

# REQUEST FOR PROPOSAL

Purchase of MTC Network Asset and Service Level Agreement

Tender No: A34-2018/2019

Closing date: 16h00 on Thursday 24 June 2019



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## **SECTION 1**

### **1 BACKGROUND**

#### **Introduction**

The Metropolitan Trading Company (hereafter referred to as “MTC”) is issuing this bid for a set of linked agreements with a single purchaser who will also serve as a service provider to achieve the following objectives:

1. The sale of its network assets to the service provider.
2. A contract with the service provider for specified or agreed required services, over a 12-year period with MTC’s right to call for independent benchmarking of pricing and service levels every three years.
3. The Bidder is to propose an approach whereby MTC has a right of first refusal in the event that the service provider makes a decision to sell the network.

#### **Vision**

“Bridging the digital divide for an inclusive and connected Johannesburg”

#### **Mission**

- Reduce the cost of telecommunications;
- Enable service delivery, through connectivity for Pro-poor development;
- Improve Economic competitiveness and ease of doing business in Johannesburg;
- Contribute to safer communities and social upliftment; and
- Achieve financial and operational sustainability.

#### **Objectives**

- Support the Smart City agenda
- Help address ICT challenges
- Enhance service and responsiveness to service delivery challenges and citizen demands
- Reduce total cost of ownership (TCO) in the face of increased pressure on resources

#### **Background**

- The City of Johannesburg (hereafter referred to as “the City”) transferred operations of its broadband network to MTC, a municipal owned entity (MOE), in September 2015. MTC acquired the broadband network from the City as an ongoing fibre telecommunications business. The value of the business at the time of the transfer with



its network assets and intangible assets was estimated at an approximate value of R1.25 billion.

- The City aims to achieve, amongst others, 5% economic growth by 2021 and MTC must contribute to this growth through: economic development, enhanced service delivery, enabling digitalization of the City, and contributing to social responsibility. The MTC mandate to advance service delivery and revenue generation is hampered by insufficient capital budget, limited skillset and capacity to enhance and upgrade the network.
- MTC proposes a new business model which requires the sale of its network assets to a prospective service provider. The new business model sees MTC transforming into a service-based organisation primarily focused on enhancing City outcomes through effective use of the telecommunication network, but also providing services to other types of customers, namely: residential customers and government customers contributions towards socio-economic development for the City will be channelled through an established programme involving small, medium, and micro enterprise (SMMEs) to address the target customer base.
- The sale of the network asset and entering into the service level agreement allows for MTC to deliver its mandate and for it to utilise an optimised network to meet the current and future demand of its customers. For more details regarding the MTC business plan, refer to **APPENDIX A**.

## 2 IMPORTANT NOTICE

- a) Bidders are reminded that the whole document is to be completed in full and signed.
- b) All pages of the tender document to be initialled at the bottom.
- c) Bidders are reminded that for any and all alterations in the form of a proposal must be signed in full by the bidders authorized signatory and an accompanying letter on the bidders' official letterhead will indicate such alterations.
- d) This proposal, correctly endorsed, is to be addressed to the Supply Chain Department and must be deposited into the tender / proposal box situated at 33 Hoofd Street, Braampark Office Park, Forum 4, 1<sup>st</sup> Floor, Braamfontein, at the time and date shown herein. Under no circumstance will late tenders be accepted.
- e) An original, valid tax clearance certificate or One Time Pin must be submitted with this proposal document (refer detailed note on tax clearances in the proposal document).
- f) Municipal accounts for the company and all directors that are not older than 3 months and not more than 90 days in arrears are to be submitted OR the company lease agreement OR affidavit.
- g) Briefing session scheduled on 27 May 2019 at 11h00 is compulsory.
- h) You are required to comply to a request to submit samples, if requested.
- i) The proposal document is to be completed in black ink and in full. It is not to be re-typed at all.



