employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

REQUEST FOR BID

TCF 16: 2021/22

APPOINTMENT OF A SERVICE PROVIDER TO PERFORM ACTUARIAL VALUATIONS,BUILD AND TRANSFER ACTUARIAL MODELS

ISSUE DATE:

22 September 2021

CLOSING DATE AND TIME:

25 October at 11H:00am

NON COMPULSORY BRIEFING SESSION

Non Compulsory Virtual Briefing session will be held on 8th October 2021,between 10H:00am and 12H:00 pm. Service providers must be connected at 9H:45am. Bidders wishing to attend the briefing session are requested to forward their email address to SCM.Enquiries@LABOUR.gov.za before the 6th October 2021, with the subject line TCF 16:2021/22

NB: The cut-off time to receive enquiries is 6 days before the closing date.
NB: The cut-off date for the Fund to respond to all questions received is 4 days before the closing date

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SBD 1

PART A
INVITATION TO BID

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (*COMPENSATION FUND*)					
BID NUMBER:	TCF 16:2021/22	CLOSING DATE: 25 October 2021		CLOSING TIME:	11:00 am
DESCRIPTION	**Appointment of a Service Provider to perform Actuarials,build and transfer Actuarial models for Compensation Fund for a period of thirty six (36)months**				
BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT					
167 Thabo Sehume Street					
Delta Heights Building					
Pretoria CBD					
0001					

BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO		**TECHNICAL ENQUIRIES MAY BE DIRECTED TO:**	
CONTACT PERSON		CONTACT PERSON	
TELEPHONE NUMBER		TELEPHONE NUMBER	
FACSIMILE NUMBER		FACSIMILE NUMBER	
E-MAIL ADDRESS		E-MAIL ADDRESS	

SUPPLIER INFORMATION					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN:		OR	CENTRAL SUPPLIER DATABASE No:	MAAA
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE	TICK APPLICABLE BOX] ☐ Yes ☐ No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT	[TICK APPLICABLE BOX] ☐ Yes ☐ No	
[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES & QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]					
1. ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	☐Yes ☐No [IF YES ENCLOSE PROOF]		2. ARE YOU A FOREIGN BASED SUPPLIER FOR THE GOODS /SERVICES /WORKS OFFERED?	☐Yes ☐No [IF YES, ANSWER THE QUESTIONNAIRE BELOW]	
QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS					
IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?				☐ YES ☐ NO	

DOES THE ENTITY HAVE A BRANCH IN THE RSA?	☐ YES ☐ NO
DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?	☐ YES ☐ NO
DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?	☐ YES ☐ NO
IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?	☐ YES ☐ NO

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 BELOW.

PART B
TERMS AND CONDITIONS FOR BIDDING

1. BID SUBMISSION:
1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
1.2. **ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED–(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.**
1.3. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.
1.4. **THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).**

2. TAX COMPLIANCE REQUIREMENTS
2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.
2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VERIFY THE TAXPAYER'S PROFILE AND TAX STATUS.
2.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA.
2.4 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
2.5 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.
2.6 WHERE NO TCS PIN IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.
2.7 NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE, COMPANIES WITH DIRECTORS WHO ARE PERSONS IN THE SERVICE OF THE STATE, OR CLOSE CORPORATIONS WITH MEMBERS PERSONS IN THE SERVICE OF THE STATE."

NB: FAILURE TO PROVIDE / OR COMPLY WITH ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.

SIGNATURE OF BIDDER: ……………………………………………

CAPACITY UNDER WHICH THIS BID IS SIGNED: ……………………………………………
(Proof of authority must be submitted e.g. company resolution)

DATE: ……………………………………………

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TERMS OF REFERENCE

FOR

THE APPOINTMENT OF A SERVICE PROVIDER TO PERFORM ACTUARIAL VALUATIONS, BUILD AND TRANSFER ACTUARIAL MODELS

DEPARTMENT OF EMPLOYMENT & LABOUR

Compensation Fund
WORKING FOR YOU

NATIONAL DEVELOPMENT PLAN
2030

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1. BACKGROUND AND INTRODUCTION

1.1. Section 17(1) of the Compensation of Occupational Injuries and Diseases Act requires that "The assets and liabilities of the Compensation Fund shall from time to time, as the Director-General consider necessary, but in any event at intervals of not more three years, be valued by the actuary appointed by Minister to determine the sufficiency of the fund". The actuary must review the financial soundness of the Fund for that financial year, and the results must be included in the next annual report of Director-General after the completion of actuarial valuation report.

1.2. Section 19 of the Compensation of Occupational injuries and Diseases Act require the Director-General to establish and determine the amount of the reserve fund to provide for unseen demands and to stabilize the tariffs of assessment.

1.3. The financial risks exposures of the Compensation Fund tend to be similar to that faced by an insurer that underwrites employer liability business and transacts in pension annuity business. Insurers are regulated by the Prudential Authority in South Africa and are required to quantify the solvency capital requirement in order to determine the financial soundness of insurance companies. This measure will be used as a proxy for the Minimum Reserve Fund (MRF).

1.4. The Fund is required to start the process of appointing a new actuarial services provider.

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1.5. The Compensation Fund (CF) seeks to appoint a service provider who will perform annual and ad-hoc actuarial services build and transfer actuarial models to the internal actuarial team.

1.6. The project lead and engagement manager are the two critical resources of this contract and hence detailed scrutiny will be given in this respect during the evaluation process. The engagement manager will be the focal point of contact with the Compensation Fund. It is for this reason that the engagement manager must be a versatile, shrewd and a highly knowledgeable actuarial resource. The quality of this contract will be considered inadequate if the requirements set in this document for the project lead and engagement manager are violated.

2. BUSINESS PROBLEM

2.1. Section 17(1) of the Compensation of Occupational Injuries and Diseases Act requires that "The assets and liabilities of the Compensation Fund shall from time to time, as the Director-General consider necessary, but in any event at intervals of not more three years, be valued by the actuary appointed by Minister to determine the sufficiency of the fund". The contract of the Fund's actuarial service provider has expired. Therefore, the Fund is required to start the process of appointing a new actuarial services provider.

3. RISK ANALYSIS

3.1. The financial risks exposures of the Compensation Fund tend to be similar to that faced by an insurer that underwrites employer liability business and transacts in pension annuity business. Insurers are regulated by the Prudential Authority in South Africa and are required to quantify the solvency capital requirement in order to determine the financial soundness of insurance companies. This will be used as proxy for the MRF.

