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**Special Requirements and Conditions of Contract**

**BID NUMBER RT68/2010CV**

**APPOINTMENT OF A SERVICE PROVIDER FOR THE PROVISION OF FINANCE AND  
ADMINISTRATION OF THE SUBSIDIZED VEHICLE FLEET OF THE STATE FOR THE  
PERIOD 1 JULY 2010 TO 30 JUNE 2015**

**VALIDITY PERIOD: 120 Days**

**National Treasury**

**Contract Management**



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## SECTION I

### 1. Definition and Interpretation

In this bid document, the following words or expressions shall have the meanings hereby assigned to them, except where the context otherwise requires.

- **Accounting Officer** – bears the same meaning as defined in the PFMA/MFMA
- **BAC** – Bid Adjudication Committee
- **BEC** – Bid Evaluation Committee
- **Bid** – a written offer in a prescribed or stipulated form, in response to an organ of State for the provision of services, works or goods.
- **Consortium / Joint Venture** – an association of persons for the purpose of combining their expertise, property, capital, efforts, skills and knowledge in an activity for the execution of a contract.
- **Contract**- the agreement that results from the acceptance of a bid by any organ of State.
- **Contractor / Service Provider** – the successful bidder who is awarded the contract to finance and administer the required and specified services to the State.
- **Driver** – an official / employee that has qualified for and partakes in the Subsidized Motor Transport Scheme and is in possession of a valid unendorsed driver's licence which enables them to drive a specific category of vehicle.
- **Fleet Responsibility Manager / Fleet Manager** – an official designated by the Accounting Officer or Chief Financial Officer to assume accountability for a fleet of vehicles.
- **GAAP** – Generally Acceptable Accounting Practices



- **Government Payroll Systems-** The Persol and Persal systems or the system of preference as used by the majority of government departments.
- **Merchant / Supplier** – any legal entity which contracts with the Contractor to provide goods or services to the State.
- **The State** – for the purpose of this contract it refers to National and Provincial spheres of government who participate in this contract and that makes use of the government payroll systems Persal and Persol.
- **Transport Officer / Controller / Control Officer** – an officer appointed by the Accounting Officer in writing to, inter alia, administer the department's State vehicles either at a sub-office within a region, within a region or within a department.
- **Subsidized Vehicle Owner-** a government employee who was allocated a vehicle in terms of Scheme A of the Subsidized Motor Transport Scheme.

## 2. Special Conditions of Contract

The bid and all contracts emanating there from will be subject to the General Conditions of Contract (GCC) issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act 1 of 1999 as amended by Act 29 of 1999. The other Special Conditions of Contract are supplementary to that of the General Conditions of Contract. When, however, the Special Conditions of Contract are in conflict with the General Conditions of Contract, the provisions of the Special Conditions of Contract will prevail.

## 3. Evaluation Criteria

- a. In terms of Regulations 4 and 8 of the Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the State on the 90 / 10 preference point system in terms of which points are awarded to bidders on the basis of:



- The bid price and functionality (maximum 90 points); and
  - Historically disadvantaged individuals as well as specific goals (maximum 10 points).
- b.** Calculation of the points for price will be indicated in paragraph 17.2
- c.** A maximum of 10 points will be awarded to a bidder for being a Historically Disadvantaged Individual and/or sub-contracting with a Historically disadvantaged Individual and/or achieving any of the specified goals stipulated in regulation 17 of the Preferential Procurement regulations. For this bid the maximum number of points that could be allocated to a bidder as indicated in paragraph 3.1. The State reserves the right to arrange contracts with more than one contractor.
- d.** It is the Government's intention to promote the following goals with this bid, and the point sot be allocated are indicated against each goal:

### 3.1. Points

It is the State's intention to promote the following goals with this bid, and the points to be allocated are indicated against each goal:

GOALS	POINTS
Preference points for equity ownership by historically disadvantaged Individuals who, due to the apartheid policy that had been in place had no franchise in national elections prior to the introduction of the Constitution of the RSA, 1983 (Act 110 of 1983) or the Constitution of the RSA, 1993 (Act 200 of 1993), ("the Interim Constitution")	7
Who is a female	1
SMME	2

- a.** The points scored by a bidder in respect of the goal indicated above will be added to the points scored for price and functionality.
- b.** Bidders are requested to complete the various preference claim forms in order to claim preference points.



- c. Only a bidder who has completed and signed the declaration part of the preference claim form will be considered for preference points.
- d. Contract Management may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- e. Points scored will be rounded of to the nearest 2 decimals.
- f. In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of points for the specified goals. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- g. A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

#### **4. Participants to the Contract**

All National and Provincial Government Departments partakes in the contract with the exception of the South African Police Services. The system requirements of the contract require that the participants to the contract make use of the government payroll systems as per the definition.

Constitutional institutions as per Schedule 1 of the PFMA, national and provincial public entities as per Schedule 3A and 3C of the PFMA and Local Authorities e.g. municipalities that makes use of the government payroll systems as per the definition are permitted to participate in this contract (2010/2015), only once formal requests have been submitted to, and formal approval has been obtained from Contract Management, National Treasury. Prior to placement of any orders, institutions will be required to obtain a written confirmation from the relevant suppliers indicating their willingness to provide the services in terms of the contract.



## 5. Period of Contract

The contract will be for a period of (5) five years, from 1 July 2010 to 30 June 2015.

## 6. Response Fields

It is imperative that bidders submit responsive bids by completing all the mandatory response fields and item questionnaires for the individual items. In this regard bidder's attention is drawn to the response field and price structure explanations and examples supplied in the bid document.

Non-compliance with this condition will invalidate the bid for the item/s concerned.

## 7. Value Added Tax

All bid prices must be inclusive of 14% Value-Added Tax.

## 8. Tax Clearance Certificate

An original and valid Tax Clearance Certificate issued by the South African Revenue Services certifying that the taxes of the bidder are in order must be submitted at the closing date and time of bid. Failure to comply with this condition will invalidate the bid.

## 9. Documentation of Undertaking

- a. In the event of the bidder not being the actual provider of a service in the contract and will be outsourcing the service to another company, a letter from that company (ies) / supplier(s) / service provider confirming firm supply arrangement(s) / service levels including time frames in this regard, **must** accompany your bid at closing date and time.
- b. The said company/service provider/supplier issuing such a letter must confirm that it has familiarised itself with the services and bid conditions and if the bid consist of more than one item, it should be clearly indicated in respect of which item(s) the supportive letter has been issued.
- c. It must be indicated in the letter that all the terms and conditions are mutually agreed upon.





- d. Failure to submit the required letters from the possible suppliers to indicate that they will render the service or services may disqualify the bid.

## **10. Contract Administration**

- a. Successful bidders must advise the Chief Directorate: Contract Management, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the contract. Full particulars of such circumstances as well as the period of delay must be furnished.

- b. The administration and facilitation of the contract will be the responsibility of Contract Management, National Treasury and all correspondence in this regard must be directed to the following address:

The Chief Directorate: Contract Management  
National Treasury, Private Bag X115  
Pretoria,  
0001

- c. The end user departments will place all orders and will be responsible for the payment to contractors for goods delivered and/or services rendered.

## **11. Counter Conditions**

Bidders' attention is drawn to the fact that amendments to any of the Special Conditions by bidders will result in the invalidation of such bids.

## **12. Prohibition of Restrictive Practices**

- a. In terms of section 4 (1) 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:

- directly or indirectly fixing a purchase or selling price or any other trading condition;
- dividing markets by allocating customers, suppliers, territories or specific types of goods or services; or
- collusive bidding.



- b. If a bidder(s) or contractor(s), in the judgment of the purchaser, has / have engaged in any of the restrictive practices 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.
- c. If a bidder(s) or contractor(s) has / have been found guilty by the Competition Commission of any of the restrictive practices 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.

### 13. Fronting

- a. The National Treasury supports the spirit of broad based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and in an honest, fair, equitable, transparent and legally compliant manner. Against this background the National Treasury condemn any form of fronting.
- b. The National Treasury, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in bid documents. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade and Industry, be established during such enquiry / investigation, the onus will be on the bidder / contractor to prove that fronting does not exist. Failure to do so within a period of 14 days from date of notification may invalidate the bid / contract and may also result in the restriction of the bidder /contractor to conduct business with the public sector for a period not exceeding ten years, in addition to any other remedies the National Treasury may have against the bidder / contractor concerned.