- j) The proposal document is to be submitted in full in the same order as issued, with all the sections attached.
- k) In proposals where Consortiums and Joint Ventures are involved, an agreement endorsed with signatures of all parties involved, must be submitted.
- l) In proposals where subcontracting is involved, an agreement endorsed with signatures of all parties involved must be submitted, accompanied by the Tax Clearance Certificate and the BBBEE Certificate of the subcontracting parties.
- m) All submitted proposals shall remain valid for 120 days from the closing date of the tender.
- n) All bidders to submit one original and two copies of the tender submission. MTC also requires that you submit a soft copy on a protected memory stick or DVD.

**BIDDERS TO ENSURE THAT ALL THE ABOVE REQUIREMENTS ARE COMPLIED WITH IN FULL.**



### 3 MANDATORY/DISQUALIFYING CRITERIA:

- a) Valid original tax clearance certificate (tender) or One-Time-Pin issued by SARS for tender purposes.
- b) All declaration forms to be completed and signed in full, unsigned declaration forms will render the bid non-responsive.
- c) Form of Proposal to be signed with a firm price, unsigned Form of Proposal will render the bid non-responsive.
- d) Municipal accounts for the company and all directors that are not older than 3 months and not more than 90 days in arrears OR the company lease agreement OR affidavit.
- e) Bank guarantee confirming that funds have been allocated for the purchase of the asset.
- f) Performance guarantee that proves ability to continue operation and provide services post the purchase of the network asset.

### 4 RETURNABLE DOCUMENTS

- a) Valid original tax clearance certificate (tender) or One-Time-Pin issued by SARS for tender purposes
- b) Completed and signed Form of Bid
- c) Valid original or certified copy of B-BBEE accreditation certificate
- d) Municipal accounts for the company and all directors that are not older than 3 months and not more than 90 days in arrears to be submitted OR lease agreement OR affidavit
- e) Completed and signed Declaration on State of Municipal Accounts
- f) Completed and signed MBD form (4) – Disqualifying criteria
- g) Completed and signed MBD forms (5, 6.1, 6.2, 8 and 9)
- h) Audited financial statements for the past three (3) years
- i) Company profile
- j) Proof of Registration on the Central Supply Database (CSD Report)
- k) Authority of Signatory letter
- l) Company registration documents
- m) ICASA license
- n) CIDB certificate



## <sup>1</sup>PROJECTED RFP PROCESS

| Key Projected RFP Milestones   | Planned Due Date           |
|--|----------------------------|
| Request for Proposals Release Date                                     | 22 May 2019                |
| Briefing Session 1   | 27 May 2019                |
| Answers to vendor questions posted by                                  | 14 June 2019               |
| RFP Closing Date   | 24 June 2019               |
| Clarification 1 (description of the solution) – Questions closing date | 08 July 2019               |
| Clarification 2 (solution commitment) – Questions closing date         | 15 July 2019               |
| Capability Demonstration (site visit)                                  | 22 – 26 July 2019          |
| BAC (Concludes and issues Mandate to Negotiate)                        | 08 August 2019             |
| SLA Negotiations   | 15 August – 23 August 2019 |
| Public Participation Closing   | 20 August 2019             |
| Public Participation Close-out report                                  | 23 August 2019             |
| Council Approval   | 30 August 2019             |

## 5 INFORMATION TO BIDDERS

Enquiries: All enquiries to be addressed to [ebm-procurement@mtc.joburg.org.za](mailto:ebm-procurement@mtc.joburg.org.za)