The contract of the Fund's actuarial service provider has expired. This makes it very urgent for the Compensation Fund to start the process of appointing a new actuarial services provider.

4. SCOPE OF ACTUARIAL WORK AND DELIVERABLES

4.1. The approved service provider is expected to provide the following actuarial functions

- First principles Actuarial Liability Valuations
- Financial Soundness Reporting (Solvency Capital Reporting)
- Asset Liability Modelling and Mismatch Risk reserving.
- Loss of Income Valuations
- ORSA Reporting (Own Risk Solvency Reporting or SAM Pillar 2)
- Experience Investigations
- Pricing and benefits design and development
- Embedded Value Reporting

The service provider should be capable of employing advanced data science solutions.

4.2. The responsibilities of the service provider will be two fold in respect of the above functions;

- Building and Transferring above actuarial models to the internal Actuarial team as well as assisting the internal actuarial team with ad-hoc tasks.
- Performing end to end annual actuarial reporting, experience investigations and other ad-hoc tasks.

4.3. Detailed Actuarial deliverables;

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4.3.1 Advise the Compensation Fund in respect of annual increases and improvements in pensions and other benefits provided by the Fund. Models built in this respect should be transferred to internal actuarial team.

4.3.2 Advise the Compensation Fund in respect of annual increases in medical tariffs. Models built in this respect should be transferred to internal actuarial team.

4.3.3 Advise the Compensation Fund in respect of section 78 (Medical Aid provided by employers) of COID act. Models built in this respect should be transferred to internal actuarial team.

4.3.4 Advise the Compensation Fund in respect of section 85(Reductions and loadings of tariffs) of COID act. Models built in this respect should be transferred to internal actuarial team.

4.3.5 Review and recalculate the pension related capitalization factors in use by the Fund on a regular basis.

4.3.6 Exempt Employers (9 municipalities with average 90 lives per municipality) pension reserving from first principles. Models built in this respect should be transferred to internal actuarial team.

4.3.7 Advise the Compensation Fund on the calculations of administration costs to be paid by exempted employers and mutual associations as per section 88.2 of the Act. Models built in this respect should be transferred to internal actuarial team.

4.3.8 Analytics. Provide high quality advanced data prediction, claims investigations, experience analysis, revenue analysis, assessment sub-classes optimization, categorization, demographic, economic investigation and other related claimant behavioral analysis. These solutions and insights should be provided by employing advanced data science procedures and innovation in circumstances where data has serious limitations. Models built in this respect as well as on the job training should be accommodated.

4.3.9 Assist the Fund in the validation of actuarial and other reports of mutual associations.

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4.3.10 Perform annual actuarial valuations (covering the pension liability valuations from first principles, IBNR liability valuation, Solvency Capital Requirement). Models built in this respect should be transferred to internal actuarial team.

4.3.11 Propose a scheme or arrangement to restore the fund to a sound financial position if having performed the valuation, the Fund is not in a sound financial position.

4.3.12 Prepare comprehensive Asset Liability Model (on individual portfolios) as well as annuity mismatch reserving. Models built in this respect should be transferred to internal actuarial team.

4.3.13 Provide the Fund with an opinion on rates of assessments and contributions with due regards to the valuation results and expected claims experience. Models built in this respect should be transferred to internal actuarial team.

4.3.14 Actuarial Balance Sheet Projection and own risk solvency assessment reporting. Models built in this respect should be transferred to internal actuarial team.

4.3.15 Embedded Value Modelling, Value of inforce, New Business Modelling, Earnings at Risk Embedded Value at Risk. Models built in this respect should be transferred to internal actuarial team.

4.3.16 Advise the Compensation Fund about the financial implications of Section 56 of the COID Act ("Increased Compensation due to negligence of employer" i.e. Loss of Income). Estimated number of 10 cases per annum. Models built in this respect should be transferred to internal actuarial team.

4.3.17 Provide assistance on claim provision accounting policies, data testing across various systems, recommended treatment of claims reserve.

4.3.18 Assist the Compensation Fund with any other ad-hoc actuarial services as requested by Management, Investment Committee, Assessment and Benefits Committee or Compensation Board. The ad-hoc services will also include any changes resulting from Act in particular;

- The level of assessment rates to employers;
- The change in definition of earnings as per section 82 1(a) likely to affect the level of benefits payable;
- Any changes in the Act affect the definition of injuries and associated percentage of permanent disability, which are likely to affect the manner of calculating compensation under sections 47 and 49 of the Act and as shown in Schedule 4;
- Changes to any aspect of the benefits which are likely to have financial impact on the Fund.

The ad-hoc work will approximately increase the rand value of the total contract by 33% of the core work.

4.4. It shall also be the responsibility of the actuarial service provider to provide Compensation Fund with necessary training when transferring actuarial models.

5 REQUIRED EXPERTISE AND SKILLS

5.1. The Service Provider

a) The service provider must have a project lead and engagement manager who are Fellow member actuaries.

5.2. Service Provider Staff

a) The project lead must be a fellow member of an internationally recognized actuarial body. Furthermore, the project lead should have experience in leading and implementing extremely complex actuarial projects which

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involved dealing with multidisciplinary teams and uncommon circumstances. A clear demonstrable work experience of being able to contribute to the body of Actuarial knowledge as opposed to consuming it is extremely critical. The project lead is recommended to have actuarial work experience across the Life, General, Pensions or Wider Fields.

NB: In the event that the project lead leaves the employ of the appointed service provider he/she must be replaced with a project lead satisfying the above skills.

b) The engagement manager is recommended to have actuarial work experience in the Life and General insurance industry. Furthermore, a clear demonstrable experience of being involved in end to end (*i.e Data-Reserving-EV Reporting-Presentation of results to Senior Stakeholders*) Actuarial Valuation is extremely critical. The engagement manager should demonstrate above average understanding of Actuarial concepts and their potential application to wider fields. A list of businesses (i,e insurers, social security funds, medical schemes, reinsurers etc) valued or reviewed end to end should be listed.