### 14. Pricing

The pricing structure of this bid is based on the information as included in Addendum C: Pricing Schedule. All prices submitted in this bid must be inclusive of 14% Value Added Tax.



## 14.1. Price Adjustments

- a. Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.
- b. The following price adjustment formula will be applicable for calculating contract price adjustment (CPA) for the monthly life cover policy and contract administration fees only.
- c. Any fee adjustments as being made under these specifications will only be applicable to all new vehicles entering into the Subsidized Motor Transport Scheme from the date that such an increase has been approved. On the dates applicable as referred to in 14.2.7

$Pa = (1 - V)Pt \left( D1 \frac{R1t}{R1o} + D2 \frac{R2t}{R2o} + D3 \frac{R3t}{R3o} + \dots + Dn \frac{Rnt}{Rno} \right) + VPt$		
Pa	=	The new escalated price to be calculated
V	=	Fixed portion of the bid price (15% or 0.15)
Pt	=	Original bid price. Note that Pt must always be the original bid price and not an escalated price
(1-V)Pt	=	Escalatable portion of the bid price (85% or 0.85).
D1 – Dn	=	Each factor (or percentage) of the bid price, e.g., material, labour, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%).
R1t – Rnt	=	End Index. Index figure obtained from the index at the end of each adjustment period.
R1o–Rno	=	Base Index. Index figure at the time of bidding.
VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment.

## 14.2. Formula Component Definitions

### 14.2.1. Escalatable amount

The escalatable amount is the portion of the bid price which is subject to adjustment. In this bid the escalatable amount is 85% of the original bid price. For example, if the



bid price is R1000 (including VAT), then only R850 (incl. VAT) will be subject to adjustment.

#### 14.2.2. Fixed Portion

The fixed portion represents those costs, which will not change over the adjustment period, and DOES NOT represent the profit margin. In this bid the fixed portion is 15% of the original bid price. Using the same example as above, it would amount to R150 which will remain fixed over the contract period.

#### 14.2.3. Cost components and proportions

The cost components of the contract price usually constitute the cost of materials (raw material or finished product), cost of direct labour, cost of transport and those other costs which are inclined to change. The proportions are the contribution to the contract price of each of these cost components. In this bid the following cost components will be used to calculate contract price adjustments.

Cost Component	% Contribution
D1- CPI Financial services	100%
TOTAL (Cost components must add up to 100%)	100 %

#### 14.2.4. Applicable indices / references

The applicable index refers to the relevant market index, which is a true reflection of price movement(s) in the cost over time. In this bid the following indices or reference will be applicable:

Cost component	Index Publication	Index Reference
Financial Services	CPI Publication	D1 – Statistical Release P0141., table E

#### 14.2.5. Base Index Date

The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid the base index date is August 2010.

#### 14.2.6. End Index Date



The end index dates are the dates at predetermined points in time during the contract period. In this bid the end indices are defined in the next paragraph (Par. 14.2.7 – Price Adjustment Periods).

#### 14.2.7. Price Adjustment Periods

Adjustments to contract prices may be applied for at the following dates:

<b>Adjustment</b>	<b>CPA application to reach the office at the following dates</b>	<b>End Index Date</b>	<b>Dates from which adjusted prices will become effective</b>	<b>Dates until which adjusted prices will be effective</b>
1 <sup>st</sup> Adjustment	5 June 2011	31 May 2011	1 July 2011	30 June 2012
2 <sup>rd</sup> Adjustment	5 June 2012	31 May 2012	1 July 2012	30 June 2013
3 <sup>rd</sup> Adjustment	5 June 2013	31 May 2013	1 July 2013	30 June 2014
4 <sup>th</sup> Adjustment	5 June 2014	31 May 2014	1 July 2014	30 June 2015

#### 14.3. General

- a. Unless prior approval has been obtained from Contract Management, no adjustment in contract prices will be made.
- b. Applications for price adjustment must be accompanied by documentary evidence in support of any adjustment.
- c. CPA applications will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.
- d. In the event where the supplier's CPA application, based on the above formula and parameters, differs from Contract Management's verification, Contract Management will consult with the supplier to resolve the differences.
- e. Bidders are referred to paragraph 11 of the Special Conditions regarding counter offers.



- f. An electronic price adjustment calculator will be available on request from Contract Management.

## **15. Relevant Statistics and Estimated Quantities**

Please note that these statistics must be utilised for the sole purpose of preparation for this bid and that it is only a guideline in terms of the volumes of this contract. The State does not guarantee that the number of vehicles in the fleet at the time of implementation will be the same as indicated in this document but it is merely an estimate to be used in the compilation of the bids.

The State does not and shall not guarantee the fleet size contracted by the State. The Contractor is required to obtain knowledge of the State's business principles and accordingly assist with the optimisation of its fleet.

The statistics provided to assist the bidders in the compilation of their bids are attached to this document as Addendum D.

## **16. Bid Process**

### **16.1. Format and Submission of Bids**

Bidders should provide, by the closing date, four (4) signed copies of their bid of which one should contain all original documents that will be the legal bid document.

In order to evaluate and adjudicate bids effectively, it is imperative that bidders submit responsive bids. To ensure a bid will be regarded as responsive it is necessary to comply with all conditions pertaining to this bid and to complete all documentation to support the claims of the bidder in terms of the mandatory response fields.

Bidders will be required to submit supportive documentation for both Category A and Category B of the bid. The contents of Category A and Category B will form the basis of the Service Level Agreement to be signed by the successful bidder within 30 days of the contract being awarded.



All requirements as set out in this document falls under one of the following two headings: “As per the Schedule of Undertaking” or “As per the Functionality Scorecard”

Bidders will need to submit supportive documentation for all requirements as marked **“As per the Functionality Scorecard”** and **“As per the Schedule of Undertaking”**. The panel responsible for scoring the respective bids will evaluate and score all bids based on their submissions and the information provided.

Bidders will be required to sign the declaration, attached hereto as Addendum A to ensure that all services under the heading **“As per the Schedule of Undertaking”** will be delivered by them should they be awarded the contract. Failure to submit or sign this declaration will deem the bid to be non-responsive.

Non-compliance with these conditions may invalidate the bid. Each pack of documents submitted in relation to both **Category I and Category II (A & B)** shall comprise of the following, bound and clearly indexed:

	<b><u>Standard Documentation</u></b>
<b>S1</b>	Standard Bidding Documents
<b>S2</b>	Signed Declaration of Undertaking (Addendum A)
<b>S3</b>	Functionality Scorecard with comments (Addendum B)
	<b><u>Category A</u></b>
<b>A1</b>	Capacity
<b>A2</b>	Training
<b>A3</b>	Consultancy Function
<b>A4</b>	Copyright and Ownership of Documents
<b>A5</b>	Security and Confidentiality of Data
<b>A6</b>	Ownership of Data
<b>A7</b>	Systems Enhancement
<b>A8</b>	Implementation Plan
<b>A9</b>	Financial Considerations
<b>A10</b>	Contracting Parties
<b>A11</b>	User Satisfaction Survey
<b>A12</b>	Equipment and Materials
<b>A13</b>	Channels of Communication
<b>A14</b>	Inspection and Audit
<b>A15</b>	Insurance and Indemnity
<b>A16</b>	Change Control
<b>A17</b>	Risk Management



	<b>Category B</b>
<b>B1</b>	Customer Support Services
<b>B2</b>	Types of Reports / Information
<b>B3</b>	Vehicle Financing and related processes
<b>B4</b>	End User Communication requirements
<b>B5</b>	Measurement of preferential procurement
<b>B6</b>	Management of Information: RT58 Insurance
<b>B7</b>	Management of Information: RT62 Maintenance
<b>B8</b>	Management of Information: RT57 Vehicle Procurement

## 16.2. Information Session

An information session will be held in Room 0901, National Treasury, 240 Vermeulen Street, Pretoria on 05 March 2010. This session will provide bidders with an opportunity to clarify aspects of the process as set out in this document and to address any substantial issues they might have. All questions asked during the information session or submitted to the contact persons set out in this document will be answered in a consolidated document and distributed to all parties that was present at the information session as well as the parties that submitted questions to the contact persons in this document.