<sup>1</sup> Subject to change at MTC management discretion



## SECTION B

### 6 SCOPE OF WORK and TECHNICAL EVALUATION

#### SECTION B1: TERMS OF REFERENCE

#### SECTION B1.1 – NETWORK ASSET TO BE PURCHASED

##### *Specifications – Active Network*

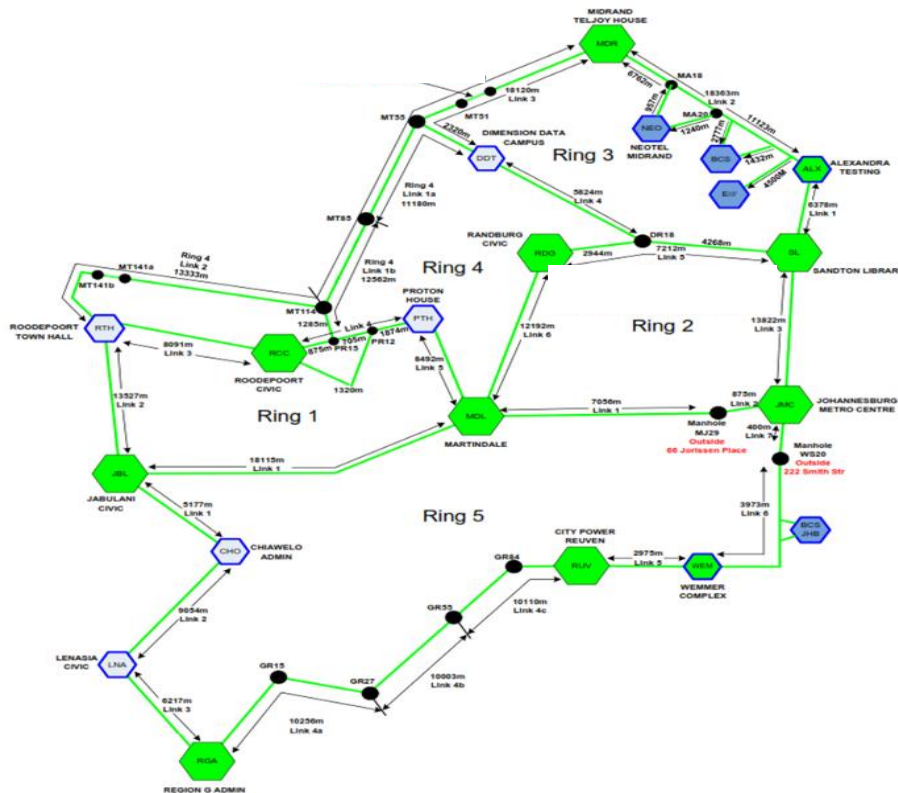
The current active network consists of the following equipment:

| Description        | Manufactu | Quantity | Model           | Specification          |   |
|--------------------|-----------|----------|-----------------|------------------------|---|
| Router             | Ericsson  | 18       | SmartEdge 1200H | CPU speed              | 1200 MHz  |
|                    |           |          |                 | RAM                    | 480Gbps   |
|                    |           |          |                 | Power Supply Unit      | 48 V DC   |
|                    |           |          |                 | Network interface type | Line Card - 10 port Gigabit Ethernet with SFP   |
|                    |           |          |                 | Network interface type | Line Card - 1 port 10-Gigabit Ethernet with XFP |
|                    |           |          |                 | Other                  |   |
| Router             | Ericsson  | 2        | SmartEdge 600   | CPU speed              | 600 MHz   |
|                    |           |          |                 | RAM                    | 240Gbps   |
|                    |           |          |                 | Power Supply Unit      | 48 V DC   |
|                    |           |          |                 | Network interface type | Line Card - 10 port Gigabit Ethernet with SFP   |
|                    |           |          |                 | Network interface type | Line Card - 1 port 10-Gigabit Ethernet with XFP |
|                    |           |          |                 | Other                  |   |
| Switch [Metro]     | Ericsson  | 17       | ECN 430 switch  | CPU speed              | Standard  |
|                    |           |          |                 | RAM                    | Standard  |
|                    |           |          |                 | Power Supply Unit      | 48V DC  |
|                    |           |          |                 | Network interface type | 20 SFP + 22 Ethernet                            |
|                    |           |          |                 | Other                  |   |
|                    |           |          |                 | Other                  |   |
| Switch [Aggregate] | Ericsson  | 19       | EFN 324 switch  | CPU speed              | Standard  |
|                    |           |          |                 | RAM                    | Standard  |
|                    |           |          |                 | Power                  | 48V DC  |
|                    |           |          |                 | Network interface type | 2 SFP + 24 Ethernet                             |
|                    |           |          |                 | Other                  |   |
|                    |           |          |                 | Other                  |   |
| Switch [Aggregate] | Calix     | 22       | E7              | CPU speed              | Standard  |
|                    |           |          |                 | RAM                    | Standard  |
|                    |           |          |                 | Power Supply Unit      | Redundant –48/60 VDC battery                    |
|                    |           |          |                 | Network interface type | 10GE-4, GPON-4, GE-12                           |
|                    |           |          |                 | Other                  |   |
|                    |           |          |                 | Other                  |   |
| Media Converter    | Ericsson  | 39       | OPW 150         | CPU speed              | Standard  |
|                    |           |          |                 | RAM                    | Standard  |
|                    |           |          |                 | Power Supply Unit      | AC 110/220 V                                    |
|                    |           |          |                 | Network interface type | 1 GB SC simplex (single mode)                   |
|                    |           |          |                 | Other                  |   |
|                    |           |          |                 | Other                  |   |