NB: In the event that the engagement manager leaves the employ of the appointed service provider he/she must be replaced with an engagement manager satisfying the above skills.

c) The project leaders, engagement leaders and other staff to be involved in the project must submit their comprehensive and detailed Curriculum Vitaes (CV).

d) The project lead or engagement manager should demonstrate experience of doing actuarial valuations in insurance markets which are not yet mature (or emerging markets). A list of such clients in markets which are not yet mature should be provided.

e) The Actuarial service provider should have capacity to respond to problems employing advanced data science techniques. Number of resources with advanced data science skills should be listed.

f) In the event that the project lead/engagement manager leaves the employ of the service provider (for whatever reason) they have to be replaced by a project lead/ engagement manager satisfying the respective listed skills.

g) The project lead, engagement manager or any resource of the service provider should have experience dealing with delictual valuations. List of the number of delictual cases valued should be provided.

h) The service provider should provide signed comprehensive reference letters for the project lead/principal actuary and engagement manager. The reference letters should specifically make mention of whether the service rendered by the service provider was satisfactory or not.

6. PERFORMANCE MANAGEMENT

The performance of service providers will be monitored by Supply Chain Management and Actuarial Manager in the following manner;

- As and when necessary meetings between the Actuarial Manager and Actuarial Service provider should be held to discuss the state of affairs and performance of the service provider.
- Quarterly submissions of contract spend tracking to the Fund.
- If the service provider submits and bids with the project lead taking the responsibility of being the engagement manager at the same time, then on commencement of the contract the project lead should indeed perform the role of the engagement manager (i.e. to be the day to day contact between Compensation Fund and the service provider). In the event that the project lead leaves the employ of the service provider (for whatever reason) they have to be replaced by a project lead satisfying the respective listed skills.

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7. PROJECT APPROACH AND WORK-PLAN

The Service provider will be required to provide a project summary which demonstrates that the service provider understands the requirements. In addition, Service providers' submissions should document the following:

a) A detailed Project plan with clear timelines and deliverables;
b) A detailed work-plan as well as the proposed approach to undertaking the scope of the work;
c) Previous experience and references where similar projects were conducted, both in the public and private sectors;
d) Estimated costs, and
e) A detailed execution plan with key personnel to perform each task.

8. PROJECT MANAGEMENT AND BILLING

a) Service provider will be required to submit a detailed project plan highlighting the phases of the project and detailed cost breakdown of the project.

9. BID SUBMISSION REQUIREMENTS

9.1 The bidder has to submit a bid response documentation pack and it must be 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 the bidders are expected to submit the following: copies in two separate batches (1) Technical (2) Price proposal

- One original, 4 exact copies of the original technical and price proposal.
- CD containing a true copy of the technical proposal with price proposal.

10. Price proposal

a. The fixed fee bid for the assignment, payable at deliverable milestones. Bidders are required to present their proposals accordingly. Although VAT will be payable on each invoice, for the purposes of the bid, it should be specified separately on the total sum only.

11. BID EVALUATION PROCESS

a) The following method of evaluation will be used:
b) An evaluation panel will be established by the Fund, made up of members of the Evaluation Committee.
c) Bids will be evaluated strictly according to the bid evaluation criteria set out below.
d) Bid proposals will be evaluated in accordance with the 80/20-preference point system, as contemplated in the Preferential Procurement Policy Framework Act (Act 5 of 2000) and Preferential Procurement Regulations,2017.
e) Evaluation will be conducted in four phases:

12. BID EVALUATION STAGES

a) The bid evaluation process consists of several stages that are applicable according to the nature of the bid as defined in the table below.

Stage	Description	Applicable for this bid
Phase 1	Administrative Pre-qualification requirements	YES
Phase 2	Technical Mandatory Requirements	YES
Phase 3	Evaluation on functionality	YES
Phase 4	Evaluation on Price / B-BBEE	YES

The bidder must qualify for each stage to be eligible to proceed to the next stage of the evaluation.

12.1 PHASE 1: ADMINISTRATIVE PRE-QUALIFICATION REQUIREMENTS

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

If the Bidder failed to comply with any of the administrative pre-qualification requirements, or if Compensation Fund is unable to verify whether the pre-qualification requirements are met, then Compensation Fund 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.

(c) All bids will be measured against the administrative pre-qualification requirements. Only bids that comply with the criteria mentioned below will be considered for further evaluation.

(d) The Service providers must be registered with the Central Supplier Database (please attach recent (CSD) report /proof with the company's unique number and M number);

(e) Provide Tax Compliance status- Pin issued by SARS.

(f) Valid COIDA Letter of Good Standing/Letter of tendering.

(g) Completed and Signed Standard Bidding Documents (SBD forms)

NB: Please note that failure to provide any of the above requirements within (7) days will lead to automatic disqualification of the service provider's bid proposal.

PHASE 2: TECHNICAL MANDATORY REQUIREMENT

a) The project lead and engagement manager should be a Fellow member actuary. (Certified copy of the Fellow member certificate to be provided)

PHASE 3: EVALUATION ON FUNCTIONALITY

a. An evaluation panel will be established by the Fund, made up of members of the Bid Evaluation Committee. Bids will be evaluated strictly according to the bid evaluation criteria set out below.

b. A minimum threshold of 70% for the technical elements must be scored; otherwise the bid will be regarded as non-responsive and be disqualified. Bids that do not meet or better the technical threshold score of 70 % will not be evaluated further.

c. Each Service provider's technical proposal will be evaluated as per the criteria below in respect to evaluation matrix, prospective service bidders will be rated from 1 to 5. In order to ensure meaningful participation and effective comparison, bidders are requested to furnish detailed information in substantiation of compliance to the evaluation criteria

1=Poor; 2=Fair; 3= Good; 4=Very Good; 5=Excellent

	Criteria	Scoring Guide	Weight
1	Lead/Principal Actuary is recommended to have 14 years of actuarial work experience.	• 21+ years of experience=5 • 15 to 20 Years of Experience=4 • 14 Years of Experience=3 • 6 to 13 Years of Experience=2 • Less than or equal to 5 years=1 NB: A CV must be provided indicating the previous roles and responsibilities which the potential project lead has occupied. Traceable contact details must be provided.	15
2	Recommended 6 complex actuarial projects should be displayed by the potential project lead/principal Actuary	• 12+ Actuarial projects in line with scope as stipulated under section 4.1 =5 • 7 to 11 Actuarial projects in line with scope as stipulated under section 4.1 =4 • 6 Actuarial projects in line with scope as stipulated under section 4.1=3 • 3 to 5 Actuarial projects in line with scope as stipulated under section 4.1 =2 • Less than or equal to 2 projects=1 NB: (A reference letter from a senior Fellow Actuary	15