## 16.3. Requests for Information by The State

The State reserves the right to request any additional information that it may require or deem necessary to adjudicate the bid from anyone or all of the bidders. All such requests shall be in writing, and receipt thereof will need to be confirmed by the bidder.

The bidder should submit contact details of at least two different individuals to assist the State in terms of information or any queries that it might have regarding the company or the submitted bid documents.

The State reserves the right to request a site visit during the evaluation at the premises of the bidder if required. The bidder in turn will ensure that such a request can be executed within 48 hours of the request being made in writing by the State.





## 17. Evaluation Methodology

All bids will be evaluated in terms of functionality (50%) and price (50%).

A panel which will consist of representatives from National Treasury, National Department of Transport, Provincial Departments, other participating User Departments and, should it be required, independent experts will evaluate the bids in terms of functionality.

The evaluation will be conducted in three phases. The following diagram summarises the evaluation phases and the actions involved in every phase.

PHASE 1	PHASE 2	PHASE 3
Functionality	Price and Goals	Recommendation and Appointment
<p>Confirm responsiveness of bids and verify documents submitted</p> <p>Panel to evaluate and score bidders in terms of Functionality</p> <p>Short listing based on minimum threshold of 66.6%</p>	<p>Points to be calculated for price</p> <p>Points on HDI and goals to be calculated</p> <p>Total points to be calculated in terms of the 90/10 preference system</p>	<p>Consider bids against overall objectives</p> <p>BEC to make a recommendation to the Bid Adjudication Committee</p> <p>The Bid Adjudication Committee to award the bid</p>

### 17.1. Phase 1: Functionality and Points Allocation

The evaluation of the functionality will be conducted on the basis of the responses and support documentation supplied by the bidders in terms of the Schedule of Undertaking (Addendum A) and the Functionality Scorecard (Addendum B). Bidders will not rate themselves but need to ensure that **all** information is supplied in terms of the Schedule of Undertaking requirements and the Functionality Scorecard, as



attached to this document. The panel will verify the responsiveness of all bids and will verify all documents submitted by the bidders.

**Functionality**

The Panel members will individually evaluate the responses received against the following criteria and as set out in the functionality scorecard.



Number	Description as per the Special Conditions	Weight
	<b><u>Category A</u></b>	
1	Capacity	20
2	Training	
3	Consultancy Function	
4	Copyright and Ownership of Documents	
5	Security and Confidentiality of Data	10
6	Ownership of Data	
7	Systems Enhancement	
8	Implementation Plan	20
9	Financial Considerations	
10	Contracting Parties	
11	User Satisfaction Survey	
12	Equipment and Materials	
13	Channels of Communication	
14	Inspection and Audit	
15	Insurance and Indemnity	
16	Change Control	
17	Risk Management	
	<b><u>Category B</u></b>	
1	Customer Support Services	
1.1	Call Centre	20
1.2	Provincial offices	20
2	Types of Reports / Information	25
3	Vehicle Financing and related processes	
3.1	Management of the vehicle ordering process	30
3.2	Finance Inclusions	
3.3	Finance Exclusions	
4	End user Communication requirements	15
5	Measurement and reporting of preferential procurement	
6	Management of Information: RT58 Insurance	
7	Management of Information: RT62 Maintenance	
8	Management of Information: RT57 Vehicle Procurement	
	<b>TOTAL</b>	<b>160</b>

The score for functionality will be calculated as follows:

Each panel member will rate each individual criterion on the score sheet using the following value scale:



Performance	Description	Score
Very Good	Answer <u>meets and exceeds</u> the Functionality requirements	3
Compliant	Answer <u>meets</u> all Functionality requirements	2
Requires Attention	Answer <u>partially meets</u> the Functionality requirements	1
Inadequate	Answer <u>fails to meet the functionality requirements</u>	0

The value scored for each criterion will be multiplied with the specified weighting for the relevant criterion to obtain the marks scored for the each criteria. These marks will be added and expressed as a fraction of the best possible score for all criteria.

This score will be converted to a percentage and **only** bidders that have met or exceeded the minimum threshold of 66.66% for functionality will be evaluated further and scored in terms of pricing and socio economic goals.

The score obtained for functionality will be converted to the indicated percentage for functionality (50%) by using the following formula:

$$Ps = \frac{So}{Ms} \times Ap$$

Where

Ps = percentage scored for functionality by bid/proposal under consideration

So = Total score of bid/proposal under consideration

Ms = Maximum possible score

AP = percentage allocated for functionality

The percentage of each panel member shall be added together and divided by the number of panel members to establish the average percentage obtained for each bidder.



## 17.2. Phase 2: Price and Socio Economic Goals

### Pricing

The percentage scored for price will be calculated as follows:

The lowest acceptable bid/proposal will obtain the maximum percentage allocated for price, i.e. 50%. The other bids/proposals with higher prices will proportionately obtain lower percentages based on the following formula:

$$PS = \frac{P_{\min}}{P_t} \times AP$$

Where

Ps = percentage scored for price by bid/proposal under consideration

P min = lowest acceptable bid/proposal

Pt = price of bid/proposal under consideration

AP = percentage allocated for price

### Preferential Procurement

In terms of regulation 8 of the preferential procurement regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), the percentage out of 100 will be converted to a point out of 90 by applying the following formula:

$$Ps = 90 \left( 1 - \frac{Hs - Rs}{Rs} \right)$$

Where

PS = points scored for price and functionality of bid under consideration

Hs = highest percentage scored by an acceptable bidder for functionality and price

Rs = percentage scored for functionality and price by bid under consideration

## 17.3. Phase 3: Recommendation

### Calculation of final points:

Points on functionality and price

(Score out of 100% converted to a point out of 90)

90 points

Preference claim for socio economic goals

10 points

**Total points:**

**100 points**



**Note: The preference claim forms are part of the standard bidding documents.**

The bidders will be ranked from the highest score achieved out of the 100 points to the lowest.

## **18. Introduction to requirements**

The State requires a service provider to Finance and administer all Subsidized Vehicles procured under Scheme A of the Subsidized Motor Transport Scheme.

In order for the appointed Contractor to execute the required services as set out in this contract they will need to share information with other service providers appointed in terms of Subsidized Vehicle Contracts. This includes, but is not limited to contract RT62 for the Maintenance of Subsidized Vehicles, contract RT57 for the procurement of Subsidized Vehicles and contract RT58 for the Insurance of Subsidized Vehicles. The same requirement for the sharing of information is applicable to other contractors appointed in terms of the Subsidized Vehicle Scheme.

The effectiveness and efficiency of the Subsidized Motor Transport Scheme requires the service provider appointed in terms of RT68 for the Financing of Subsidized Vehicles to work together in the sharing of information and the development of systems with the other service providers appointed in relation with the Subsidized Motor Transport Scheme in such a manner as to ensure the seamless flow of information between them and the relevant end users. Other Subsidized Vehicle contracts are:

### **a. RT57 – Vehicle procurement contract**

Vehicles are procured directly from the motor manufacturers and delivered to the dealership as identified in the application process. The contractor appointed in terms of contract RT62 for the administration of maintenance and fuel will need to establish relationships with the various suppliers in terms of the RT57 contract to ensure that all information in terms of warranties, service intervals and all other maintenance related information is obtained. This contract is an annual contract and provision will therefore need to be made to accommodate changes in models and the possible addition of new suppliers.



**b. RT62 – Maintenance of Subsidized Vehicles**

The contractors appointed for the Insurance of Subsidized Vehicles and the Maintenance of Subsidized Vehicle obtains the information for their database from the appointed service provider for the Financing of Subsidized Vehicles. It is the responsibility of the contractor appointed in terms of Contract RT62 to maintain all subsidized vehicles on the scheme and administer all fuel claim processes.

**c. RT58 – Insurance of Subsidized Vehicles**

The Finance Service provider will be required to confirm insurance with the service provider appointed in terms of RT58 as well as provide this service provider with information to compile their database.