The network is split into the following regions: Central Metro, North East Metro, North West Metro, South East Metro and South West Metro. There are 9 core nodes, 7 metro nodes and 29 aggregation sites. The network has 275 access sites. The fibre network connects the core nodes, metro nodes, aggregation and access sites.



### Specifications – Passive Network

The total length of MTC's network is approximately 1000km across the city of Johannesburg comprising of the following components:

- Fibre (96/48/12 core strands)
- 2 ducts and 7 micro ducts per duct
- Manholes
- Patch panels
- Civils

The network is immediately available “as-is” with way-leaves, permits in place, as well as an accurate asset register, financial data and service level history.

The sale includes existing external clients' contracts to the value mentioned in the information statement subject to the parties agreeing to enter into an independent service level agreement which will govern the existing client's relationship with the new service provider.

Although the evaluation criteria in terms of PPPFA will not be followed, the bid will be awarded based on the highest bidder, provided that the bidder complies with the conditions of sale and qualifies for appointment in term of Section C phase 3.



## SECTION B1.2: SERVICES TO BE PROVISIONED / ENABLED FOR THE SLA

Upon sale of the network asset, the successful bidder is required to enable MTC's services strategy, which is aligned to MTC's core mandate.

The service provider shall be responsible for enabling the delivery of MTC's current and planned future services (indicated in Table 1), including net neutrality and open access.

### Required enhancements on the current active network

To enable MTC to deliver its future services, the current active network (as-is) would need to be enhanced as per the target network design in Appendix C2. Required service delivery levels are implied by this target network design as a minimum standard.

However, MTC requires a service from the service provider, not a network design; and so, bidders are also invited to submit alternative solutions to the proposed design, with an accompanying implementation plan that will deliver the services to be provided to MTC.

### MTC Services Mix and Release Horizon

Table1

| Services  | Category            | Potential Customer             | Release Horizon |
|---|---------------------|--------------------------------|-----------------|
| Dark Fibre Leasing                                      | Wholesale           | Government, Wholesale          | Immediate       |
| Ethernet Access   | Enterprise Services | Telco<br>Government, Wholesale | Immediate       |
| Ethernet link / Layer 2 MPLS                            | Enterprise Services | Telco<br>Government, Wholesale | Immediate       |
| MPLS VPN or Layer 3 VPNs                                | Enterprise Services | Telco<br>Government, Wholesale | Immediate       |
| LAN   | Enterprise Services | IT<br>Government, Wholesale    | Immediate       |
| VoIP  | Enterprise Services | IT<br>Government, Wholesale    | Immediate       |
| CCTV  | Enterprise Services | IT<br>Government, Wholesale    | Immediate       |
| WLAN  | Enterprise Services | IT<br>Government, Wholesale    | Immediate       |
| Call Centre (MTC will manage the day-to-day operations) | Enterprise Services | IT<br>Government, Wholesale    | Immediate       |
| Software-as-a-Service                                   | Cloud Services      | Government, Wholesale          | Immediate       |
| Platform-as-a-Service                                   | Cloud Services      | Government, Wholesale          | Immediate       |
| Infrastructure-as-a-Service                             | Cloud Services      | Government, Wholesale          | Immediate       |



|   |                      |                    |           |
|---|----------------------|--------------------|-----------|
| Internet Services (High-speed Internet) | Residential Services | Retail             | Immediate |
| Broadcast TV and Video on Demand (VoD)  | Residential Services | Retail, Government | Immediate |
| Public Wi-Fi                            | Residential Services | Retail             | Immediate |

*The minimum conditions against which the services mentioned in the table above are to be supported, are specified in Appendix C2.*

The Bidder, as part of its submission, must provide a proposal (including a roadmap) on how it will support MTC in:

- delivering current services post-purchase of the network asset; and
- delivering its target services post-purchase of the network asset.

