SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

REQUEST FOR PROPOSALS

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS TO SUPPORT MUNICIPALITIESTO CONDUCT SECTION 76-80 MUNICIPAL SYSTEMS ACT PROCESS WITH THE FOCUS ON SECTION 78 ASSESSMENTS FOR WATER SERVICES AND ELECTRICITY SERVICES FOR A PERIOD OF 36 MONTHS.

SALGA/06/2026

Closing date and time: 21 August 2026 at 11h00AM

Bid Validity Period: 120 days

For Enquiries:

TEL: (012) 369 8000

EMAIL: scm@salga.org.za

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PLEASE NOTE THAT SALGA LAUNCHED A FULLY AUTOMATED SUPPLY CHAIN MANAGEMENT PLATFORM. TO REGISTER AS A SUPPLIER ON THE PORTAL AND SUBMIT THE RESPONSE TO THIS TENDER.

PLEASE CLICK THE LINK BELOW:

https://scmportal.salga.org.za/

1. INTRODUCTION

The South African Local Government Association (SALGA) was established by the Organised Local Government Act (Act 52 of 1997) to assist in the comprehensive transformation of local government in South Africa. Its main objectives are to:

- Represent, promote and protect the interests of local government;
- Transform local government to enable it to fulfil its developmental role;
- Enhance the role and status of its members as provincial representatives and consultative bodies of local government;
- Enhance the role and status of municipalities;
- Be recognised by national and provincial governments to be the representative and consultative body in respect of all matters concerning local government and to make representations to both provincial and national governments in respect of any matter relating to local government;
- Ensure the full participation of women in organised local government; and
- Be the National Employers' Association representing all municipal members and, by agreement, associate members.

2. SALGA MANDATE

Developmental local government is an essential part of the government's machinery. In line with its constitutional mandate, SALGA is tasked with transforming the local government sector into one that possesses the necessary capacity to significantly contribute to poverty alleviation, economic development, and all socio-economic opportunities that the state is committed to providing for its citizens. SALGA also acts as the representative voice of all 257 municipalities across the country.

Since its establishment, SALGA has endeavoured to focus on its mandate of supporting local government transformation in a complex environment characterised by a highly diverse and diffuse membership base of municipalities. According to its amended Constitution, SALGA is a unitary body comprising a national association and nine provincial offices. Its mandate is founded on six primary pillars:

- **Representation, Advocacy and Lobbying** refers to representing the interests of members in legislatures and other policymaking and oversight structures. It also refersto engaging with various stakeholders and participating in public debates, among other initiatives, in the interest of Local Government.
- **Employer Body** refers to being an effective employer representative for members. Employer representation is carried out through collective bargaining (in terms of the Labour Relations Act) in various structures, including but not limited to those established in the South African Local Government Bargaining Council.
- **Capacity Building** refers to facilitating capacity-building initiatives, among others, by representing member interests in the Local Government Sector Education and Training Authority (LGSETA). SALGA strives to promote a coherent, well-coordinated capacity-building programme for municipal councillors and officials.
- **Support and Advice** refers to the provision of tools and services that enable municipalities to understand and interpret trends, policies and legislation affecting Local Government and to implement the said policies and plans
- **Strategic Profiling** of local government refers to enhancing the profile and image of local government as an essential and credible agent for delivering services. Profiling focuses on South Africa, the African continent and the rest of the world.
- **Knowledge and Information Sharing** refers to building and sharing a

comprehensive hub of Local Government knowledge and intelligence that will enable informed delivery of other SALGA mandates. The knowledge hub is also a valuable resource for anyone seeking information about Local Government.

3. PURPOSE OF THIS REQUEST

This request outlines the Terms of Reference (ToR) for appointing a panel of Service Providers to support Municipalities to conduct Section 76-80 Municipal System Act Process with the focus on Section 78 Assessments for Water and Electricity Services.

4. CONTEXTUAL BACKGROUND

Municipalities are constitutionally mandated to ensure the provision of basic services, including water and electricity. In terms of the Municipal Systems Act 32 of 2000, municipalities must determine the most appropriate mechanism to provide these services in line with:

- **Section 76**: Service delivery mechanisms
- **Section 77**: Circumstances requiring a Section 78 assessment
- **Section 78**: Assessment of service delivery mechanisms
- **Sections 79–80**: Internal and external mechanisms

Many municipalities face increasing challenges relating to:

- Financial sustainability
- Infrastructure maintenance and investment backlogs
- Revenue collection and losses
- Institutional capacity

Accordingly, municipalities require structured and compliant **Section 78 assessments** to inform decisions on optimal service delivery models for **Water Services and Electricity services**.

Local government in South Africa sits at the coalface of service delivery, with municipalities constitutionally mandated to provide basic services such as water and electricity in a sustainable, efficient, and equitable manner. However, over the past decade, the operating environment for municipalities has become increasingly complex, placing significant strain on their ability to deliver these services effectively. This has necessitated a more structured and evidence-based approach to determining appropriate service delivery mechanisms, as envisaged in the Municipal Systems Act 32 of 2000, particularly through the application of Sections 76 to 80 and the undertaking of Section 78 assessments.

Escalating Financial Sustainability Challenges

Municipalities are facing severe financial pressures that directly impact the sustainability of water and electricity services.

Electricity distribution, historically a key revenue-generating function, is under increasing strain due to rising bulk purchase costs from Eskom, coupled with declining consumption patterns driven by energy efficiency measures and the rapid uptake of embedded generation. This has eroded municipal revenue bases and undermined cross-subsidisation models that have traditionally supported other municipal services, including water.

At the same time, municipalities are grappling with growing levels of consumer debt, weak revenue collection, and affordability constraints among households.

In the water services sector, cost recovery remains a persistent challenge, with many municipalities unable to fully recover operational and maintenance costs, let alone fund capital investment. These financial pressures have resulted in deferred maintenance, deteriorating infrastructure, and increasing service delivery backlogs.

Infrastructure Backlogs and Operational Inefficiencies

A significant portion of municipal water, sanitation and electricity infrastructure is ageing and poorly maintained. In the electricity sector, this manifests in high technical and non-technical losses, frequent outages, and network constraints that limit the integration of new generation capacity. In the water sector, high levels of non-revenue water—often exceeding 40% in some municipalities—reflect systemic inefficiencies, including leaks, illegal connections, and inadequate metering.