## **19. Background**

### **19.1. Current Processes**

The current processes have been implemented to manage the Subsidized Motor Transport Scheme. The contractor will need to fulfil their role in terms of these processes as well as introduce modifications and improvements on the current systems whilst at the same time ensuring that all control measures as implemented remains intact. The typical life cycle of a vehicle ordered through the Subsidized Motor Transport Scheme can be summarized as set out in Category B Paragraph

### **19.2. Requirements of End User Departments**

The functions required from the Contractor in terms of this contract can be summarized into the following functions:

- a. The administration of the Subsidized Vehicle application process
- b. To ensure that the affordability and National Credit Act requirements are met in terms of the official that applies for the Subsidized Vehicle.
- c. To finance the Subsidized Vehicle
- d. To ensure payment to the motor vehicle manufacturers and suppliers
- e. Ensure that the correct deductions and allowances are loaded for the officials on the government payroll systems and these are managed.
- f. Communication of the correct information to the various role players within the scheme including a SMS function to officials.



Apart from the above functions, the appointed service provider will need to assist government in the application and enforcement of the current Subsidized Motor Transport Policy. (Transport Circular 5 of 2003, Attached as Addendum E) with additional requirements such as a 60 month contract period not yet covered in the policy.

## 20. Contact Details

All correspondence in respect of this bid should be addressed or delivered to:

### National Treasury

Name: Carlo Raffanti [Carlo.raffanti@treasury.gov.za](mailto:Carlo.raffanti@treasury.gov.za)  
Name: Banningi Masilela [baningi.masilela@treasury.gov.za](mailto:baningi.masilela@treasury.gov.za)  
Name: George Mtemererwa [George.Mtemererwa@treasury.gov.za](mailto:George.Mtemererwa@treasury.gov.za)

Address: National Treasury- Contract Management  
Private Bag X 115 – PRETORIA - 0001

Tel no: (012) 315 5364 / (012) 315 5731 / (012) 395 6516

Fax no: (012) 315 5400

### The Department of Transport

Name: Andries Schoeman [Schoemaa@dot.gov.za](mailto:Schoemaa@dot.gov.za)  
Tel no: (012) 309 3117  
Fax no: 086 610 1273





## SECTION II

### Task Directives / Requirements

This task directive as set out here is applicable to the entire RT68/2010CV bid specification and is applicable for Category A and Category B contained in this document.

The requirements identified as: **“Per the Schedule of Undertaking”** are compulsory and failure to meet these criteria will disqualify the bid.

All requirements identified as: **“Per the Functionality Scorecard”** and weights as set out in the Functionality Scorecard serve to ensure the efficient management of its fleet and will not be changed during bid evaluation and all bidders will be scored accordingly.

Both the responses for the requirements as identified as **“Per the Schedule of Undertaking”** and **“Per the Functionality Scorecard”** will be used in the evaluation of a specific category.

Should a category only contain requirements identified as: **“ Per the Schedule of Undertaking”** the response of the bidders in terms of these requirements will be used to evaluate the applicable category.



## CATEGORY A

Category A deals with the general requirements in terms of all services to be provided to government as applicable under contract RT68/2010. Failure to submit a response to this category will result in the bid being deemed non responsive.

### 1. Capacity

#### As per the Schedule of Undertaking

- a. The bidder will undertake to ensure that it will require the necessary human resources in terms of the number of staff employed to provide the services that the bid is submitted for and that the appointed staff will have the required levels of knowledge and skills to ensure that government's fleet is managed effectively and efficiently in terms of the services as set out in this document.

#### As per the Functionality Scorecard

- a. The bidder will be required to submit reference of past and present fleet related projects with reference to the key staff and/or the company or its members that were involved. If there was not prior fleet related projects reference must be made to other similar projects as well as a recruitment strategy or plan with the objective of managing the finance contract on the subsidized fleet and confirmation that the required funding is available to employ individuals with the required skills and experience.

### 2. Training

#### As per the Schedule of Undertaking

- a. During the period of the contract, the Contractor shall provide training on an ad-hoc basis countrywide, to mainly but not limited to, staff from Government Motor Transport sections or as recommended by these sections.
- b. Training courses shall address all related systems and specifically the application and interpretation of management reports, the relevance and application of related legislation, the actions required from the end user department to rectify any areas of



- concern and all operational processes and areas of responsibility. It will furthermore cover at least the following:
- The purpose and methods of accessing management reports;
  - The implications of any system changes;
  - Risk management.
- c. The training programme will be finalised with the successful bidders within 3 months post award.
- d. The Contractor shall provide the State with a manual on all systems and procedures related to the contract.
- e. The Contractor shall provide a competent dedicated training officer to facilitate and provide training at the premises of the various users of this contract on a continuous basis from the commencement of the contract, to nominated State officials on “best practices” within fleet management at no additional cost to the State.
- f. The contractor will not be required to pay for any refreshments during the duration of the courses or training sessions.

#### **As per the Functionality scorecard**

- a. All bidders are required to submit a draft programme for training with their bid. This programme shall include or make reference to anticipated time frames (dates and places of training), duration of training sessions, contents, timetables, course material, the syllabus and equipment to ensure compliance to the requirements as set out for training as part of the Schedule of Undertaking in the Special conditions for contract RT68/2010.

### **3. Consultancy Function**

#### **As per the Schedule of Undertaking**

- a. The Contractor must participate in State forums held on a monthly basis as coordinated by the Provincial Transport department or when requested to do so. Pro-active participation and reporting at these sessions is required.



- b. The Contractor shall present a critical evaluation of the State fleet on at least a quarterly basis. The presentation, in a format and manner to be agreed with the respective organ of the State must deal with and shall not be limited to aspects such as total amount spend by the State, number of vehicles, total monthly deductions, vehicle selection, risk management, possible new technology and recommendations to improve the overall service.
- c. The Contractor must provide an effective and efficient fleet finance consultancy service to ensure efficiency and the effective functioning of all processes.

#### 4. Copyright and Ownership of Documents

##### As per the Schedule of Undertaking

- a. All documents produced by the Contractor, including its employees and agents, in the fulfilment of the terms of this contract shall be and remain the sole property of the State and all copyrights and ownership of documents shall vest with the State.
- b. The Contractor, including its employees and agents, shall, on an email or written request from the State, submit any documentation and materials to the State within 24 hours of such request.
- c. The Contractor shall once every 6 months make a CD available to all end user departments, with the scanned application documents of all vehicles ordered by the relevant end user department or shall have such scanned documents available through a web based system.

#### 5. Security and Confidentiality of Data

##### As per the Schedule of Undertaking

- a. The Contractor undertakes to disclose information relating to the contract only to the parties stipulated in the contract, both during the contract period and subsequently. Information may only be disclosed to outside sources with the prior, written approval from The National Department of Transport or the Provincial Transport Departments.



- b. The Contractor shall have in place, and shall maintain, suitable back-up procedures and disaster plans to protect data. The Contractor shall back-up all electronic data on a daily basis. Any costs associated with the recapture and processing of data for whatever reason shall be borne by the Contractor.

**As per the Functionality scorecard**

- a. The bidder is required to submit an example of the planned disaster plan that proves to the State that all data will be protected and that sufficient measures will be taken to ensure that all data is backed up and that a recovery plan does exist. The bidder will in its disaster plan need to make reference to the time frames applicable from the recovery of data up to the time where the contract is fully operational, the off site storage of data, the operation of a dual system or any other system to be implemented by the contractor to ensure the Security and the Confidentiality of Data as set out for Schedule of Undertaking in the Special Conditions of RT68/2010.

## 6. Ownership of Data

**As per the Schedule of Undertaking**

- a. The State is, and remains, the sole owner of all data generated by the execution of this contract. The Contractor shall provide the data to the State or a third party only upon written request in paper and/or electronic format, upon approval from The National Department of Transport or the Provincial Transport Departments.

## 7. Systems Enhancement

**As per the Schedule of Undertaking**

- a. The Contractor shall constantly seek to enhance its systems and shall evaluate any new technology designed to curb fraud and abuse. The Contractor's management information systems shall throughout the contract period have the capability to be enhanced / customised or provide for newly specified reporting in order to accommodate the State's changing business requirements. The system enhancements or changes may include a transition from the current payroll systems in use to another or new payroll system.



- b. The State shall be consulted before any significant changes to systems are effected and such enhancements should further not change any of the requirements of the State.
- c. Should The State at any time require the use of any new technology in the market that has not been included within this specification, such can be sourced on the request of The State in line with the Change Control procedures as set out in this specification.