		member, CEO, CFO, COO, Statutory Actuary or Head of Actuarial Function indicating that indeed the potential Lead Actuary has led the listed complex actuarial projects. The letter/s must be formally signed in accordance with professional and ethical standards. The reference letters should also indicate whether the service rendered by the lead/principal actuary in these projects was satisfactory or not) An addendum should also be provided indicating further detail on the complex projects the potential project lead has led.)	
3	Potential Engagement Manager/Consulting Actuary is recommended to have 7 years relevant actuarial work experience.	• 12+ years of relevant actuarial experience=5 • 8 to 11 years of relevant actuarial experience =4 • 7 years of relevant actuarial experience =3 • 4 to 6 years of relevant actuarial experience =2 • Less than or equal 3 years of relevant actuarial experience =1 NB: A CV must be provided indicating the previous roles and responsibilities which the potential engagement manager has occupied. Traceable contact details must be provided.	10
4	The engagement manager/consulting actuary is recommended to have actuarial valuations experience in 3 practice areas.	• **End to End** actuarial valuation/review of financial services products/businesses in 5 practice area/industries=5 • **End to End** actuarial valuation/review of financial services products/businesses in 4 practice area/industries =4 • **End to End** actuarial valuation/review of financial services products/businesses in 3 practice area/industries =3 • **End to End** actuarial valuation/review of financial services products/businesses in 2 practice area/industries =2 • **End to End** actuarial valuation/review of financial services products/businesses in 1 or less than 1 practice area/industries =1	10

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		Practice areas to be considered are Health, Pensions, General Insurance, Life and Investments (A reference letter from a senior Fellow Actuary member, Statutory Actuary or Head of Actuarial Function indicating that indeed the potential engagement manager has valued/reviewed **end to end** the financial services products/businesses in the listed practice areas. The letter/s must be formally signed in accordance with professional and ethical standards).The reference letter/s should also indicate whether the service rendered by the engagement actuary in these projects was satisfactory or not. An addendum should also be provided indicating further detail on the end to end financial services products/businesses that the potential project lead has valued or reviewed.) NB: End to End will mean the valuation or review included (Data screening, Reserving, VNB,VIF,EV,SCR or CAR reporting)	
5	The actuarial service provider(company) is recommended to have 8 years of actuarial experience	• 14+ years of actuarial consulting experience=5 • 9 to 13 years of actuarial consulting experience =4 • 8 years of actuarial consulting experience =3 • 6 to 7 years of actuarial consulting experience =2 • Less than or equal to 5 years of actuarial consulting experience =1 NB: A business profile must be provided indicating the number of years of actuarial consulting experience the actuarial service provider has.	15
6.	The actuarial service provider should have a resource experienced in conducting loss of income or	• 21+ cases=5 • 16 to 20 cases=4 • 11 to 15 cases=3 • 6 to 10 cases=2 • Less than 5 cases=1 (A list of delictual or loss of income reports prepared must be provided. If the reports cannot be provided due	10

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	delictual valuations	to confidentiality issues an affidavit, or document signed by commissioner of oaths must be provided to confirm that indeed these reports where carried out, reviewed and signed off by resource in his actuarial capacity)	
7.	The actuarial service provider is recommended to have a permanent actuarial staff.	• 5+Full time Fellow in-house actuaries(i.e not outsourced)=5 • 4 Full time Fellow in-house actuaries(i.e not outsourced) =4 • 3 Full time Fellow in-house actuaries(i.e not outsourced) =3 • 2 Full time Fellow in-house actuaries(i.e not outsourced) =2 • Maximum 1 Full time Fellow in-house actuaries(i.e. not outsourced) =1 (An affidavit, formal HR document or document signed by a commissioner of oaths indicating that the service provider has the listed full time Fellow Actuaries in house (i.e non-outsourced actuaries).)	10
8.	The Actuarial Service provider should have capacity to respond to challenges applying advanced Data Science approaches. Recommended 3 resources with advanced Data Sciences skills.	• 5+ resources with advanced Data Science skills=5 • 4 resources with advanced Data Science skills =4 • 3 resources with advanced Data Science skills =3 • 2 resources with advanced Data Science skills =2 • 1 resources with advanced Data Science skills =1 (Provide a summary of projects where advanced Data Science approaches were used. These should be supported by an addendum where adequate detail can be provided.) Traceable contact details should also be provided.	10
9.	The lead/principal actuary or engagement	5+ relevant research papers with actuarial background = 5 4 relevant research paper with actuarial background = 4 3 relevant research paper with actuarial background = 3	5

	manager/actuary should show some evidence to have contributed to the body of actuarial knowledge. Recommended 3 contributions to the body of actuarial knowledge.	2 relevant research paper with actuarial background = 2 1 or less than 1 relevant research paper with actuarial background = 1 (Provide copies of the any research papers with actuarial background. These research papers could have been conducted while at university or in the work place)	
			100
			70

NB:

- **All Service providers with a score less than 70 out of 100 on functionality will not be considered for the pricing evaluation.**
- **In the event that the project lead/engagement manager leaves the employ of the service provider (for whatever reason) they have to be replaced by a project lead/engagement manager satisfying the respective listed skills.**
- **The service provider is expected to be able to physically respond to Compensation Fund premises within 24 hours as and when required.**

- **The service provider is expected to accommodate two physical presentations of the deliverables to Compensation Fund structures** (in line with the COVID 19 regulation as issued by government).

PHASE 4: EVALUATION ON PRICE/BBBEE

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a) Bid proposals will be evaluated in accordance with the 80/20-preference point system, as contemplated in the Preferential Procurement Policy Framework Act (Act 5 of 2000) and Preferential Procurement Regulations, 2017.
b) The points in respect of price will be calculated on the ceiling price of the bid.
c) The following formula will be used to calculate points out of 80 for price in respect of a tender with a Rand value up to R50 million, inclusive of all applicable taxes:

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where:

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

d) The following table will be used to calculate the score out of 20 for B-BBEE:

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

e) The Service provider must submit proof of its B-BBEE status level of contribution.

