national treasury

Department:
National Treasury
**REPUBLIC OF SOUTH AFRICA**
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Mr. Cameron Morajane
Director
Commission for Conciliation Mediation and Arbitration (CCMA)
PRIVATE BAG X94
**MARSHALLTOWN**
2107

Dear Mr Morajane

Email: CameronM@ccma.org.za; BridgetteM@CCMA.org.za; NtsakoC@CCMA.org.za

**APPEAL- EXTENSION OF CONTRACT IN EXCESS OF THE 15% THRESHOLD: APPOINTMENT OF MARSH AFRICA (PTY)**

1. National Treasury acknowledges receipt of your appeal letter dated and received on 06 May 2021.

2. The Commission for Conciliation Mediation and Arbitration (CCMA) on a letter dated 09 April 2021 requested National Treasury to approve the extension of contract for the provision of short-term insurance with Marsh Africa (PTY) for a period of 12 months from 01 May 2021 to 30 April 2022, in the amount of R 154 203.50 at 41.06%. The original contract amount was R 375 590.00 from 01 May 2018 to 30 April 2021.

3. National Treasury response letter dated 29 April 2021 indicated that it does not support the request for contract extension for a period of 12 months.

4. The request for contract extension appeal letter was recommended by the Acting CCMA Director on 06 May 2021.

5. The appeal reasons provided for this extension are that the on 04 May 2021 a meeting was held between National Treasury and CCMA, wherein the CCMA personnel met and discussed the submission with National Treasury representatives. It was resolved after the CCMA had clarified the issue of its initial submission that it should lodge and submit an appeal for the extension to National

Treasury. CCMA seeks twelve months' extension to afford the organization time to conclude the procurement process for the new contract, which consumes on average four to six months considering SLA finalisation, migration, integration and transition process, implementation, training of users etc. A bid for the said service was advertised for the first time on 30 October 2020 with closing date 26 November 2020 and was cancelled due to all bidders not meeting mandatory requirements. The bid was re-advertised on 05 February 2021 and closed on 26 February 2021, the bid was non-responsive as one bidder that met mandatory requirements did not quote accordingly.

6. The appeal reasons provided for this extension are not justifiable. National Treasury cannot extend an expired contract. However, the Institution in the meeting clarified that the service provider granted the institution grace period up until the 15$^{th}$ of March to extend the existing contract.

7. National Treasury supports the request for extension for a period of 12 months on condition that the 14 day hold on cover has not expired and reasonableness of fees has been assessed.

8. The Institution has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.

Kind regards

14/05/2021

**ESTELLE SETAN**
**ACTING CHIEF PROCUREMENT OFFICER**
**DATE:** 14 May 2021