## 8. Implementation Plan

All bidders will be required to submit their implementation plan as part of the bid. The implementation plan is to start upon receipt of the letter of award from the National Treasury and needs to be completed within a period of two months. The anticipated start date of implementation is on 1 May 2010.

### As per the Schedule of Undertaking

- a. The implementation plan should not take longer than (2) two months to execute and will need to make reference to the completion of the various phases of the implementation plan as well as the timeframes for each phase.
- b. The implementation plan of the successful bidder may be altered after consultation and agreement with the State.

### As per the Functionality scorecard

- a. The Contractor shall furnish a detailed implementation plan as part of the bid documents that includes steps, timeframes and responsibilities of the various parties. The implementation plan should include reference to the physical presence required in all the provinces including the establishment of offices that is fully equipped to perform the functions as required through this contract. The anticipated start date of the contract is 1 July 2010.



## 9. Financial Considerations

### As per the Schedule of Undertaking

- a. All pricing submitted must be reflected in the pricing schedule attached as Addendum C. The State will not authorize any payments for any amounts that are not reflected in terms of the pricing schedule.
- b. The bidder cannot in the submission of the bid submit any additional pricing or fee structures that are not included in the pricing schedule attached hereto as Addendum C.
- c. All pricing submitted must adhere to the requirements as set out in the National Credit Act.

## 10. Contracting Parties

All bidders must submit their comments in terms of a Service Level Schedule regarding any additional information that it would like to bring to the attention of the State. The Service Level Schedule will be based on the Special Conditions as set out in RT68/2010.

### As per the Schedule of Undertaking

- a. Each bidder should make an offer in line with this specification as set out under the task directives regarding the entire finance and administration requirements of all User departments as set out in these bid documents. The National Department of Transport will contract on behalf of the State.
- b. Separate service level agreements schedules may be implemented for the State's User Departments with unique requirements upon approval of such a request by the National Department of Transport. However, a transversal contract will be entered into by the State stipulating common contractual requirements. The Contractor shall be required to sign the Service Level Schedule within 90 days of being awarded the contract and will need to include the attachments specifying the differences in services to be rendered to the different users on the contract.



## 11. User Satisfaction Survey

### As per the Schedule of Undertaking

- a. The Contractor must submit a proposed web based user satisfaction survey plan aimed at measuring the satisfaction of users with the services provided by Contractor. It must include a proposed user satisfaction index and a schedule of user satisfaction criteria. The survey will test user satisfaction levels in respect of the services provided via a representative sample and cross-section of users.
- b. The user satisfaction survey can be done telephonically after consultation with the National Department of Transport and may be outsourced to an independent third party specialising in user satisfaction surveys.
- c. The State can also require the user satisfaction survey to be done manually should the impression exist that the user satisfaction survey as was conducted on the web base system or telephonically is not representative.
- d. Should any sample group be used for the purpose of conducting the User Satisfaction Survey, such sample shall be randomly selected and previous objects that formed part of the previous sample group shall not be included.
- e. The outcome of the survey needs to be made available to all Provincial Departments of Transport and the National Department of Transport.
  - The user satisfaction survey, which should be included in an six monthly report to the state and should be done in terms of: Motor Manufacturers or RT57 suppliers
  - Government user departments
  - Provincial Departments of Transport
  - Officials partaking in the Subsidized Motor Transport Scheme
- f. The Contractor shall conduct the approved user satisfaction survey in writing annually during the contract period for at least 10% of the data base and geographically representative.
- g. In submission of the bids, bidders must include a proposed user satisfaction survey plan and explain how it will be implemented for:





- Motor Manufacturers or RT57 suppliers
- Government user departments
- Provincial Departments of Transport.
- Officials partaking in the Subsidized Motor Transport Scheme

## 12. Equipment and Materials

### As per the Schedule of Undertaking

- a. The Contractor shall provide all equipment, materials, sundry items stationery, incur any delivery charges, postage, telephone, facsimile, photocopy costs and the like that may be required for purposes of the contract, as part of the cost of the contract.
- b. Equipment and materials of the contract will include a “drivers handbook as compiled in cooperation with all service providers to the Subsidized Vehicle Scheme and is to be handed over to the official at the time of signature and to be issued to all officials partaking in the Subsidized Motor Transport Scheme as well as all departmental transport officers as well as any stickers related to tow in service contact details and or maintenance call centres as supplied by the contractor appointed in terms of contract RT62 for the Maintenance of Subsidized vehicles.

## 13. Channels of Communication

### As per the Schedule of Undertaking

- a. For matters having any potential financial impact to the contract, the Contractor shall communicate with the National Treasury. Prior to such communication the contractor will be required to consult The National Department of Transport.
- b. For operational queries, the Contractor shall communicate with the relevant department, the provincial departments of transport or if necessary, the National Department of Transport.



## 14. Inspection and Audit

### As per the Schedule of Undertaking

- a. The State reserves the right to inspect and audit any document pertaining to this contract within five years of the date of expiry of the contract. This may also include queries and complaints. The Contractor shall provide any assistance free of charge that may be required in this regard. The cost of inspections and audits shall be borne by the State.
- b. The State reserves the rights to conduct performance and financial audits on the status of the contract and the Contractor shall provide any assistance free of charge that may be required in this regard.
- c. Should any audit or inspection reveal that the Contractor has not complied with any of the terms of this contract, the Contractor shall be charged for the cost of the audit or inspection as well as the cost of any losses incurred by the State associated with such non-compliance.

## 15. Insurance and Indemnity

### As per the Schedule of Undertaking

- a. The Contractor must obtain adequate professional indemnity insurance whereby the State is indemnified against any claim of whatever nature and however arising out of any wilful or negligent action or omission of the Contractor, its employees, subcontractors, and assignees.
- b. In the event that any legal action, based on the wilful or negligent action or omission of the Contractor, its employees, subcontractors and assignees, is brought against the State, the State shall be entitled, inclusive, to recover from the Contractor the legal fees and disbursements on an attorney-client scale.



## 16. Change Control

### As per the Schedule of Undertaking

- a. Should the State or the contractors as appointed in terms of this contract at any time require to amend any of the services as set out in these special conditions, add an additional related service or need to establish or specify the levels of a required service or need to make any other arrangement to streamline the deliverables as set out in terms of this contract the following process will apply.
  - i. A request shall be made by either The State, through The National Department of Transport or the contractor through the individual appointed as the contract manager to include a or amend a required process.
  - ii. Should such a proposed process have no financial impact to the State, the process will be finalized after both the National Department of Transport and the appointed contractor have agreed to the required amendment in writing.
  - iii. Should the requested changes have any financial impact in terms of the pricing as included in the pricing schedule attached to this contract a submission shall be made to the Section: Contract Management at National Treasury for approval or presentation to the Bid Adjudication Committee at National Treasury after consultation with The Department of Transport.
  - iv. Once the Section: Contract Management at National Treasury approved the proposed changes, both The National Department of Transport and the appointed contractor will need to sign of the amendments prior to implementation.
  - v. All changes as agreed to in terms of this process will form part of the actual agreement.



## 17. Risk Management

### As per the Schedule of Undertaking

- a. The Contractor's systems and procedures shall incorporate both preventative and detective safeguards capable of preventing and detecting fraudulent transactions.
- b. The Contractor shall report in writing by facsimile or electronic mail (e-mail) to the State any suspected irregularities involving an official, or any other person immediately upon the suspicion arising.
- c. Information provided by the contractor shall be sufficient to enable the State to institute investigations and / or take corrective action or institute disciplinary action against employees in the employment of The State. The Contractor will need to avail any of its staff at no additional cost to the State to assist in any investigations.
- d. Where fraud can be proven, the Contractor has the right to recover any losses from individuals involved. Steps relating to the recovery of losses are outlined within Treasury Regulations 11 and 12 to which all State departments must conform.



