THE IMPACT OF NATIONAL MINIMUM WAGE ON SOUTH AFRICAN ECONOMY FOR 36 MONTHS

SECTION A

1. PURPOSE

The purposes of this research study are to:

1.1 Determine the impact of National Minimum Wage (NMW) with the effect from 1 January 2019 on the South African labour market and economy.

1.2 To measure the impact of the National Minimum Wage after it was implementation from 1 January 2019.

2. OBJECTIVES

The objectives of this research are the following:

2.1 To determine the impact on the wage levels, inequality, employment, hours of work and the standard of living of workers in South Africa labour market.

2.2 To determine whether the National Minimum Wage promotes:

A) the alleviation of poverty
B) reduction in wage differentials and inequality

2.3 In determining the impact of the NMW the following should be taken into consideration:

A) cost of living
B) gross domestic product, and
C) productivity
D) impact on the operation of small, medium or micro-enterprises and new enterprises
E) ability of employers to carry on business
F) impact on collective bargaining
G) income differentials.

3. BACKGROUND

3.1 A minimum wage is an important tool that governments use in support of economic justice and has now being adopted by many countries as a standard feature of labour market policy. However, despite a vast academic literature on the topic, the impact of minimum wage increases on the economy specifically employment, wages and other important labour market variables remains contested. Studies have highlighted that minimum wages tend to boost wages (and overall income) at the lower end of the wage distribution and reduce wage and income inequality. Other studies have raised concerns on the impact of minimum wages to employment, while others have argued that minimum wages increase labour productivity. There are myriad exogenous factors that render international literature instructive but a localized study would need to seek a more definitive position. The impact of Covid-19 of course brings a new layer of uncertainty on causality in every direction.

3.2 South Africa introduced the NMW on 1 January 2019. With an introduction of a policy like this one there will continually be concerns on its impact on the economy, specifically on employment. If there is a key conclusion from the literature to date, it is that contextual factors and local labour market conditions are often decisive determinants of the effects that a minimum wage increase will have (Belman & Wolfson, 2014 cited in Bhorat, Lilenstein & Stanwix, 2020). This nictitates that research on the impact of the NMW be continuously carried out to monitor the overall impact and inform the National Minimum Wage Commission as they conduct annual reviews of the national minimum wage review of the NMW.

SECTION B

4. DELIVERABLES

On the basis of the abovementioned purposes, the research study should provide the following:

4.1 To produce a quantitative report annually, including detailed methodology report to inform the NMW review by August each year;

4.2 To produce an executive summary of the report annually.

4.3 Clear and implementable recommendations;

4.4 Policy brief on National Minimum Wage on the South Africa labour market each year;

4.5 Power point presentation and of the study; and at least three presentations delivered to the Department and NMW Commission.

5. TIME FRAME

5.1 The research should be undertaken for a maximum period of 36 months after the appointment of the service provider.

5.2 The general conditions of contract and the service level agreement will STRICTLY apply in the case of failure to comply with conditions and delayed execution.

6. REQUIRED EXPERTISE, SKILLS AND QUALIFICATIONS OF TEAM MEMBERS

6.1 Requirements:

- Relevant educational qualifications of the bidder/s will be expected at a minimum of a Master's degree level in Social Sciences and Economics. Curriculum vitae, as well as capabilities of staff that will be working on the project must be submitted.
- The Bidder/s will be expected to demonstrate expertise and experience of economic analysis, econometric models, including competence and expertise in relation to the national minimum wage topic in South Africa.
- The successful Bidder/s should ensure that researchers or trainee researchers from previously disadvantaged groups are incorporated in the research team.
- The bidder should have competence and expertise in relation to the national minimum wage topic in South Africa;
- A strong understanding of the relevant legislative environment and the policy-making environment relevant to labour market policies;
- The Bidder/s must provide information on technical and managerial capabilities;
- Inclusion of Department of Employment and Labour staff in the study; and submit progress reports to the Department, documenting activities of skills transfer.

`6.2 Other requirements:

- The study will follow a quantitative approach and will measure the impact since its inception in 2019.

Skills Transfer:

Capacity building required for the department - NMW staff	Proposed mechanism
▪ Risk assessing, sampling and monitoring strategies.	Participate during sampling and monitoring of sectors.
▪ Quantitative analysis of data.	Participate during collection of data.
▪ Analysis and interpretation of results and recommending controls.	Observe and participate in process with researchers during analysis of result.

- The Prospective Service Providers will be expected to work closely with the Department of Employment and Labour team, and report monthly on a formal basis to the project team in the department.