### **Target Market**

MTC aims to provide services (as described in Section B1.2) to the following customer segments:

Public Sector organisations in the form of:

- City of Johannesburg
  - Government entities (Provincial, National and Agencies) within the City of Johannesburg;
  - Municipal owned Entities within the CoJ;
  - Small, Medium, and Large enterprises (commercialisation via SMME reseller model)
  - Residential and Public (commercialisation via SMME reseller model)

MTC will be an intermediary between the service provider and all current and future MTC customers.

The Bidder, as part of its submission, needs to present a proposal on how it will support MTC in expanding its reach into the retail and wholesale markets with services described in Section B1.2.

### **Contribution to the City economy**

The Bidder should propose how they will enable contributions to the City economy by using established mechanisms of BEE addressing the following:

- The service provider warrants that it will be, at minimum, a level 4 BEE contributor
- In addition, the service provider will indicate how it will achieve maximum points on enterprise and supplier development scores through transactions with Johannesburg based companies. This condition may require the use of a separate subsidiary to provide the service.

Proposals required from the service provider to show how it will support the MTC SMME reseller programme (refer to Appendix A) throughout the City.



## **SECTION B2: SPECIFICATION**

### **SECTION B2.1 – SALE OF ASSET SPECIFICATION**

For the terms of sale of the asset, refer to **APPENDIX B1– SALE OF ASSET TERMS**.

For the details of the sale of the asset, refer to **APPENDIX B2 – SALE OF ASSET INFORMATION STATEMENT**.

Bidder should propose an approach whereby MTC has a right of first refusal in the event that the service provider makes a decision to sell the network. This proposal will be assessed based on value proposition.

### **SECTION B2.2 – SERVICE SPECIFICATION**

For the terms for the service to be provided, refer to **APPENDIX C1– SERVICE TERMS**.

For the detailed technical specification for the service to be provided, refer to **APPENDIX C2 – DETAILED MINIMUM TECHNICAL SPECIFICATION**.



## **SECTION B3: EVALUATION**

### **SECTION B3.1 - EVALUATION STAGES**

For the evaluation stages, refer to **APPENDIX D – EVALUATION STAGES**

### **SECTION B3.2 - EVALUATION CRITERIA**

The bidder's proposal / responses will be evaluated according to the following categories:

| <b>Evaluation Criteria</b>   | <b>Maximum Scoring</b> |
|--|------------------------|
| 1. Experienced personnel (Provide CVs)   | 14                     |
| 2. Related previous experience with Traceable and contactable similar references in the letterhead of the client | 10                     |
| 3. Data Center Certification   | 10                     |
| 4. Technical solution meets minimum proposed design  | 25                     |
| 5. Network monitoring and billing capability   | 25                     |
| 6. Company Certification with OEM  | 6                      |
| 7. SMME Reseller Programme   | 10                     |

1. Experienced personnel (Provide CVs) (Maximum point is 14)

| <b>Requirement</b>   | <b>Score</b>   |
|--|--|
| Experienced personnel (Provide CVs with qualifications and certification) 2 Points allocated to resources with 10 or more years of experience and 1 Point is allocated to resource with between 5 or less than 10 years of experience. | <p>Expert level specialist (Network specialist (2), Billing (2), Monitoring (2), Design (2), Field Operations (2), Project Manager (2), Data Center Specialist (2) with relevant certifications and 10 years' or above experience</p> <ul style="list-style-type: none"> <li>• Expert level specialist (Network (1), Billing (1), Monitoring (1), Design (1), Field Operations (1), Project Manager (1)</li> </ul> |



|  |   |
|--|---|
|  | With relevant certifications and between 5 year and 10 years' experience<br>(14 Points) |
|--|---|