13. RULES OF BIDDING/SPECIAL CONDITIONS OF CONTRACT

a) The Fund will enter into a single contract with a single company for the delivery of the work set out in these terms of reference. It will be expected that the contracted company have necessary expertise secured via subcontract, or under a joint venture arrangement.

b) Valid Tax Compliance status- Pin issued by SARS must be submitted by all South African companies submitting bids as part of a consortium or joint venture.

c) Foreign company providing proposals must become familiar with local conditions and laws, and take them into account in preparing their proposals.

d) Bids must be submitted in South African Rands, on a fixed rates per hour basis.

e) The cost of preparing bids and of negotiating the contract will not be reimbursed.

f) The Fund is not bound to accept any of the bids submitted.

g) The Fund reserves the right to withdraw or amend these terms of reference by notice in writing to all parties who have received the terms of reference.

h) The Fund reserves the right to call interviews with short-listed bidders before final selection.

i) The Fund reserves the right to negotiate price with the preferred bidder.

j) Company may ask for clarification on these terms of reference up to close of business 48 hours before the deadline for the submission of bids. Any request for clarification must be submitted in writing by email and will be replied to in writing by email: SCM.Enquiries@LABOUR.gov.za

k) The Fund reserves the right to return late bid submissions unopened.

l) The Fund reserves the right not to evaluate bids that are not submitted in the format specified in these terms of reference. Failure to submit the bids in the specified format will invalidate your bid.

m) A company may not contact the Fund or any member of the bid committees, on any matter pertaining to their bid from the time when bids are submitted to the time the consultant contract is awarded. Any effort by a bidder to influence bid evaluation, bid comparisons or bid award decisions in any matter, may result in rejection of the bid concerned.

LM PM
MW LM

n) The deadline for submission of bids is 11h00 on the **25 October 2021** ...

o) The required service must commence one week after the official order has been placed and contract signed.

p) No incomplete tenders, late tenders and tenders received telegraphically or per facsimile shall be accepted.

q) The personnel of the civil company shall adhere to security regulations of the Fund. This entails issues like locking all valuables and computer equipment, remove of any computer equipment from the Department's premises.

r) A two envelope system must be used, with one envelope containing only the price proposal and the other envelope containing the technical proposal, tax Tax Compliance status- Pin, and all other tender documents.

Bids must be submitted by hand to:
The Compensation Fund
167 Thabo Sehume,
Delta Heights Building,
Pretoria CBD, 0001

s) <u>Bids must be clearly marked:</u>

I. Bid Number TCF 16 2021/21
II. Actuarial Service provider
III. Compensation Fund Chief Directorate Supply Chain Management
IV. Attention: Acquisition Management

14. GENERAL CONDITIONS OF CONTRACT

The general conditions of contract as enclosed in the standard bidding documents apply.

LM. PM
MW LM

15. NON BRIEFING SESSION

According to the National Treasury Instruction no 05 of 2020/21 the briefing session should not be made compulsory or mandatory unless otherwise approved by the accounting officer or accounting authority.

Prospective service providers will not be expected to attend a compulsory briefing session
Non Compulsory Briefing session through Teams
Prospective bidders may send their questions/queries to;
SCM.Enquiries@LABOUR.gov.za

NB: The cut-of time to receive enquiries is 6 days before the closing date.
NB: The cut-off date for the Fund to respond to all questions received is 4 days before the closing date.

16. ENQUIRIES

SCM.Enquiries@LABOUR.gov.za

LM. PM
mW LM

ANNEXURE A

Pricing Schedule

This serves as a guideline for pricing. Please note that the total contract price, including VAT should also be completed on the SDB 3.3 document which is enclosed in the pack.

All proposals must contain:
(1) a fee structure for reoccurring (fixed) tasks/report(s)
All fees quoted in the proposal **must be VAT inclusive**. The ad-hoc tasks will increase the rand value of the contract by 33% of core work to arrive at Total contract value.

(1) **This fee structure for core services must be based on:**

- The person(s) allocated to the task/report and his/her capacity;
- Estimated time spent on the task/report (billable hours);
- Hourly rate per person (as per DPSA hourly rates for Consultants) allocated to the task/report;
- Total fee

For example, Table 1:

Deliverables	Frequency	Capacity	Number of Persons	Hourly Rate (incl VAT)	Billabl e Hours	Total Fee YEAR 1 (incl VAT)	Total Fee YEAR 2 (incl VAT)	Total Fee YEAR 3 (incl VAT)	Total Fee (incl VAT)
See 4.3.1 above	Once a year	Lead Actuary	x	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.2 above	Once a year	Lead Actuary	x	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.3 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.4 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.5 above	Once a year	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx

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		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.6 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.7 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.8 above	Once a year	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.9 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.10 above	Once a year	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.11 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.12 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.13 above	Once a year	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.14 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.15 above	Once a year(if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagement Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
See 4.3.16 above	10 cases per year(Only if required)	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagemet Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx

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See4.3.17 above	Once a year if required	Lead Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Engagemet Actuary	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
		Other	X	xxx.xx	X	xxx.xx	xxx.xx	xxx.xx	xxxxx.xx
	TOTAL					xxxxx.xx	xxxxx.xx	xxxxx.xx	xxxxxx.x

The tariffs quoted must be fixed prices for the duration of the contract. Any price increase anticipated must be factored into the quoted prices. The total fee for the duration of the contract (inclusive of VAT) for all these reports required as per paragraph 3 of the Terms of Reference document must be added together to arrive at a total fee for reoccurring (fixed) reports.

The total fee for core services (Table1) and total fee for ad-hoc tasks (approximately 33% of contract value of core work) should be added together to arrive at the total that must be completed on the SDB 3.3 document which is enclosed in the pack.

The cost of all air travel, all out-of-pocket expenses, related accommodation and car rental cost, that is incurred by the service providers personnel in providing the required service to the Fund shall be the responsibility of the Service Provider.

SBD 3.3

PRICING SCHEDULE

(Professional Services)

NAME OF BIDDER:	BID NO: TCF 16: 2021/22
CLOSING TIME 11:00	CLOSING DATE: 25 October 2021

OFFER TO BE VALID FOR **90 DAYS** FROM THE CLOSING DATE OF BID.

ITEM NO	DESCRIPTION	**	BID PRICE IN RSA CURRENCY (ALL APPLICABLE TAXES INCLUDED)

1. The accompanying information must be used for the formulation of proposals.
2. Bidders are required to indicate a ceiling price based on the total estimated time for completion of all phases and including all expenses inclusive of all applicable taxes for the project. R...

