not.
- 6.2.3 In the case of incident where a vehicle is involved, the vehicle accident committee perform an investigation and makes a ruling on negligence. In all other cases the responsibility is with the line manager/ head of department to perform the investigation.
- 6.2.4 It is the intention to recover the actual direct cost encounter by the Municipality, in the case where there is an underwriting policy in place the actual direct cost is the excess payable by the Municipality and in the case of any other damage it is the full direct cost.
- 6.2.5 Recovery from an employee found negligent will be an amount of 10% up to a maximum of R5000 be payable, mainly since the Municipality operates a self-insurance reserve and has set aside enough cash back reserves.

6.3. MONTHLY REPORTING

- 6.3.1. The Insurance section of the Sub Directorate Financial Administration must prepare by the 10th working day of the next month and table to senior management an insurance report that:
 - 6.3.1.1. Provide progress on each claim that was active on the previous month indicating the status of the claim as on the end of the month; and

- 6.3.1.2. Provides updated financial information of all, premiums paid, brokers fees paid, cost encountered on claims with an indication of the settlement amount by the insurer in terms of the outsources cover. The summaries of damage to own property must be classified by per risk identified in Section 5.2

7. REVIEW OF POLICY

- 7.1. The AO, with the assistance of the CFO and other Senior Managers, are responsible for the implementation of this policy and must take reasonable steps to ensure that the policy is reviewed annually as part of the review of the other budget related policies.

DOCUMENT AND VERSION CONTROL

Version: **Revision 7**

Date: **MAY 2023**


Summary: This document describes Short-term Insurance that will be applicable to the Mossel Bay Municipality, with effect from

1 July 2023

Signature: 

Date: 30/05/2023

Municipal Manager
(Accounting Officer)

Signature: 

Date: 30/05/2023

Executive Mayor