Operational inefficiencies are further compounded by inadequate asset management practices, insufficient maintenance budgets, and limited technical capacity within municipalities. These challenges not only compromise service reliability and quality but also increase long-term costs and risks.

Institutional and Capacity Constraints

Many municipalities face significant institutional challenges, including:
- Shortages of skilled technical personnel
- Weak governance and oversight structures
- Fragmented organisational arrangements for service delivery
- Limited capacity to manage complex service delivery models

These constraints affect the ability of municipalities to plan, operate, and maintain water and electricity services effectively. In some cases, institutional arrangements are not optimally configured to respond to the evolving demands of the energy and water sectors, including regulatory compliance, market reforms, and technological advancements.

Policy, Regulatory and Market Transitions

The electricity sector in South Africa is undergoing fundamental transformation, including the restructuring of the electricity supply industry, the introduction of competitive markets, and the unbundling of Eskom. Municipalities must now navigate a more complex environment involving:
- Independent Power Producers (IPPs)
- Wheeling arrangements
- Changing tariff structures
- Regulatory oversight by National Energy Regulator of South Africa

Similarly, the water services sector is facing significant policy, regulatory, and institutional transition, driven by the need to improve service reliability, financial sustainability, and regulatory oversight. Unlike electricity, water remains a local government function, but reform momentum is reshaping how services may be structured, financed, and regulated. Municipalities must increasingly operate within a more complex and evolving environment that includes:

- The legislative requirement that municipalities with the powers and functions for water and sanitation services (WSAs) account separately for their WSA and WSP functions; amendments to the Water Services Act to introduce WSP licensing with implications for WSAs to undertake assessments of WSP delivery mechanisms; ; and increasing pressure on national and provincial interventions leading in some cases to the establishment of Special Purpose Vehicles in combination with Water Boards/ regional WSPs.
- Strengthened economic and technical regulation, with enhanced oversight by the

Department of Water and Sanitation (DWS) as with respect to tariffs and tariff setting and regulation of the WSP function through WSP licensing processes.

- Implementation of Norms and Standards for Tariff Setting, requiring cost-reflective tariffs, transparent ring-fencing of water services, and improved financial governance.
- Growing emphasis on financial sustainability and cost recovery, including NRW reduction, improved billing systems, and credible cost-of-supply assessments.
- Increasing emphasis on alternative financing mechanisms, including infrastructure funds, and blended-finance instruments, requiring municipalities to meet higher thresholds of investment readiness and institutional credibility.
- Greater scrutiny of performance, compliance, and accountability, through regulatory reporting, corrective action plans, and potential intervention mechanisms.

As with electricity sector reforms, these transitions require municipalities to balance sector reform ambitions with municipal capability realities, to ensure that services delivery models are objectively assessed and decided by Councils, and to manage the institutional, financial, contractual and technical implications while maintaining services delivery continuity.

Growing Demand for Alternative Service Delivery Mechanisms

Given these challenges, there is a growing recognition that predominantly internal municipal service delivery models may not always be optimal or sustainable. Municipalities are increasingly required to re-consider service delivery mechanisms, including a department or administrative unit within its administration or a ring-fenced business unit (internal service delivery mechanisms), or through a services delivery agreement with a municipal entity; another municipality; an organ of state; a community based organisation or other non-governmental organisation, or any other institution, entity or person legally competent to operate a business activity (external service delivery mechanisms).

However, decisions regarding the appropriate mechanisms must be informed by rigorous analysis and must comply with legislative requirements. The Municipal Systems Act 32 of 2000 explicitly requires municipalities to undertake a Section 78 assessment when considering a change in service delivery mechanism, ensuring that such decisions are transparent, evidence-based, and in the best interests of communities.

Need for Structured, Compliant and Evidence-Based Decision-Making

In this context, Section 76-78 assessments serve as a critical governance tool to:

- Evaluate the performance of existing service delivery arrangements
- Assess the feasibility of alternative mechanisms
- Balance financial, technical, social, labour and economic considerations
- Ensure stakeholder participation and transparency
- Support informed Council decision-making

Importantly, the Section 76-78 process provides municipalities with a structured opportunity to review and align service delivery models with broader strategic objectives, including financial sustainability, infrastructure investment, service reliability and quality, climate resilience and the Just Energy Transition.

Strategic Importance for Water Services and Electricity Services

Water and electricity services are foundational to economic development, public health, and social well-being. Failures in these sectors have far-reaching consequences, including:

- Reduced economic productivity
- Public and environmental health risks
- Social instability and community dissatisfaction

As such, ensuring the sustainability and effectiveness of these services is not only a municipal priority but a national imperative.

Conclusion

Given the scale and complexity of the challenges facing municipalities in the water services and electricity sectors, there is an urgent need for structured, compliant, and expert-led Section 78 assessments.

Decision about services delivery mechanisms for a municipal service must be rational (defensible on evidence); sufficient (aligned with capability and capacity); take account of consequences (financial, developmental and labour-related) and ensure that all klwful alternatives have been considered meaningfully.

These assessments will enable municipalities to critically evaluate their current service delivery models, objectively assess viable alternatives, and make evidence-based decisions that enhance sustainability, improve service delivery outcomes, and respond to the evolving policy and regulatory landscape while fully respecting municipal executive authority and council decision-making mandates. Many municipalities lack in-house capacity—technical, financial, legal, institutional, and human resources —to undertake credible, impartial assessments on these service areas.

The appointment of a suitably qualified service provider to support this process is therefore essential to ensure technical rigor, legislative and regulatory compliance, and credible outcomes that can withstand regulatory, political, and stakeholder scrutiny and that meaningfully support municipalities in navigating complex service delivery reforms without destabilising essential services.

5.1 PURPOSE OF THE ASSIGNMENT

The purpose of this assignment is to appoint a qualified service provider to:

- Provide support to municipalities to undertake **Section 78 assessments** for water services and electricity services in line with the Municipal Systems Act (Act 32 of 2000).
- Support municipalities through the **Sections 76–80 decision-making process** by providing access to a coordinated pool of contracted expert resources as required.
- Provide **evidence-based defensible recommendations** on appropriate service delivery mechanisms
- Develop a consolidated view of institutional arrangements for water services and electricity services across participating municipalities.
- Ensure full compliance with all applicable legislative and regulatory requirements
- Safeguard the objectivity, credibility, and legal defensibility of each Section 78 assessment.
- Relieve municipalities of the administrative, procurement, and financial burden associated with sourcing and managing multiple specialist service providers across different stages of the decision-making process.