3. PERSONS WHO WILL BE INVOLVED IN THE PROJECT AND RATES APPLICABLE (CERTIFIED INVOICES MUST BE RENDERED IN TERMS HEREOF)

4. PERSON AND POSITION DAILY RATE	HOURLY RATE	DAILY RATE
---	R------------------	------------ -----
---	R------------------	------------ -----
---	R------------------	------------ -----
---	R------------------	------------ -----
---	R------------------	------------ -----

5. PHASES ACCORDING TO WHICH THE PROJECT WILL BE COMPLETED, COST PER PHASE AND MAN-DAYS TO BE SPENT

--	R------------------	--- -----days
--	R------------------	---------days
--	R------------------	----------days
--	R------------------	---------- days

5.1Travel expenses (specify, for example rate/km and total km, class of air travel, etc). Only actual costs are recoverable. Proof of the expenses incurred must accompany certified invoices.

DESCRIPTION O F EXPENSE TO BE
INCURRED RATE QUANTITY AMOUNT

.... R....................

.... R....................

.... R....................

.... R....................

TOTAL: R....................................

** "all applicable taxes" includes value- added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.

5.2Other expenses, for example accommodation (specify, eg. Three star hotel, bed and breakfast, telephone cost, reproduction cost, etc.). On basis of these particulars, certified invoices will be checked for correctness. Proof of the expenses must accompany invoices.

DESCRIPTION OF EXPENSE TO BE
INCURRED RATE QUANTITY AMOUNT

.... R....................

.... R....................

.... R....................

.... R....................

TOTAL:R...

6.Period required for commencement with project after acceptance of bid..

7.Estimated man-days for completion of project ....

8.Are the rates quoted firm for the full period of contract? *YES/NO

9.If not firm for the full period, provide details of the basis on which adjustments will be applied for, for example consumer price index.
....
....
....
....

***[DELETE IF NOT APPLICABLE]**

DECLARATION OF INTEREST

1. Any legal person, including persons employed by the state[1], or persons having a kinship with persons employed by the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid (includes an advertised competitive bid, a limited bid, a proposal or written price quotation). In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the state, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority where-

- the bidder is employed by the state; and/or

- the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

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

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

2.2 Identity Number:..

2.3 Position occupied in the Company (director, trustee, shareholder[2], member):

....

2.4 Registration number of company, enterprise, close corporation, partnership agreement or trust:

....

2.5 Tax Reference Number:...

2.6 VAT Registration Number: ....

2.6.1 The names of all directors / trustees / shareholders / members, their individual identity numbers, tax reference numbers and, if applicable, employee / PERSAL numbers must be indicated in paragraph 3 below.

[1]"State" means –

(a) 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);
(b) any municipality or municipal entity;
(c) provincial legislature;
(d) national Assembly or the national Council of provinces; or
(e) Parliament.

[2]" Shareholder" means a person who owns shares in the company and is actively involved in the management of the enterprise or business and exercises control over the enterprise.

2.7 Are you or any person connected with the bidder presently employed by the state? **YES / NO**

2.7.1 If so, furnish the following particulars:

Name of person / director / trustee / shareholder/ member: ……………………………………

Name of state institution at which you or the person connected to the bidder is employed :

……………………………………………

Position occupied in the state institution:

……………………………………………

Any other particulars:

………………………………………………………………………

………………………………………………………………………

………………………………………………………………………

2.7.2 If you are presently employed by the state, did you obtain the appropriate authority to undertake remunerative work outside employment in the public sector? **YES / NO**

2.7.2.1 If yes, did you attach proof of such authority to the bid document? **YES / NO**

(Note: Failure to submit proof of such authority, where applicable, may result in the disqualification of the bid.

2.7.2.2 If no, furnish reasons for non-submission of such proof:

……………………………………………………………………………

……………………………………………………………………………

……………………………………………………………………………

2.8 Did you or your spouse, or any of the company's directors / trustees / shareholders / members or their spouses conduct business with the state in the previous twelve months? **YES / NO**

2.8.1 If so, furnish particulars:

…………………………………………………………………………

…………………………………………………………………………

…………………………………………………………………………

2.9 Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid? **YES / NO**

2.9.1 If so, furnish particulars.

……………………………………………………………………
……………………………………………………………………
……………………………………………………………………

2.10 Are you, or any person connected with the bidder, aware of any relationship (family, friend, other) between any other bidder and any person employed by the state who may be involved with the evaluation and or adjudication of this bid? **YES/NO**

2.10.1 If so, furnish particulars.

……………………………………………………………………
……………………………………………………………………
……………………………………………………………………

2.11 Do you or any of the directors / trustees / shareholders / members of the company have any interest in any other related companies whether or not they are bidding for this contract? **YES/NO**

2.11.1 If so, furnish particulars:

……………………………………………………………………………………
……………………………………………………………………………………
……………………………………………………………………………………

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

Full Name	**Identity Number**	**Personal Income Tax Reference Number**	**State Employee Number / Persal Number**

1. DECLARATION

I, THE UNDERSIGNED (NAME)………………………………………………………………………

CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 2 and 3 ABOVE IS CORRECT. I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

………………………………	……………………………………………
Signature	Date
………………………………	……………………………………………
Position	Name of Bidder

SBD 6.1

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

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017.

---

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to all bids:

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

1.2 The value of this bid is estimated not to exceed R50 000 000 (all applicable taxes included) and therefore the 80/20 preference point system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

(a) Price; and

(b) B-BBEE Status Level of Contribution.

1.4 The maximum points for this bid are allocated as follows:

	POINTS
PRICE	80
B-BBEE STATUS LEVEL OF CONTRIBUTION	20
Total points for Price and B-BBEE must not exceed	**100**

1.5 Failure on the part of a bidder to submit a B-BBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS), or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or a sworn affidavit confirming annual turnover and level of black ownership in case of an EME and QSE together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

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

2. DEFINITIONS

(a) **"all applicable taxes"** includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;

(b) **"B-BBEE"** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

(c) **"B-BBEE status level of contributor"** means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

(d) **"bid"** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive bidding processes or proposals;

(e) **"Broad-Based Black Economic Empowerment Act"** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

(f) **"comparative price"** means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration;

(g) **"consortium or joint venture"** 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;

(h) **"contract"** means the agreement that results from the acceptance of a bid by an organ of state;

(i) **"EME"** means an Exempted Micro Enterprise as defines by Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

(j) **"Firm price"** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;

(k) **"functionality"** means the measurement according to predetermined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;

(l) **"non-firm prices"** means all prices other than "firm" prices;

(m) **"person"** includes a juristic person;

(n) **"QSE"** means a Qualifying Small EEnterprise as defines by Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

(o) **"rand value"** means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties;

(p) ***"sub-contract"*** *means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;*

(q) **"total revenue"** bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the *Government Gazette* on 9 February 2007;

(r) **"trust"** means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

(s) **"trustee"** means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

3. ADJUDICATION USING A POINT SYSTEM

3.1 The bidder obtaining the highest number of total points will be awarded the contract.

3.2 Preference points shall be calculated after prices have been brought to a comparative basis taking into account all factors of non-firm prices and all unconditional discounts.

