



# **national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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**TO: ALL PARTICIPATING ORGANS OF STATE AND THE SERVICE PROVIDERS.**

## **TRANSVERSAL CONTRACT RT5-2024: PROVISION OF DOMESTIC AND INTERNATIONAL COURIER SERVICES TO THE STATE FOR THE PERIOD FROM 1 APRIL 2024 TO 31 MARCH 2029.**

This notice is to solely provide clarification regarding the minimum order quantity, VAT matters, Insurance costing, fuel surcharge and further clarity is provided on the application of the pricing formula for the RT5-2024 contract.

### **1.1. Minimum Order Quantity**

As per **Special Condition of Contract clause 5.9.3.1**, please note that the minimum acceptable order quantity for domestic courier services is **above 1 kg**. This applies to same day, overnight, weekend, and public holiday deliveries. Any orders placed under these categories must exceed 1 kg to be valid under the contract.

### **1.2. Pricing Formula and Rounding Rules**

To determine the final pricing for parcels, both bidders and the user department are required to apply the formula outlined in **clause 7.7.2.4 of the SCC**. The formula for calculating the volumetric mass when relevant is:

$$\text{Volumetric Mass} = \text{length} \times \text{breadth} \times \text{height (cm)} / 5000 = \text{Volume kg}$$

For example, If the dimensions are **17.1 cm x 17.1 cm x 17.1 cm**, the resulting volumetric mass would be **1 kg**:  $(17.1 \times 17.1 \times 17.1 \text{ (cm)}) / 5000 = 1 \text{ Volume kg}$

### **1.3. Clarity on Rounding Guidelines**

Additionally, the clarity is provided with the following rounding rules when calculating the final pricing for parcels based on weight:

**1.3.1.** If the number after the whole number is **0.4999 or less**, the weight should be **rounded down** to the nearest kilogram.

**1.3.2.** If the number after the whole number is **0.5000 or greater**, the weight should be **rounded up** to the next full kilogram.

#### **Examples:**

**1.3.4.** For a parcel weighing **1.499 kg or less**, the charge will be for **1 kg**.

**1.3.5.** For a parcel weighing **1.500 kg or more**, the charge will be for **2 kg**.

### **1.4. Fuel Surcharge**

Service providers have continued to include a fuel surcharge on their invoices, stating that this is standard practice. While contract management has previously advised them not to do so, The National Treasury confirm that the inclusion of a fuel surcharge is only permissible



for domestic remote areas under RT5-2024. For all other areas, the fuel surcharge should not be added.

**1.5. Additional Kilogram**

There has been some uncertainty regarding the 50% of additional kilogram charge. Please note that this charge applies to all services under RT5-2024, including economy services. It is not limited to specific service types.

**1.6. VAT Inclusion**

Service providers have been adding VAT on top of the pricing submitted to National Treasury. Contract management's understanding that the submitted pricing should be all-inclusive is correct. The Special Condition of Contract (SCC) clearly states that all prices must be inclusive of VAT, and there should be no separate charge for VAT on top of the agreed pricing.

**1.7. Insurance Costing**

The National Treasury confirm that **insurance costs should be calculated based on the total value of the consignment, a VAT should be charged by the service providers**. This is because service providers, as businesses, also pay VAT on insurance costs.

**1.8. Non-Payment of service rendered.**

It has come to the attention of the National Treasury that some user departments have not settled their accounts with service providers, citing reasons related to the issues clarified above. With this notice providing the necessary clarity, user departments that have not been making payments are **strongly urged to settle their outstanding invoices**. Doing so will allow their services to be removed from the suspension list by the suppliers, ensuring the continued delivery of services.

Kind regards,

  
**MULATEDZI RAUDZINGANA**

For CHIEF DIRECTOR: TRANSVERSAL CONTRACTING  
OFFICE OF THE CHIEF PROCUREMENT OFFICER

DATE: 18/09/2024