2. Related previous experience with Traceable and contactable similar references in the letterhead of the client (Maximum point is 10)

| Requirement   | Score  |
|---|--|
| Related previous experience with Traceable and contactable similar references in the letterhead of the client | <ul style="list-style-type: none"> <li>• 1 reference (2)</li> <li>• Between 2-3 references (6)</li> <li>• More than 3 references (10)</li> </ul> |

3. Data Center Certification (Maximum point is 10)

| Requirement                    | Score   |
|--------------------------------|---|
| Data Centre Tier Certification | <ul style="list-style-type: none"> <li>• Tier 4 and above (10)</li> <li>• Tier 3 (6)</li> <li>• Tier 2 (4)</li> <li>• Tier 1 (2)</li> </ul> |

4. Technical solution meets minimum proposed design (Maximum point is 25)

| Requirement   | Score |
|---|-------|
| Must support QoS  | 1     |
| The solution should support IPv6  | 1     |
| The proposed solution shall be SDN architecture (Open Architecture).                              | 2     |
| The proposed architecture shall be based seamless MPLS to offer end to end unified control plane. | 2     |
| The solution shall provide MPLS based Ethernet VPN  | 2     |
| The proposed architecture shall be based on seamless MPLS to offer end to end                     | 2     |
| The proposed architecture shall provide 40/100G in the core.                                      | 2     |
| The proposed architecture shall provide 1G user access and 10/40G in the uplink                   | 1     |



|   |   |
|---|---|
| The bidder is expected to show how the following will be supported by multi-service UPE:<br>• IoT Connectivity<br>• FTTx<br>• Public Wi-Fi<br>• Enterprise CPE        | 2 |
| The proposed architecture shall provide 40/100Gbps capacity to peering providers.   | 1 |
| The Peering Routers should support embedded DDoS mitigation capabilities. If not, elaborate on how DDoS will be implemented.  | 2 |
| The proposed BNG Architecture shall be highly redundant with vBNG or Standalone Centralised BNG Router) Show how the BNG redundancy shall be geographically dispersed | 2 |
| The proposed solution shall support Carrier Grade Natting (CGN)   | 2 |
| Prefabricated structure - 6m (l) x 3m (w) x 2.8m (h) for installation at Point of Presence site   | 2 |
| CCTV Monitoring of Network Facilities   | 1 |

#### 5. Billing and Monitoring (Maximum point is 25)

| Requirement  | Score |
|--|-------|
| Define the Policy Charge and Rate function (PCRF) and Billing System Architecture to cater for:<br>• Residential customers and<br>• Public Wi-Fi Users | 1     |
| Does system allow for self-service via portal for public Wi-Fi clients?  | 1     |
| Billing Engine interface with PCRF to generate billing   | 1     |
| The PCRF part of system should dynamically configure the network to enforce customer session as per service contract.                                  | 1     |
| Billing System must be capable of supporting Partner revenue management?   | 1     |
| A billing system should perform data audits and integrity checks. A secure system is always desirable for an operator.                                 | 1     |
| System should support payment collection.  | 1     |
| The system should control usage and revenue  | 1     |
| The supplier shall fully state the hardware and software specifications for both the client and server.  | 1     |
| The proposed system shall have the backup and restore features.  | 1     |
| System must support multi-tenancy  | 7     |



|  |   |
|--|---|
| <p>The NMS shall perform the following minimum functions:</p> <ul style="list-style-type: none"> <li>• Real time fault and incident management</li> <li>• Problem Management (Root Cause Analysis)</li> <li>• Configuration Management</li> <li>• Performance / Utility Management</li> <li>• Security Management</li> <li>• Inventory Management</li> <li>• Provisioning</li> <li>• Statistics and Reports</li> </ul> | 8 |
|--|---|

6. SMME reseller programme (Maximum point is 10)

| Requirement  | Score |
|--|-------|
| Viability of proposal<br>Measurable strategy with milestones<br>Previous Success of SMME development<br>Strategy must address informal business<br>Strategy must address township economy<br>Strategy must empower and develop SMME skills<br>Strategy addresses the needs of the City of Johannesburg as per GDS 2040 | 10    |

*Bidders shall submit the most relevant and accurate information on all items. MTC reserve the right to verify the information submitted.*





## **SECTION B4: SPECIAL CONDITIONS OF BID**

### **Sale Terms**

For terms and conditions related to the sale of the network asset, please refer to **APPENDIX B1**. Bidders are required to state exceptions to these terms where applicable.