5.2 OBJECTIVES

The key objectives are to:

- Develop a standardised framework to support municipalities in conducting Section 76-80 assessments for water services and for electricity services.
- Assess current service delivery arrangements for water services and electricity services
- Evaluate institutional, financial, technical, and governance performance

- Identify key risks and inefficiencies and sustainability challenges
- Assess the municipalities internal delivery capacity in terms of section 78(1) and possible internal mechanisms in keeping with the legal criteria. If needed, recommend a Council decision in terms of section 78(2) to undertake a feasibility assessment of external mechanisms as set out in section 78(3); undertake the feasibility assessment and make informed recommendations to Council about appropriate mechanisms, from these assessments, in keeping with section 78(4) of the Act.
- Support municipal decision-making and Council processes including stakeholder consultations
- Ensure that every Section 78 assessment meets legislative requirements, regulatory expectations, and best practice standards

5.3 SCOPE OF WORK

The scope should reflect the parameters defined during the macro scoping exercise at inception and should avoid duplicating information that already exists within municipal plans and studies and clearly frame the scope of the geographic and service parameters of the assessment

5.3.1 Inception Phase

The service provider shall:

- Initiate the Project and facilitate stakeholder alignment
- Review of existing municipal legislative, policy and planning data and documentation:
  - Integrated Development Plans (IDPs), Service Delivery and Budget Implementation Plan (SDBIPs), Water service Development Plans (WSDPs)
  - Service Backlogs and Access
  - Asset Registers and infrastructure inventories (New, service performance, extensions)
  - Financial statements and tariffs (and cost of supply processes)
  - Infrastructure master plans
  - Regulatory compliance
  - Customer care performance and service reliability
  - Institutional Capacity
- Identify the triggers for the assessment in terms of section 77 of the MSA and develop a detailed project plan, methodology and assessment framework. This should in provide clarity on scope of the assessment
- Provide an inception report to this phase.

5.3.2 Legislative Compliance & Process Facilitation

The service provider shall follow a methodological approach to the assessment with application of a multidisciplinary and consultative approach that integrates technical, financial, legal, and human resources analysis. The service provider shall:

- Guide municipality through Sections **76–80 compliance requirements** of the Municipal Systems Act;
- Develop compliance checklist aligned with legislative and regulatory requirements;
- Facilitate municipal executive, committee, and Council processes including reporting; and resolutions
- Obtain approval in the various steps from scoping and need analysis report, section 78(2) and section 78(4).

5.3.3 Status Quo Diagnostic Assessment

A. Water Services and Electricity Services Status Quo analysis Assessment

The service provider shall define and confirm the geographic boundary of the services provision area being assessed and undertake a comprehensive assessment of:

- Institutional arrangements (e.g. existing governance and services provision arrangements, organisational structures and alignment between functions)
- Technical performance (e.g. electricity and water and sanitation losses, outages, infrastructure and asset condition, service reliability, capacity, staff and skills profile and maintenance practices) on condition assessment National Immovable Asset Maintenance Management Standard (CIDB, 2016) or similar shall be applicable
- Financial performance including:
    - Cost of supply (informed by life cycle costing)
    - Tariff adequacy and structure including alignment with Norms and Standards for Tariff Setting
    - Revenue collection performance including billing effectiveness and arrears
- Analysis of relevant performance and financial data specific to water services and electricity (e.g. section 71, audits etc), governance, accountability structures and control systems
- Customer service and service reliability performance or quality of service
- Provide a detailed report on Status Quo analysis Assessment

This diagnostic assessment shall provide an evidence-based foundation for evaluating service delivery options and informing the Section 78 options analysis and municipal decision-making process.

B. Options Analysis (Section 78 Core Requirement)

Section 78(1) Internal Assessment

The service provider shall evaluate feasible service delivery mechanisms through assessment of the direct and indirect costs, benefits, and impact of internal options to enable decision by municipal council (i.e. section 78(2)) and indicate implication of direct costs, Human capacity and risk analysis or any relevant restructuring required to effectively deliver service internally which shall be in line with the following option

i. Internal Mechanisms (Section 76(a))

- Traditional municipal department / Shared departmental responsibility
- Internal municipal entity /Ringfenced Business Unit
- Decentralised Internal Mechanism (Central at District with local operations)
- Targeted Internal Strengthening: Management Support and Revenue Enhancement Contracts (External support for billing/collection or External capacity-building; internal WSP retained). In the case the municipality considers assessment external mechanism the service provider shall receive council permission to conduct a feasibility study in term of section 78(3)

ii. This feasibility study shall assess options for External Mechanisms (Section 76(b))

- Municipal entities
- Public-private partnerships (PPPs)
- Service contracts

Concessions Each option must be assessed against:

- Financial viability and sustainability
- Technical capability and capacity
- Risk allocation and management
- Regulatory and legislative compliance
- Impact on tariffs and affordability considerations
- Socio-economic and labour implications

From the Feasibility study the service provider shall provide recommendations to enable decision by municipal council on the final decision for external mechanism (i.e section 78(4))

iii. Stakeholder Consultation

The methodology should also provide for consultation with key stakeholders, including organised labour and the local community where required by legislation. The service provider shall:

- Develop stakeholder management plan
- Implement the plan together with the municipalities through facilitation of stakeholder engagement processes including:
    - Communities
    - Labour unions
    - Sector departments
    - Regulators (e.g. NERSA for electricity or DWS for water services)
    - Or any relevant stakeholder identified during stakeholder analysis process
- Document stakeholder inputs and demonstrably incorporate into the assessment and report.

iv. Financial & Economic Modelling

The service provider shall:

- Develop detailed financial and economic models for each service delivery option:
    - Capital and operating costs
    - Tariff and affordability impacts
    - Funding and financing requirements
- Conduct Long-term sustainability and affordability analysis

v. Risk Assessment

The service provider shall:

- Identify and assess key risks including :
    - Financial
    - Operational
    - Legal
    - Political
- Propose appropriate mitigation strategies
- Record and consolidate identified risks and mitigation strategies risk management plan utilising standard risk assessment tools

vi. Recommendation & Decision Support

The service provider shall:

- Provide a recommended **service delivery model,** supported by clear evidence
- Develop practical implementation roadmap
- Prepare Draft Council reports, resolutions and decision packs

vii. Implementation Planning (Post-Decision Support)

Where required, the service provider shall support:

- Transition planning (if model changes)
- Institutional restructuring and change management support
- Regulatory approvals and compliance processes guidance
- Stakeholder engagement and communication

6. KEY DELIVERABLES

The service provider will be required to deliver the following:

- **Inception Report** that outlines
  - refined scope of the Section 78 assessment
  - methodology and approach for the investigation
  - key service delivery challenges to be addressed
  - information requirements for the status quo and needs analysis
  - detailed work plan and confirmation timeline for the assessment
- **Legislative Compliance Framework** including consultation and communication process as well as legal prescripts :
  - Municipal Systems Act s.76 and s.78
  - SCM Regulations
  - Municipal Finance Management Act s.33
  - Labour Relations Act s.197
  - Municipal Asset Transfer Regulations
  - Water Services Act
- **Diagnostic Assessment** Report with all related data and tools utilised (Water & Electricity)
  - A completed status quo analysis with with verified data across technical, financial, and organizational domains
  - A formally adopted Needs Assessment Report documenting prioritised service delivery gaps.
  - A Base Case summary, agreed by Council, defining the scope and cost parameters for the Section 78 mechanism evaluation.
- **Options Analysis Report** (Section 78(1)) addressing
  - Costs and Benefits of Internal Delivery options, Internal Capacity, Administrative Re-organisation, Development Impacts and oorganised Labour with specific, evidence-based findings.
  - Clear recommendations on the viability of a selected internal service delivery mechanism.

- Where an internal mechanism is adopted, a resource allocation plan and a set of performance benchmarks referenced to the Status Quo Assessment base case.
- **Stakeholder Management plan** and **Stakeholder Consultation Report**
- **Financial** and **Economic Model**
- **Risk management tool/s utilised** with **Risk Assessment Report**
- **Final Section 78 Assessment Report** addressing
  - Costs and Benefits of External Delivery, with feasibility study indicating Administrative Re-organisation, Development Impacts and organised Labour with specific, evidence based findings.
- **Clear recommendations on the viability of external service delivery mechanisms**.
- Council Decision Pack (including resolutions)
- Implementation Roadmap
- Framework/ Guideline and Tools for conducting Section 76-80 assessments to support municipalities in future

7. SERVICE PROVIDER'S KNOWLEDGE AND EXPERIENCE

The service provider must demonstrate:

- **Core Competencies**
  - Expertise in the Municipal Systems Act 32 of 2000 (Sections 76–80)
  - Experience in municipal service delivery reform
  - Strong financial modelling capability
  - Infrastructure and engineering expertise (water & electricity)
  - Regulatory and governance expertise
- **Team Composition**
  - Project Lead / Municipal Services Expert
  - Financial Modelling Specialist
  - Electrical Engineer (Professional registration)
  - Water Engineer or Civil Engineer with Water Engineering Specialisation (Professional registration preferred)
  - Legal/Regulatory Specialist
  - Stakeholder Engagement Specialist
  - Human Resources Specialist/ Labour Relations Specialist
  - Process Design Expertise

8. TIMELINES

- Estimated duration: **4–6 months per municipality**
- Timeline to be refined during inception phase

9. CONTENT OF BID SUBMISSION

The submission should include:

- Project methodology providing enough detail on how the project will be completed based on the information provided as per the Terms of Reference.

- The profile of the firm bidding for the service, e.g. similar previous experience, in-house skills, etc; providing information which will assist SALGA to assess its capabilities, competitive advantages, etc.

- A list of references of previous and current appointments relevant to the required services; examples of such services, capabilities, and experience, and more specifically, the number and size of organisations where services were rendered in specific sectors in government and areas of expertise.

- An organogram or list of partners, managers, specialists, together with the *curriculum vitae* of the staff who will be available for the duration of the work; any staff changes regarding staff allocated to SALGA must be done in consultation with the Project Manager representing the organisation. Thesuccessful bidder should provide experienced specialists relevant to the required services.
- A breakdown of the tariff, VAT inclusive, per category as required for services rendered. Expenditure incurred without the prior approval of SALGA will not bereimbursed. An analysis of costs must be given to cover the full amount, and where possible, costs should be linked with specific tasks to be undertaken. All other incidental costs should be included in the budget breakdown.
- As far as possible, a comprehensive budget should be provided, detailing the service activities proposed, including charge-out rates and budgeted hours per activity. It should outline all assumptions made in developing the proposed budget, covering all cost factors such as virtual meetings and virtual workshop sessions, and also account for any necessary travel expenses with appropriate justification.
- The consultants' remuneration rates will be negotiable, not exceeding the applicable rates specified in the DPSA Guide on Hourly Fee Rates for Consultants or relevant gazetted fees.

8. APPOINTMENT, COMMENCEMENT AND DURATION

The panel of service providers will be appointed for a period of thirty-six (36) months.

9. INSTRUCTIONS TO BIDDERS

10. Terms of Contract

The terms of a specific contract shall be regulated by the Service Level Agreement (SLA) to be concluded with the winning bidder during the RFQ process.

11. Questions during Bidding Process

- Any enquiries or clarity questions related to this RFP should be Captured on the Supplyflow System
- Bidders finding apparent discrepancies or omissions in the RFP should notify SCM at scm@salga.org.za at once. Bidders may during the bidding period, be advised by Addenda, of any additions, clarifications, deletions or alterations to these specifications. All such changes should be covered by the bidder's proposal. Information used in the preparation of a proposal from other than this RFP and any written addenda (considered as the proposal documents) will not be considered as valid or official.

12. Submission of Proposal

PLEASE USE THE BELOW LINK TO SUBMIT YOUR PROPORSAL.

https://scmportal.salga.org.za/

ANY OTHER FORM OF SUBMISSION WILL BE NOT CONSIDERED.