## CATEGORY B

### 1. Customer Support Services

#### 1.1. Call Centre

A call centre facility must be implemented by the contractor at no additional cost to the State for the logging, answering and resolution of queries. The call centre facility needs to fulfil the following requirements:

##### **As per the Schedule of Undertaking**

- a. Operated on all business days from 07:30 to 17:00 (no cell phones allowed), excluding weekends and public holidays.
- b. A shared call option will need to be made available for departments and officials contacting the Service Provider.
- c. All calls between The State and the Contractor will need to be recorded for quality and training purposes and the State should have access to such recordings within 48hrs of an incident occurring.
- d. The contractor shall ensure that 98% of all calls be attended to within 1 (one) minute in person. An automated telephone answering service does not constitute a call being "attended to"
- e. Call centre operators must at least be conversant in English and in at least one of the other official languages.
- f. The call centre function must be performed to address the needs of each specific province / user that partakes in the contract. The call centre must be provided at no additional cost to the State. The bidder will need to establish provincial offices to support the call centre and would need to assist the provinces with the daily management of the contract. This includes applications, vehicle orders, payment inquiries and needs to fulfil the needs of the relevant end user departments.



- g. The call centre will need to be fully functional at the time of the commencement of the contract.
- h. The contractor shall be capable of generating meaningful electronic call centre reports for feedback to the State (This will include, but are not limited to: average call waiting time, call duration, calls dropped etc.) – This information will need to be available per province and for the country as a whole and would need to be reported on, on a monthly basis within the first seven days of the month either in electronic or in hard copy format as preferred by the individual clients and should only be relevant to calls logged by users of this contract.

#### **As per Functionality Scorecard**

- a. The contractor must submit proof that it does have access to a call centre facility or that such a facility can be established within the implementation period of the contract. The contractor must submit information in terms of the current or anticipated call centre capabilities in terms of volume and service levels as well as the capability to generate the reports as required. Should this function be outsourced to any other company, the outsourced agreement must be supplied.

## **1.2. Provincial offices**

#### **As per the Schedule of Undertaking**

- a. Within a period of two months from the commencement of the contract, the contractor shall have established physical presence in all Provinces at the location agreed on with the province and a dedicated office for the National Departments at the cost of the contractor.
- b. It will be the responsibility of the contractor to ensure that all provincial offices has the required capacity to process all applications as received from the end user departments.
- c. The number of individuals required per province will depend on the volume of applications within a province. At times, the Provincial Department of Transport can request the contractor to temporary avail a trained individual within the province to deal with possible back logs or large volumes. The service provider will be required to avail



such an official at the required location within a period of 48 hours of such a request being made.

- d. Failure by the service provider to appoint dedicated individuals for this contract per province can be construed as breach of contract and will allow the State to take the required action.
- e. The dedicated service consultants, must at least be able to perform the following tasks:
  - Assist departments and resolve issues that arise with the day-to-day operation of the contract;
  - Assist Departmental Transport Control Officers and Transport Officers on the reports generated;
  - Act as nodal point for the collection of all documents related to the finance function of the contract.
  - Obtain knowledge of the State's business principles and accordingly assist with the optimisation of its fleet. Consequently, the Contractor will be contractually required throughout the contract period to provide recommendations in order to optimally manage the fleet size and cost.

#### **As per the Functionality Scorecard**

- a. The bidder must proof that they currently have offices in all the provinces partaking in the contract or that such offices shall be established by the time of implementation of the contract. The bidder must furthermore refer to the functions that will be performed in these offices as well as the number of staff at these locations and their level of expertise. (Office will be required in Polokwane, Nelspruit, Mafikeng, Bloemfontein, Kimberley, Cape Town, Pietermaritzburg, East London, Johannesburg and Pretoria)

## **2. Types of Reports / Information**

The bidder is required to submit examples of all available reports and the Help manuals on the purpose and use of all reports.



**As per the Schedule of Undertaking**

- a. It is the responsibility of the Contractor to supply accurate and relevant management information on a continuous basis to allow for the management of the fleet's requirements. Given this fact, the Contractor shall have and maintain an IT system that allows the State to access and retrieve accurate and relevant management information from the Contractor within 24 hours.
- b. In the event of termination or breach of contract, the Contractor shall provide its entire database containing the up-to-date information in respect of the State's fleet contract, in electronic format, within 24 (twenty-four) hours of such termination or breach, to the State. The cost of such transfer of information will be for the account of the Contractor.
- c. The Contractor should upon request from The State be capable to alter, change or create new reports as and when requested.
- d. The Contractor must have proven IT capability to provide management reports in hard copy and electronically from the date of the award of the contract.
- e. The Contractor shall ensure that vehicle contract history and transaction data relating to any contract is retained for the period of the contract even in the case where the agreement for the individual has been terminated or cancelled.
- f. The Contractor's information system shall have the facility to provide information relating to the fleet at various levels, an needs to make provision for reporting on the following levels:
  - The entire fleet.
  - The fleet per province.
  - The fleet per department.
  - The fleet per district or operating area,
  - Per category/ type of vehicle
  - Per vehicle and per end user/driver
- g. The system shall allow for the printing of on-line reports by all parties who have authorised access to reports.





- h. The user departments/provinces or divisions should first approve the electronic format of reports.
- i. Should any other operational information as recorded by the Service Provider be required by the end user department a request can be made, through the National Department of Transport to include the information in the reporting.
- j. Reports and reporting systems shall be user friendly:
  - Each report shall have a narrative heading which indicates the nature of the report and clearly identifies the information required and for which level it is applicable. (Province, Department District etc.)
  - The reports / data required in an electronic format and hard copy shall be easily accessible through an efficient, user friendly menu system compatible with at least Microsoft Windows operating system;
  - The Contractor must supply the State with access to a system/application in order for the state to analyse electronic downloaded data where required;
  - All reports must be exportable to at least a Microsoft Windows application;
  - The purpose of, and suggested usage for, each report shall be documented in “help” manuals and shall be addressed during training sessions conducted by the Contractor throughout the contract;
  - Printed reports that are required monthly and shall be delivered within 7 (seven) working days of the cut-off date of that month;
- g. The contractor is required to capture the following information on its system:

***In terms of the official:***

1. Name and surname
2. Government payroll number (Persal or Persol)
3. Contact details of the official
4. Province or National government
5. End user department
6. Region / District
7. Contact details of the Departmental Transport Officer
8. Finance Service Provider account number
9. Contract start date
10. Contract end date
11. ID number



12. Contract early termination date
13. Reason for early termination

***In terms of the vehicle:***

14. Vehicle registration number
15. Engine number
16. VIN number (Chassis Number)
17. Vehicle make
18. Vehicle model
19. Vehicle type
20. Approved accessories fitted to the vehicle
21. Non-approved accessories fitted to the vehicle

***In terms of premium collection***

22. Government payroll centre
23. Government payroll centre number
24. Vehicle category as approved by end user department
25. Actual vehicle category
26. Approved rate for capital reimbursement
27. Approved amount for capital reimbursement
28. Total kilometres travelled to date

***In terms of maintenance***

29. Service intervals
30. Applicable service plans
31. Approved vehicle maintenance category
32. Actual vehicle maintenance category
33. Billing amount
34. Warrantee of vehicle
35. Number of tyres allowed

***In terms of other information***

36. Any other operational information that may reasonably be required



- h. The minimum required management reports as identified by the end users of the contract must be provided by the Contractor are required at the stated frequency, in the stated form and to the stated parties. Information supplied in the relevant reports should be sufficient to enable the State to institute investigations or take corrective action. The user departments can request a report on any combination of the following information as set out below as this information is essential for the deliverables stated in this contract.

**As per the Functionality Scorecard**

- a. The bidder is required to indicate where, when and with what regularity the data as set out under the Schedule of Undertaking will be captured and what measures will be taken to ensure the accuracy of the data.
- b. The bidder is also required to ensure that the ability to report on the data as set out above and the flexibility of its system is illustrated in their submission by way of providing examples of current reports or proposed reports with the relevant headings and subsequent information.

### **3. Vehicle Financing and related processes**

**As per the Schedule of Undertaking**

- a. The Contractor will be required to manage the vehicle ordering process, ensure that all the requirements in terms of the National Credit Act for the financing of the vehicle are met, that the supplier of the vehicle in terms of the RT57 vehicle procurement contract is paid, that the vehicle instalments is deducted from the government payroll system and that the allowances payable by government is loaded correctly onto the government payroll system.