### **Service Terms**

For a sample service level agreement, please refer to **APPENDIX C1**. Bidders are required to state exceptions to these terms where applicable. The KPIs of the SLA will be made available during clarification 1 stage.

### **Termination and Exit Conditions**

Terms and conditions related to service level penalties and termination or breach of contract will be defined from clarification 1 stage.

Bidders may assume that repeated failure to achieve service levels may result in penalties of up to 20% of service fees, and material breach will result in termination of the contract and substantial further penalties based on the negotiated service level agreement signed.



## SECTION C

### 7 EVALUATION CRITERIA

Evaluation will be done in three (03) phases. These phases are as follows:

1. Phase 1: Compliance
2. Phase 2: Technical evaluation
3. Phase 3: Price and BEE

#### Phase 1: Compliance

This phase refers to all the required returnable documents. A bidder compliant to this phase will proceed to phase 2.

#### Phase 2: Technical evaluation

All bidders will be scored on the technical specifications provided by MTC. Only bidders who score 80 points out of 100 points and above on functionality will be able to proceed to be further evaluated in terms of price competitiveness and bidders BBBEE level of contribution in line with 90:10 point system of the Preferential Procurement Policy Framework Act No. 5 of 2000 and Preferential Procurement Regulations, 2017.

The minimum threshold of eighty (80) points has been predetermined and all bidders with a score below eighty (80) points will not be considered for further evaluation.

#### Phase 3: Price and BEE

Proposals will be evaluated in terms of the Preferential Procurement Policy Framework Act using the 90:10 Points System, where ninety (90) points will be awarded for price and ten (10) points for BBBEE Verification Level. The Table below indicates points and weightings for the various Evaluation Criteria to be used in assessing / evaluating Proposals.

$$P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = Points scored for comparative price of bid under consideration

$P_t$  = Comparative price of bid under consideration

$P_{\min}$  = Comparative price of lowest acceptable bid

| Criteria Applicable | Guidelines  | Points    |
|---------------------|---|-----------|
| Price               | Financial evaluation will be based on the Net Present Value (NPV) of cash flows discounted at a rate of (CoJ's prevailing rate %) based on initial inflow, periodic | <b>90</b> |



|   |   |               |
|---|---|---------------|
|   | outflows for the duration, adjusted by 90/10 principle for B-BBEE |               |
| <b>B-BBEE Status Level of Contributor</b> |   | <b>Points</b> |
| 1   |   | 10            |
| 2   |   | 9             |
| 3   |   | 8             |
| 4   |   | 5             |
| 5   |   | 4             |
| 6   |   | 3             |
| 7   |   | 2             |
| 8   |   | 1             |
| Non-compliant contributor                 |   | 0             |
| Maximum                                   |   | <b>10</b>     |
| Total                                     |   | <b>100</b>    |

The bidders with proposals that met the SCM compliance, and the technical evaluation minimum threshold and the Price & BEE will be requested to engage in clarifications 1 & 2 and also the capability demonstration (site visit) prior to consideration of award and SLA negotiation.



**MBD 1**

## **INVITATION TO PROPOSAL**

Proposal Number: A34-2018/2019

Request for Proposal: Enhanced Business Model (Purchase of MTC Network Asset and Service Level Agreement)

Bidders to ensure that the proof of payment for the tender document is presented to MTC before collection of the document and before the tender submission.

Deposited in the tender box situated at the following address:

33 Hoofd Street  
Braampark Office Park  
Forum 4, 1<sup>st</sup> Floor  
Braamfontein

Proposers should ensure that proposals are delivered timeously to the correct address. If the proposal is late, it will not be accepted for consideration.

All proposals must be submitted on the official forms (**not to be retyped**)

This proposal is subject to the Preferential Procurement Policy Framework Act and the Preferential Procurement Regulations 2017. The general conditions of contract (GCC), if applicable and any other special conditions of contract.