3.3 Points scored must be rounded off to the nearest 2 decimal places.

3.4 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.

3.5 However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.

3.6 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

4. POINTS AWARDED FOR PRICE

4.1 THE 80/20 PREFERENCE POINT SYSTEMS

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

80/20

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for comparative price of bid under consideration

Pt = Comparative price of bid under consideration

Pmin = Comparative price of lowest acceptable bid

5. POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTION

5.1 In terms of Regulation 5 (2) and 6 (2) of the Preferential Procurement Regulations, preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

5.2 A bidder who qualifies as a EME in terms of the B-BBEE Act must submit a sworn affidavit confirming Annual Total Revenue and Level of Black Ownership.

5.3 A Bidder other than EME or QSE must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.

5.4 A trust, consortium or joint venture, will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.

5.5 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

5.6 Tertiary Institutions and Public Entities will be required to submit their B-BBEE status level certificates in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

5.7 A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.

5.8 A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract.

6. **BID DECLARATION**

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

7. **B-BBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.4 AND 5.1**

7.1 B-BBEE Status Level of Contribution: . = ...(maximum of 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 5.1 and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or a sworn affidavit.

8. **SUB-CONTRACTING**

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

(***Tick applicable box***)

YES		NO	

8.1.1 If yes, indicate:

i) What percentage of the contract will be subcontracted............................?............%
ii) The name of the sub-contractor...
iii) The B-BBEE status level of the sub-contractor...
iv) Whether the sub-contractor is an EME. ***(Tick applicable box)***

YES		NO	

(1)
9. **DECLARATION WITH REGARD TO COMPANY/FIRM**

9.1 Name of company/firm:...

9.2 VAT registration number:...

9.3 Company registration number:..

9.4 TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One-person business/sole propriety
- ☐ Close corporation
- ☐ Company
- ☐ (Pty) Limited

[TICK APPLICABLE BOX]

9.5 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES

....

....

....

9.6 COMPANY CLASSIFICATION

- ☐ Manufacturer
- ☐ Supplier
- ☐ Professional service provider
- ☐ Other service providers, e.g. transporter, etc.

[*TICK APPLICABLE BOX*]

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

9.8 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

i) The information furnished is true and correct;

ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;

iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;

iv) If the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –

(a) disqualify the person from the bidding process;

(b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;

(c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

(d) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and

(e) forward the matter for criminal prosecution

WITNESSES	
1. …………………………………	…………………………………
2. …………………………………	SIGNATURE(S) OF BIDDERS(S)
	DATE:

SBD 8

DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

1 This Standard Bidding Document must form part of all bids invited.

2 It serves as a declaration to be used by institutions 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 disregarded if that bidder, or any of its directors have-

a. abused the institution's supply chain management system;
b. committed fraud or any other improper conduct in relation to such system; or
c. failed to perform on any previous contract.

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	Is the bidder or any of its directors listed on the National Treasury's Database of Restricted Suppliers as companies or persons prohibited from doing business with the public sector? **(Companies or persons who are listed on this Database were informed in writing of this restriction by the Accounting Officer/Authority of the institution that imposed the restriction after the *audi alteram partem* rule was applied).** 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.	Yes ☐	No ☐
4.1.1	If so, furnish particulars:		
4.2	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)? **The Register for 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.**	Yes ☐	No ☐
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 outside of the Republic of South Africa) for fraud or corruption during the past five years?	Yes ☐	No ☐
4.3.1	If so, furnish particulars:		
4.4	Was any contract between the bidder and any organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes ☐	No ☐
4.4.1	If so, furnish particulars:		

CERTIFICATION

I, THE UNDERSIGNED (FULL NAME) …………………………………………………
CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS 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

Js365bW

SBD 9

CERTIFICATE OF INDEPENDENT BID DETERMINATION

1 This Standard Bidding Document (SBD) must form part of all bids[1] 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 Treasury Regulation 16A9 prescribes that accounting officers and accounting authorities must take all reasonable steps to prevent abuse of the supply chain management system and authorizes accounting officers and accounting authorities to:

a. disregard the bid of any bidder if that bidder, or any of its directors have abused the institution's supply chain management system and or committed fraud or any other improper conduct in relation to such system.

b. cancel a contract awarded to a supplier of goods and services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of that contract.

4 This SBD 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 (SBD 9) 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

SBD 9

CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

____

(Bid Number and Description)

in response to the invitation for the bid made by:

____

(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of:____that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:

   (a) has been requested to submit a bid in response to this bid invitation;

   (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and

   (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder
6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However, communication between partners in a joint venture or consortium[3] 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

Js914w 2

GOVERNMENT PROCUREMENT GENERAL CONDITIONS OF CONTRACT.

NOTES

The purpose of this document is to:

(i) Draw special attention to certain general conditions applicable to government bids, contracts and orders; and

(ii) To ensure that clients be familiar with regard to the rights and obligations of all parties involved in doing business with government.

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

- The General Conditions of Contract will form part of all bid documents and may not be amended.

- Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if (applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC shall prevail.

TABLE OF CLAUSES

General Conditions of Contract

1. **Definitions** 1. The following terms shall be interpreted as indicated:

1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.

1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.

1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official in the procurement process or in contract execution.

1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.

1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.

1.7 "Day" means calendar day.

1.8 "Delivery" means delivery in compliance of the conditions of the contract or order.

1.9 "Delivery ex stock" means immediate delivery directly from stock actually on hand.

1.10 "Delivery into consignees store or to his site" means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.

1.11 "Dumping" occurs when a private enterprise abroad market its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.

1.12 " Force majeure" means an event beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

1.13 "Fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

1.14 "GCC" means the General Conditions of Contract.

1.15 "Goods" means all of the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.

1.16 "Imported content" means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

1.17 "Local content" means that portion of the bidding price which is not included in the imported content provided that local manufacture does take place.