### 3.1. Management of the vehicle ordering process

#### As per the Schedule of Undertaking

The official applies within his/her end user department for approval of the subsidized vehicle. Once such approval has been granted; the vehicle of choice is selected by the individual from the RT57 contract for the procurement of vehicles. This application specifies the category for which the official will qualify in terms of the type of vehicle and the engine size. ***It also forms the basis for the capital contribution to be made by government.***

#### As per the Schedule of Undertaking

- a. The current processes have been implemented to manage the Subsidized Motor Transport Scheme. The contractor will need to fulfil their role in terms of these processes as well as introduce modifications and improvements on the current systems whilst at the same time ensuring that all control measures as implemented remains intact. The typical life cycle of a vehicle ordered through the Subsidized Motor Transport Scheme can be summarized in the following steps:

**Step 1.** The official applies within his/her department for a subsidized vehicle through the government application form (Z81). This application is not vehicle specific but for a certain type of vehicle such as a sedan or a light delivery vehicle with a specific engine category. The end user department will approve such an application based on the fact that the official adheres to the minimum requirements for the participation to the scheme as well as the most economic solution for the provision of appropriate transport as set out in Transport Circular 5 of 2003. The approved vehicle category will form the basis for the payment of all allowances to the official.

**Step 2.** After the department has approved the application for the subsidized vehicle, the application will be sent to Contractor. The official will select a vehicle of his/her personal choice from the RT57 contract that will need to be ordered by the Contractor. The contractor will do the credit and affordability checks as required by the National Credit Act prior to approving the application based on the actual vehicle selected by the official. For the



purpose of the affordability check the amount to be contributed by government (the capital allowance) will need to be “ring fenced” and treated as additional income.

**Step 3.** The Contractor, once the applications has been approved will send the application back to the end user department for verification of the vehicle make and model as ordered by the official. For the purpose of this contract, the contractor will apply for a vehicle in four colours as specified by the official in the application process, should a vehicle in any of these colours become available, the official will need to take delivery of the vehicle. Should the application not be approved, the Contractor will need to notify the official as well as inform the official of the steps to be taken to rectify the application should it be possible.

**Step 4.** Upon verification by the official of the make and model of the vehicle, the application will be send back to the Contractor that will place the vehicle order with the relevant supplier in terms of contract RT57 for the procurement of vehicles.

**Step 5.** The supplier in terms of contract RT57 will deliver the vehicle to the identified dealership and invoice the Finance Service Provider accordingly.

**Step 6.** The official will do an inspection of the vehicle and sign the finance agreement with the finance service provider.

**Step 7.** When the officials signs the finance agreement and take delivery of the vehicle, the following processes are started:

- a. The Finance Service Provider is required to pay the vehicle supplier as per contract RT57.
- b. The Finance Service Provider needs to instate the monthly deductions from the official's salary for the payment of the capital of the vehicle.
- c. The agreement to ensure cover for the amount in the event of the official passing away needs to be effected.
- d. The vehicle is insured with immediate effect as per contract RT58.
- e. The collection of the insurance premiums is instated.



- f. The Maintenance Service provider appointed in terms of contract RT62 for the Maintenance of Subsidized Vehicles will be responsible for any maintenance required on the vehicle.
- g. The Maintenance service provider needs to instate the deductions for the maintenance premiums through the government's payroll systems.
- h. The Maintenance service provider needs to process all fuel claims and log the payments thereof through the government's payroll systems.

**Step 8.** Once the vehicle has reached the required kilometres (160 000km), or the required time period elapses as set out in the finance agreement (32/36/42/48/60 months) or for any other reasons such as the resignation from government by the official, the official passing away or the official being promoted the vehicle is withdrawn from the scheme.

**Step 9.** The contractor will need to ensure that processes are in place to deal with the early terminations of agreements such as may be required where the official resigns from government, the official passes away or for any other reason as allowed in the Subsidized Motor Transport Policy, Transport Circular 5 of 2003.

#### **As per the Functionality Scorecard**

- a. The bidder needs to indicate how the process as set out in the Special Conditions will be managed, what control measures will be implemented and that the requirements as set out will be met by submitting a process flow, indicating the form of communication between the relevant role players and the regularity thereof.

### **3.2. Finance Inclusions**

The Contractor shall ensure that the full amount of the vehicle including all accessories is financed. Such financing shall be done in line with the requirements as contained in the National Credit Act with the due considerations to the required ITC verifications as well as the affordability calculations.



### **As per the Schedule of Undertaking**

- a. The contractor shall ensure that all correct invoices as received from the various service providers under contract RT57 will be paid within the 30 days as prescribed in the PFMA. All interest incurred will be for the account of the contractor.
- b. In the eventuality that a vehicle can not be delivered to the official that applied for the vehicle due to the official passing away, being transferred, promoted or any other reason, the contractor will be responsible for re-allocating the vehicle to any other official within the scheme that is willing to take delivery of the vehicle and that qualifies for the vehicle in terms of the Subsidized Motor Transport policy and the normal requirements for the financing of the Subsidized Vehicles.
- c. The contractor will be responsible to ensure that this re-allocation is done within the required 30 days of the date of invoice. The contractor will be responsible for the payment of any interest incurred on such a vehicle.
- d. Should the contractor not be in a position to re-allocate the vehicle 75 days after invoice, the specific case will be taken up with the relevant motor manufacturer and The National Department of Transport. Based on the outcome of this process the method of disposal will be determined to ensure that the disposal will happen within 90 days of the date of invoice. The contractor shall be responsible for any losses incurred.
- e. The contractor should make provision for the possible transport of vehicles within the relevant province in order to re-allocate the vehicles when the vehicle cannot be allocated at the initial place of delivery.

### **3.2.1. Capital allowance calculation**

#### **As per the Schedule of Undertaking**

- a. The Contractor will be required to load the calculated capital deduction onto the government payroll system. The capital allowance to be loaded on the government payroll system will be 70% of all approved accessories as well as 70% of the benchmark.



- b. The benchmark is calculated by The National Department of Transport, based on the average vehicle price, per category of the RT57. The benchmark is updated once a quarter based on the increases and decreases of vehicle prices on contract RT57.
- c. The Contractor, apart from ensuring that the correct amount is loaded on the government payroll systems for each official, will consider the amount of this capital allowance as additional income when calculating the affordability. Should the contractor appointed in terms of contract RT68 load the incorrect amount, all cost incurred to rectify the amount will be for the cost of the RT68 service provider.

### 3.2.2. Actual capital to be collected

#### As per the Schedule of Undertaking

- a. The Contractor, along with the amount loaded on the government payroll system per official, will be required to load the actual amount to be deducted from the salary of the official towards the payment of the vehicle.
- b. This capital to be collected will be based on the amount of the actual vehicle price and the actual cost of any accessories added by the official as well as all other costs specified within this document.
- c. Once the contractor has loaded the allowance onto the government payroll systems, it will be the responsibility of the Contractor to ensure that the payment of the actual vehicle instalment is received on a monthly basis.

### 3.2.3. Accessories

#### As per the Schedule of Undertaking

Government will contribute 70% towards all approved accessories. The calculated 70% will need to be included in the allowance to be loaded onto the government payroll system. The full amount for the procurement of the approved accessory will need to be added to the amount to be deducted from the official through the government payroll system.





Should the accessory not be approved and therefore not be subsidized by the end user department, the cost thereof will be for the account of the official. Should the affordability of the official allow for it, the contractor can finance the accessory.

#### **3.2.4. Vehicle registration fee**

##### **As per the Schedule of Undertaking**

- a. The once of vehicle registration fee of the new vehicle will be paid for by the contractor and the amount charged therefore financed over the contract period. The Contractor will not be allowed to add any profit margin to the registration.

#### **3.2.5. Credit cover**

##### **As per the Schedule of Undertaking**

- a. As part of the finance agreement, the contractor shall provide credit cover insurance to an official that finance a vehicle through the Subsidized Motor Transport Scheme as specified in the National Credit Act. Such cover shall be compulsory to the official. Government shall subsidize this cover in the same manner as any other approved accessory.

#### **3.2.6. Contract initiation fee / once of administration fee**

##### **As per the Schedule of Undertaking**

- a. In line with the requirements as set out in the National Credit Act, the contractor shall be allowed to add a once of initiation fee to the financed agreement at the start of the agreement.

#### **3.2.7. Monthly administration fee**

The Contractor will be allowed to claim a monthly administration fee in line with the provisions as made in the National Credit Act.