Late submissions will not be accepted.

Bidders remain solely responsible for the method of conveyance of their proposal to the receiving point.

SALGA will not be responsible for any costs incurred by the bidders associated with the preparation of responses to the RFP.

Proposals received past the time stated above will not be considered and will be returned to the bidder unopened.

All proposals will remain in force and will be irrevocable for hundred and twenty days after the proposal closing.

Proposals shall be stipulated sums without escalator clauses or other qualifications.

13.Contract Award

SALGA reserves the right to accept any proposal submitted or reject all proposals.

Any proposal submitted, that is not in complete compliance with the requirements of the proposal documents may be accepted or disqualified, at the discretion of SALGA.

14. Termination of Contract

SALGA reserves the right to remove service providers within the panel with 30 days written notice in instances where the service providers continuously fail to respond to RFQ’s in respect of this tender.

15. Liability

SALGA will not be held liable for any actions of the winning bidder and/or its employees.

16 Important Dates

14 August 2026 - Last day for clarification questions.

21 August 2026 at 11:00am - Last day for submissions.

17.CONDITIONS OF BID (FAILURE TO MEET ANY OF THE REQUIREMENTS BELOW MAY RENDER YOUR BID PROPOSAL NON-RESPONSIVE)

17.1 The requirements for the content of the project proposal section below outline the information that must be included in bid offers. **Failure to provide all or part of the information may result in your bid being excluded from the evaluation process.**

17.2 A contract will be signed with the appointed Service Provider.

17.3 The Service Provider will be required to sign confidentiality and indemnity agreements with SALGA.

17.4 SALGA may, at its own discretion, vary an instruction to include more work.

17.5 Failure to comply with any condition of this request for a proposal will invalidaterespective tender proposal.

17.6 In the event that any conflict of interest is discovered during the assignment, SALGA reserves the right to summarily cancel the agreement and demand that all the information, documents and property of SALGA be returned forthwith.

17.7 SALGA reserves the right to request new or additional information regarding each bidderand any individual or other persons associated with its project proposal.

17.7 Bidders shall not make available or disclose details pertaining to their project proposal with anyone not specifically involved, unless authorized to do so by SALGA.

17.9 Bidders shall not issue any press release, social media or other public announcement pertaining to the details of their project without the prior written approval of SALGA.

17.10 Bidders are required to declare any conflict of interest they may have in the transactionfor which the bid is submitted or any potential conflict of interest. SALGA reserves the right not to consider further any bid where such a conflict of interest exists or where suchpotential conflict of interest may arise.

17.11 The bid offers and proposals should be valid and open for acceptance by SALGA for a period of 120 days from the date of submission.

17.12 Bidders are advised that submission of a project proposal gives rise to no contractual obligations on the part of SALGA.

17.13 Disputes that may arise between SALGA and a bidder must be settled by means of mutual consultation, mediation (with or without legal representation) or, when unsuccessful, in a South African court of law.

17.14 In addition to adherence to the specific terms and conditions of proposals, provided in this document, the bidder shall be bound by the provisions of the General Conditions of Contract attached hereto, an originally signed copy of which must be submitted together with all other bid documentation.

17.15 All returnable bid documents must be completed in full and submitted together with the bidder's proposal.

17.16 SALGA will not be liable for costs incurred during the site visits or any other cost relatedto the submission of the bid.

17.17 Completion of the Standard Bidding Documents stated herein below is **mandatory**, failure to do so **may** render your bid offer invalid.

18. STANDARD BIDDING FORMS

18.1 Preference Points Claim form

Form SBD 6.1 - Bidders must complete this document in full, special attention must be given to section 8 and 9. DO NOT RETYPE THESE FORMS. They must be completed on the original and signed, all in black ink.

18.2 Declaration of Interest

Form SBD 4 - Bidders must complete this document in full on the Supplyflow system.

1 8 . 3 Bid Invitation

Form SBD 1 - Bidders must complete this document in full on the Supplyflow system.

18.4 Pricing Schedule

Form SBD 3.3 - Bidders must complete this document in full on the Supplyflow system

19. EVALUATION

For the purpose of comparison and to ensure a meaningful evaluation, bidders must submit detailed information in substantiation of compliance with the evaluation criteria mentioned below. The bidder/s will be evaluated in two phases as stated below:

Phase 1 pre-compliance check on Mandatory requirements
Phase 2 Technical Functionality

PHASE 1: MANDATORY REQUIREMENTS FOR THE BIDDER

The prospective bidder must be registered on Central Supplier Database (CSD) before submitting bids.
NB: Failure to adhere to the Mandatory requirements above will automatically disqualify your bid/s and will not proceed to Phase 2.

PHASE 2: TECHNICAL FUNCTIONALITY

For functionality, the following criteria will be applicable and the maximum value of points breakdown for each criterion using these scale level descriptors:

POINTS BREAKDOWN:

Description	Criteria For Functionality	Breakdown of Points	Weight
Understanding of the brief	Provide a detailed description of your understanding of the SALGA requirements in the executive summary of your proposal	0 = Lack of understanding of key deliverables 25=Understanding of key deliverables and Submission of documentation 50=Comprehensiveunderstanding of key deliverables	50

Approach and Methodology	Comprehensiveness and clarity of the proposal, approach, and methodology, including a detailed project plan to deliver the scope of work on the proposed solution, highlighting its capabilities and features aligned with SALGA requirements. Project plan must highlight deliverables, timeframes/milestones, resources, etc.)	0= no submission of project plan and approach 10=Submission of project plan, management plan and methodology approach in line with the scopeof work 20= Submission of project plan & management plan (that outlines the details of all the elements of the opinion development to close out) in line with scope of work	20
Expertise and Skills	Provide details of your expertise and experience. CVs of the resources that will be allocated should be included, outlining the roles and responsibilities associated with the project.	0 = No submission of Project Team and Project Leader 10 Points = Submission of Project Team and Project Leader inclusive of their CVs detailing experience and qualifications 20 = Submission of Project Team & Project Leader (That outlines the details oftheir roles and responsibilities inaccordance with the scope of services).	20
Previous Experience	Provide an excellent and proven track record in delivering similar or comparable projects, substantiated by contactable references on company letterheads	Scores will be allocated asfollows: 3 Points for 1 reference 6 Points for 2 references 10 Points for 3 references	10

NB: Only Bidders who score 70 (average) points will form part of the panel

NB:Price evaluations will not be carried out at this stage, but will be considered once the panel is established , and selection performed through a quotation process.