1.18 "Manufacture" means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.

1.19 "Order" means an official written order issued for the supply of goods or works or the rendering of a service.

1.20 "Project site," where applicable, means the place indicated in bidding documents.

1.21 "Purchaser" means the organization purchasing the goods.

1.22 "Republic" means the Republic of South Africa.

1.23 "SCC" means the Special Conditions of Contract.

1.24 "Services" means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.

1.25 "Written" or "in writing" means handwritten in ink or any form of electronic or mechanical writing.

2. Application.

2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.

2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.

2.3 Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.

3. General

3.1 Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a non-refundable fee for documents may be charged.

3.2 With certain exceptions, invitations to bid are only published in the Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the Government Printer, Private Bag X 85, Pretoria 0001, or accessed electronically from www.treasury.gov.za

4. Standards

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

5. Use of contract documents and information; inspection.

5.1 The supplier shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance.

5.2 The supplier shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1 except for purposes of performing the contract.

5.3 Any document, other than the contract itself mentioned in GCC clause 5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.

5.4 The supplier shall permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

6. **Patent rights.**

6.1 The supplier shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

7. **Performance security**

7.1 Within thirty (30) days of receipt of the notification of contract award, the successful bidder shall furnish to the purchaser the performance security of the amount specified in SCC.

7.2 The proceeds of the performance security shall be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.

7.3 The performance security shall be denominated in the currency of the contract or in a freely convertible currency acceptable to the purchaser and shall be in one of the following forms:

(a) A bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser; or
(b) A cashier's or certified cheque

7.4 The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified in SCC.

8. **Inspections, tests and analyses**

8.1 All pre-bidding testing will be for the account of the bidder 8.2 If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the Department or organization acting on behalf of the Department.

8.2 If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the Department or an organization acting on behalf of the Department

8.3 If there are no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing authority concerned.

8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.

8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.

8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.

8.7 Any contract supplies may on or after delivery be inspected, tested or 8 analyzed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal the rejected supplies shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.

8.8 The provisions of clauses 8.4 to 8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 23 of GCC.

9. Packing

9.1 The supplier shall provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size and weights shall take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

9.2 The packing, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the contract, including additional requirements, if any, specified in SCC, and in any subsequent instructions ordered by the purchaser

10. Delivery and documents

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

10.2 Documents to be submitted by the supplier are specified in SCC.

11. Insurance

11.1 The goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the SCC.

12. Transportation

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

13. Incidental services

13.1 The supplier may be required to provide any or all of the following services, including additional services, if any, specified in SCC:

(a) Performance or supervision of on-site assembly and/or commissioning of the supplied goods;
(b) Furnishing of tools required for assembly and/or maintenance of the supplied goods;
(c) Furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
(d) Performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under this contract; and
(e) Training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

13.2 Prices charged by the supplier for incidental services, if not included in the contract price for the goods, shall be agreed upon in advance by the parties and shall not exceed the prevailing rates charged to other parties by the supplier for similar services.

14. Spare parts

14.1 As specified in SCC, the supplier may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:

(a) Such spare parts as the purchaser may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract; and
(b) In the event of termination of production of the spare parts:
(i) Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
(ii) Following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

15. Warranty

15.1 The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and those they incorporate all recent improvements in design and materials unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract shall have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission of the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.

15.2 This warranty shall remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise in SCC.

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

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

15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified in SCC, the purchaser may proceed to take 10 such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

16. Payment

16.1 The method and conditions of payment to be made to the supplier under this contract shall be specified in SCC.

16.2 The supplier shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfilment of other obligations stipulated in the contract.

16.3 Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.

16.4 Payment will be made in Rand unless otherwise stipulated in SCC.

17. Prices

5.1 Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized in SCC or in the purchaser's request for bid validity extension, as the case may be.

18. Contract amendments

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

19. Assignment

19.1 The supplier shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

20. Subcontracts

20.1 The supplier shall notify the purchaser in writing of all subcontracts awarded under this contracts if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the supplier from any liability or obligation under the contract.

21. Delays in the supplier's performance

21.1 Delivery of the goods and performance of services shall be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.

21.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at his discretion extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.

21.3 No provision in a contract shall be deemed to prohibit the obtaining of supplies or services from a national department, provincial department, or a local authority.

21.4 The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the supplies are required, or the supplier's services are not readily available.

21.5 Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations shall render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

21.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser shall, without cancelling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

22. Penalties

22.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

23. Termination for default

23.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part:

(a) If the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;

(b) If the Supplier fails to perform any other obligation(s) under the contract; or

(c) If the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

23.2 In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms 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.

23.5 Any restriction imposed on any person by the Accounting Officer / Authority will, at the discretion of the Accounting Officer / Authority, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the Accounting Officer / Authority actively associated.

23.6 If a restriction is imposed, the purchaser must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:

(i) The name and address of the supplier and / or person restricted by the purchaser;
(ii) The date of commencement of the restriction
(iii) The period of restriction; and
(iv) The reasons for the restriction.

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

23.7 If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.

24. Anti-dumping and countervailing duties and rights

24.1 When, after the date of bid, provisional payments are required, or antidumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference shall on demand be paid forthwith by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor in regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

25. Force Majeure

25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

25.2 If a force majeure situation arises, the supplier shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

26. Termination for insolvency

26.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

27. Settlement of Disputes

27.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

27.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

27.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

27.4 Mediation proceedings shall be conducted in accordance with the rules of procedure specified in the SCC.

27.5 Notwithstanding any reference to mediation and/or court proceedings herein,

(a) The parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and

(c) The purchaser shall pay the supplier any monies due the supplier.

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 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 in SCC.

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 the Department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Services.

33. National Industrial Participation (NIP) Programme

33.1 The NIP Programme administered by the Department of Trade and Industry shall be applicable to all contracts that are subject to the NIP obligation

34. Prohibition of Restrictive practices

34.1 In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder (s) is / are or a contractor(s) was / were involved in collusive bidding (or bid rigging).

34.2 If a bidder(s) or contractor(s), based on reasonable grounds or evidence obtained by the purchaser, has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in the Competition Act No. 89 of 1998.

34.3 If a bidder(s) or contractor(s), has / have been found guilty by the Competition Commission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid(s) for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder(s) or contractor(s) from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder(s) or contractor(s) concerned.