**As per Schedule of Undertaking**

- a. The Contractor shall ensure that all applications as received from the end user departments are verified against specimen signatures to ensure the authenticity of all vehicle applications.
- b. The Contractor shall further ensure that all capital deductions as made from the payroll account of the individual

**As per the Functionality Scorecard (Applicable for the Section 3.2)**

- a. The bidder must proof that the system they are making use of will be able to accommodate the payment of the 70% capital allowance by the State, the deduction of the actual amount payable by the official as well as the other requirement defined under Schedule of Undertaking and that it will furthermore make provision for the audit processes required by the government's payroll systems. The bidder must indicate the capability of its system to interact/ interface with the government's payroll systems. Should this function be outsourced the agreement or possible agreement with such a company will need to be provided. A copy or an example the credit cover agreement must be provided.

**3.3. Finance exclusions**

The following, for the purpose of this contract does not need to be financed by the Contractor.

**As per the Schedule of Undertaking**

- a. Any application where the official cannot afford the vehicle that he/she applied for in terms of the affordability calculation as required by the National Credit Act.
- b. Any application that cannot be approved based on the results of the ITC enquiry due to non-payment or bad debt from the official.
- c. Any transaction where the required authorization has not been granted by the end user department.
- d. Any transaction or possible transaction where the contractor has reason to suspect any fraudulent activity.



#### 4. End user communication requirements

The State requires continuous communication to the following stakeholders within the subsidized motor transport scheme to ensure efficiencies.

##### **As per the Schedule of Undertaking**

The contractor is required to communicate to the official via SMS in terms of the following:

- a. Upon receiving the application from the official.
- b. The Contractor shall communicate the results of the ITC and affordability checks to the official. Should the application not be successful because of the results of the ITC and affordability checks, the recourse to be taken by the official will need to be communicated.
- c. When the vehicle order is sent back to the department for verification, the official needs to be notified.
- d. Upon receiving the rectified/verified order back from the end user department the actual vehicle to be ordered needs to be communicated to the official as well as the recourse to be taken by the official should the vehicle order not be correct.
- e. Once the vehicle order has been placed with the vehicle manufacturer or supplier in terms of contract RT57, the official need to be notified.
- f. The Contractor will need to notify the official for the duration of the manufacturing process by making reference to the various vehicle-manufacturing phases. (See Management of information: RT57 Vehicle Procurement Contract). Such communication shall include whether the vehicle order can still be cancelled or not, if it is delivered or any other action that may be required from the official or in what phase of the manufacturing process the vehicle is.
- g. The official will be notified of the vehicle delivery at the dealership and request the official to inspect the vehicle as well as the relevant details to ensure that the vehicle finance contract is signed.



- h. Should the interest rate change during the contract period, the official will need to be notified, including the revised amount to be deducted via the government's payroll system.
- i. All above communication will need to be done in accordance with the applicable legislation and the official need to have the option not to receive the SMS's.
- j. Should the contractor outsource this function a copy of the proposed agreement must be submitted as part of the bid document.

**As per the Functionality Scorecard**

- a. The bidder must provide the anticipated communications plan to communicate with the officials on the scheme as well as the relevant vehicle manufacturers regarding the vehicle related processes. The bidder must indicate accessibility to a SMS function, how this will be linked up into their system and the credentials of any company that the function may be outsourced to.

## 5. Measurement of Preferential Procurement

**As per the Schedule of Undertaking**

- a. The contractor is required to report on the percentage of the total value (net invoices value excluding VAT) of goods and services procured from BEE entities during the contract period. Should it be required within a certain province or municipal area, reporting in terms of certain ethnic groups must also be accommodated.
- b. Preferential spend on the various categories of services should be reflected.
- c. The following will apply in the measurement of the BEE expenditure reporting, should it be required this criteria may be changed during the contract period to adhere to possible applicable legislation:
  - ❑ Ownership between 0% and lower than 25% will not be used for calculation purposes



- ❑ Ownership between 25 % and 100% will be calculated proportionally to the percentage of the ownership of the supplier.

- d. It will be expected of the Contractor to regularly verify the BEE status of the suppliers on the contract as and when the transactions are conducted.
- e. Should any disputes arise in terms of the reporting of BEE, the cost of an independent auditor as appointed by the State will need to be covered by the contractor appointed in terms of contract RT68. Such requests shall be limited to one request for every year of the contract.
- f. The Contractor will need to be able to report in terms of BEE expenditure within per certain regions or municipal areas within a province as well as per the various services procured.

## **6. Management of information: RT58 Insurance of Subsidized Vehicles**

The Contractor will need to obtain and provide information to and from the contractor appointed in terms of contract RT58 for the insurance of Subsidized Vehicles. The current contract expires in 2010. It is therefore possible that the Contractor will need to engage or implement a new system should a new contractor be appointed.

### **As per the Schedule of Undertaking**

- a. The Contractor will need to ensure that confirmation of insurance is received from the RT58 service provider. Such a confirmation can be electronically or as otherwise agreed to but needs to be documented for audit purposes.
- b. The amount of the vehicle to be insured and all other vehicle related information as well as the personal details of the official, department and contact details should be provided to the RT58 service provider on a regular basis and in the file format as required by the RT58 service provider or otherwise agreed to prior to the official taking delivery of the vehicle.
- c. The RT58 service provider needs to be notified within 24 hours of any terminations of agreements that the Contractor may be aware of. Such notification shall be in the prescribe format as required by the RT58 service provider or as otherwise agreed to.



As per the contract RT58 for the Insurance of the Subsidized Vehicle, the vehicle will remain insured for the remainder of the calendar month in which the agreement was terminated.

- d. The RT58 service provider will communicate any information related to vehicles written off to the Contractor as well as ensure that the outstanding amount is settled.
- e. The Contractor shall provide the service provider appointed in terms of the RT58 Insurance Contract with the correct reference or account number for the settlement of the vehicle account should the vehicle be written off.

## **7. Management of information: RT62 Maintenance of Subsidized Vehicles**

The Contractor needs to provide the following information to the service provider appointed in terms of contract RT62 for the Maintenance of Subsidized Vehicles.

### **As per the Schedule of Undertaking**

- a. All vehicle related information as captured through the execution of this contract.
- b. All information related to the official

## **8. Management of information: RT57 Vehicle Procurement Contract**

The suppliers in terms of contract RT57 for the procurement of vehicles can change on an annual basis due to the contract period of one year (1 April to 31 March). The Contractor need to obtain the following information from suppliers on contract RT57, the government vehicle procurement contract:

### **As per the Schedule of Undertaking**

- a. The Financial Service Provider appointed in terms of contract RT68 will be required to verify the prices invoiced by the suppliers appointed in terms of contract RT57 for the supply of motor vehicles prior to drawing up the financial agreement with the official. Should a financial agreement be drawn up at the incorrect invoice price, the RT68



service provider will be responsible for the cost that will be incurred in redrawing the financial agreement.

- b.** All relevant banking details and account information for the payment of vehicles as supplied under the Subsidized Motor Transport Scheme and financed by the Contractor appointed in terms of this contract.
- c.** All vehicle types, models and accessories available from the suppliers on contract RT57, vehicle procurement contract, the prices thereof and the subsequent price adjustments on a quarterly basis as managed by the Section: Contracts Management at National Treasury.
- d.** The dealership networks of all suppliers on contract RT57 where vehicles are to be delivered.
- e.** The process for the placement of a vehicle order and the method thereof such as email or fax.
- f.** The process for the confirmation of a vehicle order by the supplier on contract RT57 once the vehicle order has been placed stipulating whether such confirmation shall be done via fax or email The contractor needs to ensure that the process is at all times documented
- g.** The number of phases that needs to be completed by the manufacturer to build the vehicle. These phases do not need to be the same number of phases for the relevant suppliers but must be numbered. For example: A vehicle in phase 4 of a 12 phase manufacturing process will therefore be communicated as phase 4 of 12, should the vehicle be in phase 4 of a 16 phase manufacturing process it will be communicated as phase 4 of 16. The Contractor will need to ensure that the various suppliers in terms of contract RT57 notify them within at least 24 hrs of a vehicle moving from one phase in the manufacturing process to the next.
- h.** The last phase in which a vehicle order can be cancelled or amended.
- i.** Anticipated time frames for the vehicle to be transported from the manufacturing or assembly plant to the relevant dealerships.



j.       Arrival of the vehicle at the dealership