20.GENERAL CONDITIONS

The following should be noted by interested parties:

20.1 Intellectual property and ownership of all materials and products developed in the execution of the contract will be vested in SALGA.

20.2 Materials and products may not be made available to any unauthorized person or institution or sold for profit without prior written consent from SALGA.

20.3 On completion or termination of the agreement, all materials and products must be handed over to SALGA.

20.4 No information concerning the tender or award of the tender may be made available by the bidder to other parties without prior consultation and written approval from SALGA.

20.5 SALGA may at its own discretion vary this instruction to include more scope / work or to exclude work/service areas. In the case of the latter, the bidder shall not be entitled to claim for any work not required and may engage SALGA on the pricing of the additional work/ service proposed.

20.6 All copyright and intellectual property rights that may result as a consequence of the work to be performed shall reside with SALGA and the service provider shall be required to sign an agreement of confidentiality.

20.7 SALGA may dictate the framework in which documents (policies, plans, report etc.) shall be submitted; however, the service provider should be able to submit a proposal on the lay-out of his/her choice for consideration by SALGA

20.8 SALGAs (general conditions of bid, contract and order) shall be applicable to this bid.

20.9 The service provider shall be required to conclude and sign a Service Level Agreement (SLA) after the appointment.

20.10 SALGA reserves the right not to award the bid to any bidder at its own discretion.

PROCESS FLOW

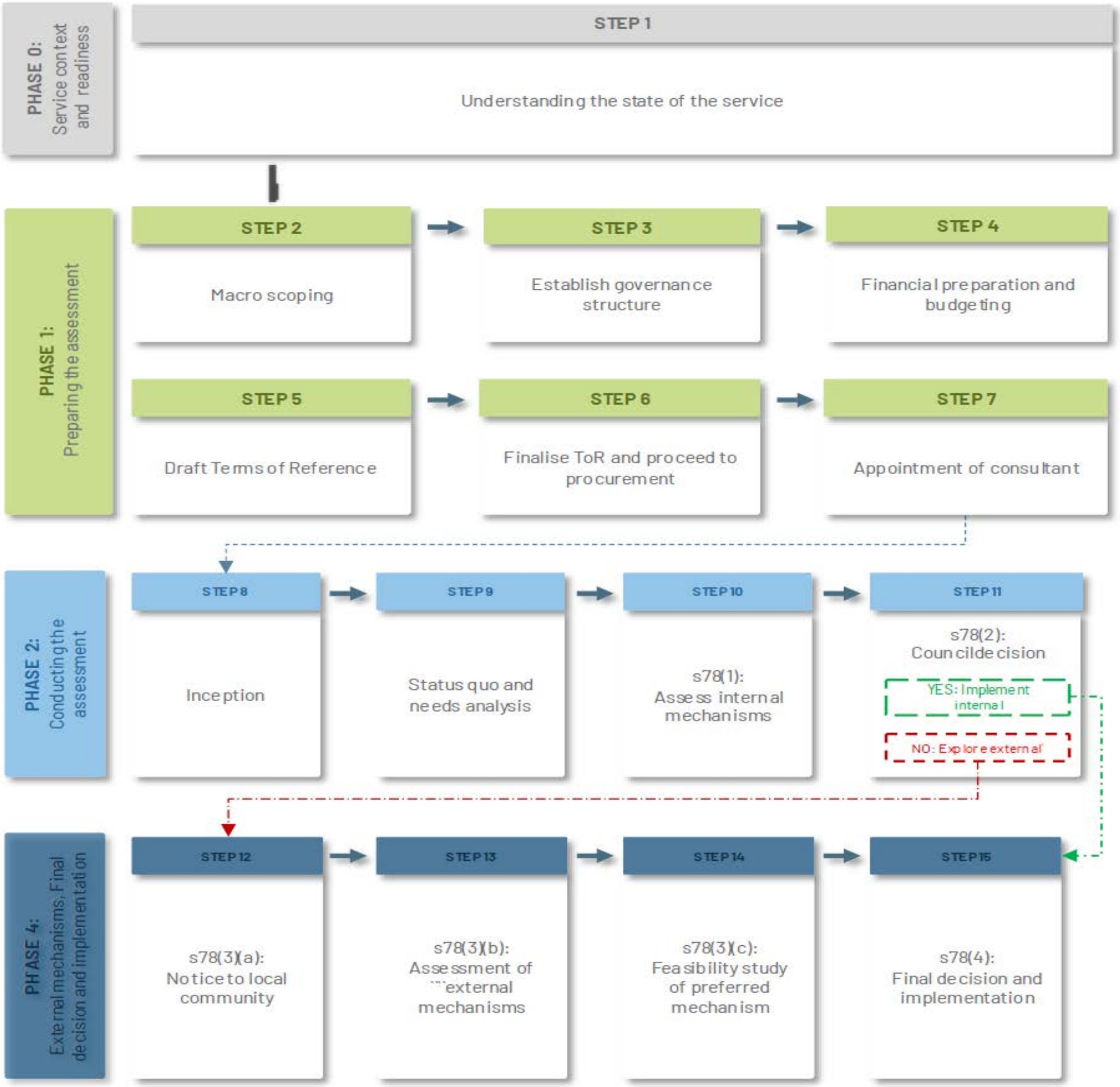

Figure 1: Process flow of the MSA section 78 adopted in this toolkit

PART A
INVITATION TO BID

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (*NAME OF DEPARTMENT/ PUBLIC ENTITY*)					
BID NUMBER:	**SALGA/06/2026**	CLOSING DATE:	**21/08/2026**	CLOSING TIME:	**11:00**
DESCRIPTION	**APPOINTMENT OF A PANEL OF SERVICE PROVIDERS TO SUPPORT MUNICIPALITIESTO CONDUCT SECTION 76-80 MUNICIPAL SYSTEMS ACT PROCESS WITH THE FOCUS ON SECTION 78 ASSESSMENTS FOR WATER SERVICES AND ELECTRICITY SERVICES FOR A PERIOD OF 36 MONTHS**				

BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO		**TECHNICAL ENQUIRIES MAY BE DIRECTED TO:**	
CONTACT PERSON	**PRECIOUS NZUZA**	CONTACT PERSON	**PRECIOUS NZUZA**
TELEPHONE NUMBER	**012 369 8000**	TELEPHONE NUMBER	**012 369 8000**
FACSIMILE NUMBER	**N/A**	FACSIMILE NUMBER	**N/A**
E-MAIL ADDRESS	scm@salga.org.za	E-MAIL ADDRESS	scm@salga.org.za

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	

[AN UPDATED CSD REPORT MUST BE SUBMITTED IN ORDER TO QUALIFY FOR SPECIFIC GOALS AT PPPFA EVALUATION

ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	☐Yes ☐No [IF YES ENCLOSE PROOF]	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: …………………………………………...