7. PROJECT MANAGEMENT AND INSTITUTIONAL ARRANGEMENTS

7.1 Proposal of the study should include the research design outlining the approach and quantitative methodology which will used appropriate to achieve the objectives of the study.

7.2 The overall management and supervision of the research will be the responsibility of a Research Reference Team led by the National Minimum Wage Directorate

7.3 The Prospective Service Provider will be expected to sign a Service Level Agreement (SLA).

7.4 The Prospective Service Provider will be expected to provide progress reports on a monthly basis to the National Minimum Wage Directorate of the department.

SECTION C

8. ADMINISTRATIVE PRE-QUALIFICATION REQUIREMENTS

ADMINISTRATIVE PRE-QUALIFICATION VERIFICATION

8.1 The bidder **must comply** with ALL of the bid pre-qualification requirements in order for the bid to be accepted for evaluation.

8.2 If the Bidder failed to comply with any of the administrative pre-qualification requirements, or if the Department is unable to verify whether the pre-qualification requirements are met, then the Department reserves the right to –

(a) Reject the bid and not evaluate it, or

(b) Accept the bid for evaluation, on condition that the Bidder must submit within 7 (seven) days any supplementary information to achieve full compliance, provided that the supplementary information is administrative and not substantive in nature.

8.3 **Submission of bid response**: The bidder has submitted a bid response documentation pack –

(a) that was delivered at the correct physical or postal address and within the stipulated date and time as specified in the "Invitation to Bid" cover page, and;

(b) in the correct format as one original document, two copies and an electronic copy in PDF format (nonerasable media to be used). *Any variance between artefacts will result in disqualification.*

8.4 **Registered Supplier.** The bidder is, in terms of National Treasury Instruction Note 3 of 2016/17, registered as a Supplier on National Treasury Central Supplier

(1) Good Standing: The bidder is to submit proof of good standing with the Department at the time of submission (UIF and CF), i.e. a letter that shows that the bidder is compliant with the UIF and CF and sub contractor
(2) The total Bidding price must be written correctly and in full.
(3) The price of the bid will be firm for the duration of the contract. As indicated on SBD 3.3
(4) Bidders are required to submit certified and valid B-BBEE Status Level Verification Certificates (SANAS accredited) or sworn affidavit by the Commissioner Oaths for exempted micro enterprises (EME and QSE), as prescribed by the Department of Trade and Industry.
(5) All Standard Bidding Documents forms submitted with the bid must be completed and signed. Failure to do so may invalidate the bid.
(6) Certified ID copies of Company Members and Shareholders, at the point of submission, failure to submit will result in the disqualification of the bidder.

(7) A resolution of the Board of Directors for authority of signatory with the ID number of the appointee must be submitted with the bid.

(8) If required as a condition for the bid, the sub-contracting agreement signed by both parties must be attached. The agreement must clearly state the percentage sub-contracted as per the conditions of the bid.

(9) All company registration documents for the sub-contractor must be submitted.

(10) Bidders must be registered on the Central Supplier Database (CSD) and provide summary report that has a compliant TAX status and valid banking details.

(11) A valid copy of a Tax clearance certificate must be submitted and a valid SARS PIN for verification.

(12) Both the COIDA and UIF certificates must be submitted and be valid at the day of closing.

(13) Bidder/s must comply with basic Labour Relations Act/s, E.g. OHS, Basic Conditions of Employment Act (BCEA), Minimum Wage, UIF and COIDA

(14) The attendance register at the briefing session must be signed and failure to do so will invalidate your bid.

(15) No late bids shall be accepted.

(16) Please note that any enquiries must be directed via e-mail or telephone and will only be responded to at the compulsory briefing session. After the briefing session, queries will only be submitted via e-mail and responses will also be via email and copied to all other bidders. The department will not take queries 5 days before the closing date.

(17) Any proposals received in response to this bid remain the property of the Department of Employment and Labour.

(18) Bids should be held valid for a period of 90 days.

(19) The Department of Employment and Labour reserves the right to at any given time to request additional information for clarification purposes during the evaluation process of this bid.

First stage:

<u>NB:</u>

Bidders/ tenderers who want to claim Preference points will have to comply fully with regulations 11(8) and 11(9) of the PPPFA Act with regard to sub-contracting.