SBD 3.3

PRICING SCHEDULE
(Professional Services)

NAME OF BIDDER: ……………………………………………………………………………………………BID NO.: …………………………………

CLOSING TIME 11:00 CLOSING DATE…………………………...

OFFER TO BE VALID FOR …………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

PERSON AND POSITION	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

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

DESCRIPTION OF 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 contributions and skills development levies.

Bid No.: ……………………………………

Name of Bidder: ………

5.2 Other 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]**

Any enquiries regarding bidding procedures may be directed to the –

(INSERT NAME AND ADDRESS OF DEPARTMENT/ENTITY)

Tel:

Or for technical information –

(INSERT NAME OF CONTACT PERSON)

Tel:

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY SCM INSTRUCTION NO 4A OF 2016/2017
CENTRAL SUPPLIER DATABASE

1. PURPOSE

The purpose of this *SCM Treasury Instruction* is to prescribe the utilisation of the mandatory **Central Supplier Database** (CSD) to Accounting Officers and Accounting Authorities.

2. BACKGROUND

2.1 The National Treasury identified the registration of prospective service providers on each and every Organ of state's individual list of prospective suppliers as one of the processes that makes it difficult for service providers to do business with the State.

2.2 Cabinet approved steps to accelerate the modernisation of public procurement as per a Cabinet Resolution dated 10 December 2014. Amongst the ensuing modernisation initiatives, the National Treasury established the CSD on behalf of all Departments, Constitutional Institutions and Public Entities listed in Schedule 2 and 3 of the PFMA. The CSD's purpose is to avoid the multiple registrations by prospective suppliers with each individual Organ of State they intend doing business with.

2.3 In terms of Section 38 (1) (a) (iii) and 51 (1) (iii) of the PFMA, the Accounting Officer of a Department or Constitutional Institution and the Accounting Authority of a Public Entity listed in Schedule 2 and 3 to the PFMA must ensure that their respective Institutions have and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

2.4 National Treasury Circular No 3 of 2015/2016 informed Accounting Officers and Accounting Authorities of Departments, Constitutional Institutions and all Schedule 2 and 3 Public Entities of the transitional arrangements prior to the mandatory application of the CSD on 1 April 2016. Through this SCM Instruction, the date is extended to 1 July 2016.

2.5 The registration and verification of supplier information has not been uniform and standardised for all Organs of State, which complicated the process of doing business with the state. Therefore, the National Treasury established the CSD in

September 2015 to administer supplier registration and facilitate the verification of supplier information.

3. ESTABLISHMENT OF THE CENTRAL SUPPLIER DATABASE

3.1 In order to give effect to the mandatory requirements of this SCM Instruction, Accounting Officers and Accounting Authorities must ensure that:

3.1.1 The current supply chain management system and policies of their respective organs of state are aligned with the provisions of this SCM Instruction note;
3.1.2 Price quotations are invited and accepted from prospective suppliers listed on the CSD; and
3.1.3 Key information of prospective suppliers is verified on the CSD in line with PFMA and regulatory requirements. The following information must be verified:

a) Business registration, including details of directorship and membership;
b) Bank account holder information[1];
c) In the service of the state status[2];
d) Tax compliance status;
e) Identity number;
f) B-BBEE status level[3];
g) Tender defaulting and restriction status; and
h) Any additional and supplementary verification information communicated by the National Treasury.

3.2 Accounting Officers and Accounting Authorities must not award any bid for price quotations to a bidder(s) not registered on the CSD, excluding transactions mentioned in paragraph 3.3.

3.3 Transactions concluded through petty cash, sundry payments and foreign suppliers with no local registered entity may be concluded even if the supplier is not registered on the CSD.

3.4 If it is not possible to obtain price quotations from the list of prospective suppliers listed on the CSD, organs of state must conduct a market analysis to identify possible supplier(s), record the process and submit the list of prospective suppliers obtained through market analysis to the Accounting Officer or Accounting Authority or an appropriately delegated Official for approval. The identified supplier(s) should be registered on the CSD before orders are finalised.

3.5 Organs of state must ensure that a supplier that has been contracted in respect of emergency procurement procedures of the organ of state and that is not registered on the CSD, is registered as soon as possible, but not later than 7 calendar days after the order was issued to the supplier.

3.6 With effect from 1 July 2016, organs of state may not extend any existing contracts that may be in existence for computerised systems that are used to record details of

[1] Bank account information is verified for ease of transacting and complaint financial management and not as a mandatory requirement for sourcing and procurement processes.
[2] "In the service of the state": Please note this check is currently done on state employees who have a PERSAL number, but will be also verified for municipalities, municipal entities and public entities from 1 October 2016
[3] B-BBEE will only be verified from 1 October 2016

their prospective suppliers and may not institute any new computerised system for the management of their list of prospective suppliers without written approval from the National Treasury.

3.7 In line with paragraph 3.6 above, any computerised systems in Organs of State that are operational at the date that this Instruction takes effect, may be used up until the expiry of contracts related to such systems.

3.8 Organs of State must ensure that existing systems integrate with the CSD to ensure systematic verification of supplier records. In cases where system integration is not possible, Organs of State must verify supplier records through the online CSD search function and attach a copy of the verification report to the procurement transaction.

3.9 Organs of State must ensure that suppliers awarded business with the State, excluding instances mentioned in paragraph 3.3, are registered on the CSD prior to award letter/purchase order/signed contract being issued.