Mandatory Requirements

	COMPLY (mark with an "X")	NOT COMPLY (mark with an "X")	Page Reference
Resource CVs and qualifications (Experience not less than 5 years) certified copies of qualification			
Track record of quantitate research project			
UIF Compliance Certificate for main bidder and sub- contractor (Attach)			
COID Compliance Certificate for main bidder and sub- contractor(attach)			
Original Certification of briefing session (attach)			

**do note that a police clearance will be required for all resources deployed on the project after award*

1 Phase 1: FUNCTIONALITY

1 Bids invited on the basis of functionality as a criterion must be evaluated in two stages.

2 Functionality must first be assessed and then after evaluation will be done in accordance with the 80/20 preference point system.

3 Only bids that achieve the minimum qualifying score of 75% for functionality will be evaluated further in accordance with the 80/20 preference point systems.

NB: (Bidders should score 75/100 points or more in order to qualify to move to the second phase of evaluation)

CRITERION 1	POINTS
1.1 Minimum of three (3) contactable references with on previous research	**20**
0 references = 0 points	
3 references = 5points	
4 references = 10 points	

5 references =15 points	
Above 5 references = 20 points	
CRITERION 2	**POINTS**
2.1 Demonstrate experience in the area of labour market and economic analysis in South Africa: 2.2 Experience should be of a minimum of three research projects in this field (provide proof).	**30**
CRITERION 3	
3.1 Demonstrate detailed interpretation of the requirements of the Tender and a clear understanding of the scope of the project.	**10**
CRITERION 4	**POINTS**
4.1 Outline the methodologies for the proposed delivery of the project: The service provider should clearly outline the model that they are going to use	**30**
CRITERION 5	**POINTS**
5.1 Detailed project plan and cost breakdown analysis outlining milestones for delivery of the project.	**10**
Total	**100**

Price for 80/20

Price	80

Calculation of points for B-BBEE status level of contributor

Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	**Number of points (20 system)**
1	20
2	18
3	14
4	12

5	8
6	6
7	4
8	2
Non-compliant contributor	0

Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their BBBEE rating claims.

A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.

Financial proposals must provide a detailed breakdown of all costs per activity and indicate the hourly rate of each member of the team and their time allocation.

SECTION D

9. SPECIAL CONDITIONS OF THE TENDER (NB!! *All certified documents should not be older than three months)*

9.1. The total Bidding price must be written correctly and in full.

9.2. The price of the bid will be firm for the duration of the contract.

9.3. Bidders are required to submit certified and valid B-BBEE Status Level Verification Certificates (SANAS accredited) or sworn affidavit by the Commissioner Oaths for exempted micro enterprises (EME and QSE), as prescribed by the Department of Trade and Industry.

9.4. All Standard Bidding Documents forms submitted with the bid must be completed and signed. Failure to do so may invalidate the bid.

9.5. Certified ID copies of Company Members and Shareholders, at the point of submission, failure to submit will result in the disqualification of the bidder.

9.6. A resolution of the Board of Directors for authority of signatory with the ID number of the appointee must be submitted with the bid.

9.7. If required as a condition for the bid, the sub-contracting agreement signed by both parties must be attached. The agreement must clearly state the percentage sub-contracted as per the conditions of the bid.

9.8. All company registration documents for the sub-contractor must be submitted.

9.9. Bidders must be registered on the Central Supplier Database (CSD) and provide summary report that has a compliant TAX status and valid banking details.

9.10. A valid copy of a Tax clearance certificate must be submitted and a valid SARS PIN for verification.

9.11. Both the COIDA and UIF certificates must be submitted and be valid at the day of closing.

9.12. Bidder/s must comply with basic Labour Relations Act/s, E.g. OHS, Basic Conditions of Employment Act (BCEA), Minimum Wage, UIF and COIDA.

9.13. The attendance register at the briefing session must be signed and failure to do so will invalidate your bid.

9.14. No late bids shall be accepted.

9.15. Please note that any enquiries must be directed via e-mail or telephone and will only be responded to at the compulsory briefing session. After the briefing session, queries will only be submitted via e-mail and responses will also be via email and copied to all other bidders. The department will not take queries 5 days before the closing date.

9.16. Any proposals received in response to this bid remain the property of the Department of Employment and Labour.

9.17. Bids should be held valid for a period of 90 days.

9.18. The Department of Employment and Labour reserves the right to at any given time to request additional information for clarification purposes during the evaluation process of this bid.

9.19. **Attendance of the briefing is compulsory** and bids of prospective bidders who do not attend the briefing will be disqualified in the evaluation of the bid. The compulsory briefing session will be held as follows:

DATE:

TIME:

VENUE: Virtual

NB: FAILURE TO COMPLY WITH THE ABOVE MAY INVALIDATE YOUR BID

Technical Enquiries should be addressed to:

tenders@labour.gov.za

Department of Employment and Labour,
Laboria House
215 Francis Baard Street,
Pretoria