4. SUBMISSION OF COMPLIANCE DOCUMENTS BY PROSPECTIVE SUPPLIERS

4.1 Organs of State need to notify bidders when sourcing price quotations or bids (open tenders) that they are not required to submit hard copies of compliance information as this information can be accessed and verified on the CSD in accordance with provisions of paragraph 3.8.

4.2 Organs of State must indicate in their Request for Bids that prospective suppliers must be register on CSD prior to submitting bids (open tenders).

4.3 Proof of registration, certification or accreditation with any industry or board not provided by the CSD must be verified through the submission of physical documentation and verified through manual procedures.

5. PROSPECTIVE SUPPLIERS' REGISTRATION SUPPORT

Organs of State must provide CSD registration support to prospective suppliers who are unable to self-register or require assistance with registration.

6. TAX STATUS REQUIREMENTS FOR PRICE QUOTATIONS AND COMPETITIVE BIDS

Accounting Officers/Authority must verify the tax compliance status of bidders on the CSD for all price quotations and competitive bids.

7. ACCESS TO THE CSD AS A USER BY DESIGNATED OFFICIALS

7.1 The National Treasury will grant access to Organs of State and their respective designated Official(s) on the CSD to identify prospective suppliers for price quotations and/or verify supplier's key information.

7.2 Accounting Officers and Accounting Authorities must utilise Organ of State System Account Application Form attached as Annexure A to request access rights on the CSD.

7.3 For legibility and accuracy purposes, the form must be completed electronically. The form may be accessed under buyer's area on the OCPO website/supplier management/documents: http://ocpo.treasury.gov.za.

7.4 Completed forms must be forwarded to business.support@csd.gov.za.

8. TRAINING AND SUPPORT REQUIREMENTS

8.1 All Training and support requirements need to be forwarded to business.support@csd.gov.za

8.2 For telephonic support the OCPO call centre can be contacted on 012 406 9222.

8.3 The National Treasury will facilitate access to the system and provide training.

9. APPLICABILITY

This SCM Instruction applies to all Departments, Constitutional Institutions and Public Entities listed in Schedule 2 and 3 to the PFMA.

10. REPEAL OF NATIONAL TREASURY PRACTICE NOTE AND REFERENCE

10.1 This instruction repeals:

a) National Treasury SCM Instruction 4 of 2016/2017;
b) Paragraph 5 and 6 of National Treasury practice note no 8 of 2007/2008 on threshold values for the procurement of goods, works and services by means of petty cash, verbal/written price quotations or competitive bids dated 29 November 2007;

10.2 The list of prospective suppliers referred to in paragraph 3.2 and 3.3 of the National Treasury practice note no 8 of 2007/2008 must be regarded as the list of prospective suppliers established through the CSD.

11. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

11.1 Heads of Provincial Treasuries are requested to bring the contents of this SCM Instruction to the attention of Accounting Officers and Supply Chain Management Officials of their respective provincial departments;

11.2 Accounting Officers of National and Provincial Departments are requested to bring the contents of this SCM Instruction to the attention of Supply Chain Management Officials in their Departments and Accounting Authorities that report to the Executive Authority of their Department.

11.3 Accounting Authorities of Public Entities listed in Schedules 2 and 3 of the PFMA are requested to bring the contents of this SCM Instruction to the attention of the Supply Chain Management Officials of their Public Entities.

12 NOTIFICATION TO THE AUDITOR-GENERAL

The Auditor-General will be notified of the contents of this Instruction.

13 AUTHORITY FOR THIS INSTRUCTION AND EFFECTIVE DATE

This SCM Instruction is issued in terms of section 76(4) (c) of the PFMA takes effect from 1 July 2016. Institutions that have adopted the implementation of the CSD before 1 July 2016, may continue to utilise the CSD.

14 CONTACT INFORMATION

Enquiries related to this Instruction may be directed to:
Tumelo Ntlaba
Director: Central Supplier Database
Phone: 012 315 5509
Email: tumelo.ntlaba@treasury.gov.za or csd@treasury.gov.za

KENNETH BROWN
CHIEF PROCUREMENT OFFICER
DATE: 19/5/2016.

THE NATIONAL TREASURY

Republic of South Africa

GOVERNMENT PROCUREMENT:

GENERAL CONDITIONS OF CONTRACT

July 2010

GOVERNMENT PROCUREMENT

GENERAL CONDITIONS OF CONTRACT
July 2010

NOTES

The purpose of this document is to:

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

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

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

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

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 X85, 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 an organization acting on behalf of the Department.

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

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

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

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

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

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

9. Packing

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

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

10. Delivery and documents

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

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

11. Insurance

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

12. Transportation

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

13. Incidental services

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

(a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
(b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
(c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;

(d) performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under this contract; and

(e) training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

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

14. Spare parts

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

(a) such spare parts as the purchaser may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract; and

(b) in the event of termination of production of the spare parts:

(i) Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and

(ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

15. Warranty

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

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

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

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

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

16. Payment

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

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

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

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

17. Prices

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

18. Contract amendments

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

19. Assignment

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

20. Subcontracts

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

21. Delays in the supplier's performance

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

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

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

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

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

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

22. Penalties

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

23. Termination for default

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

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

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

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

23.2 In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the supplier shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier shall continue performance of the contract to the extent not terminated.

23.3 Where the purchaser terminates the contract in whole or in part, the purchaser may decide to impose a restriction penalty on the supplier by prohibiting such supplier from doing business with the public sector for a period not exceeding 10 years.

23.4 If a purchaser intends imposing a restriction on a supplier or any person associated with the supplier, the supplier will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier fail to respond within the stipulated fourteen (14) days the purchaser may regard the intended penalty as not objected against and may impose it on the supplier.

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

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

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

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

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

24. Anti-dumping and countervailing duties and rights

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

25. Force Majeure

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

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

26. Termination for insolvency

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

27. Settlement of Disputes

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

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

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

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

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

(a) the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and
(b) the purchaser shall pay the supplier any monies due the supplier.

28. Limitation of liability

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

(a) the supplier shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and

(b) the aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

29. Governing language

29.1 The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.

30. Applicable law

30.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified 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.