NB: No proposals will be considered from persons in the service of the state (as defined in Regulation 1 of the Local Government: Municipal Supply Chain Management Regulations)



The following must be furnished and failure to do so may result in your proposal being disqualified:

Name of Proposer/s:

.....

Postal Address:

.....

Street Address:

.....

Telephone Number:

Code.....Number.....

Cell phone Number:

.....

Facsimile Number:

Code: ..... Number:.....

Email Address:

.....

Vat Registration Number

.....



Has an original and valid Tax Clearance Certificate been attached?  
(MBD 2) Yes/No

Has a B-BBEE status level verification certificate been submitted?  
(MBD 6.1) Yes/No

If yes, whom was the certificate issued by? (Tick applicable box)

|   |                          |
|---|--------------------------|
| A verification agency accredited by the South African National Accreditation System (SANAS) | <input type="checkbox"/> |
| Affidavit issued by the DTI   | <input type="checkbox"/> |

(A B-BBEE Status level verification certificate must be submitted in order to qualify for preference points for B-BBEE)

Are you the accredited representative in South Africa for the Goods/Services/Work offered?  
Yes /No

(If yes, enclose proof)

Signature of bidder:

.....

Date:

.....

Capacity under which this proposal is signed:

.....

Total proposal price:

.....

Total number of items offered:

.....



## SECTION 2

### FORM OF PROPOSAL

#### **FORM OF PROPOSAL AND PROPOSERS INFORMATION**

**NB:** Any and all alterations to the proposal documents must be signed in full by the proposers authorized signatory and accompanying letter from the proposers on their official letterhead will indicate such alterations, failure to observe this will disqualify the proposal.

**ANY COMPLETION OF THE PROPOSAL DOCUMENT IN PENCIL OR ERASABLE INK WILL NOT BE ACCEPTED AND WILL DISQUALIFY THE PROPOSAL.**

I/We the undersigned hereby acknowledge myself/ourselves fully conversant with the Details and conditions set out in the Conditions of Proposal, General Conditions of Proposal, Special Conditions and Technical information and Specification attached:

#### **PRICING SCHEDULE**

Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in the bid and shall take into consideration any annual price adjustments. The bidder will be required to submit prices for the following in the proposal:

Prices include Value Added Tax

Rate of Value Added Tax \_\_\_\_\_%

To be inserted by the Proposer

Total points brought forward in respect of BBBEE Verification Level (to be inserted by the Proposer) \_\_\_\_\_

(If section 4: (Conditions pertaining to BBBEE Verification Certificate) is not submitted NO POINTS pertaining to BBBEE Verification Level shall be awarded).

**Name of Proposer (in full):** \_\_\_\_\_



-2-

**PROPOSAL PRICE ADJUSTMENT**

1. Is this a firm price Proposal? \* \_\_\_\_\_

**\*The answer to the above question must either be YES/NO.**

**NB:** If there is no answer to the above question, the Proposal price will be taken to be firm and no adjustment will be allowed, notwithstanding anything to the contrary elsewhere contained.

2. If the answer to the above question is **No**, Proposers are to provide a detailed Annexure specifying components and percentages of the pricing elements that will fluctuate. An indication should be given of the escalation across the contract period stipulating base rates that the proposal is premised upon and changes in the subsequent year. Failure to provide details in this regard will invalidate your claim for a contract price adjustment.

**PAYMENT:** Payment will not be made unless invoice(s) and statement(s) bear the identical name to that on the Form of Proposal.

Company Registration Number : \_\_\_\_\_

VAT Registration Number : \_\_\_\_\_

Business address : \_\_\_\_\_  
 \_\_\_\_\_ Code \_\_\_\_\_

Postal address : \_\_\_\_\_  
 \_\_\_\_\_ Code \_\_\_\_\_

Telephone number : \_\_\_\_\_

Fax number : \_\_\_\_\_

Name of person authorised to sign this Proposal : \_\_\_\_\_  
 (Block Letters)

Fax number : \_\_\_\_\_

**Name of Proposer (in full):** \_\_\_\_\_

Signature of person authorised to sign this Proposal : \_\_\_\_\_

Date : \_\_\_\_\_

As witness : \_\_\_\_\_





**SECTION 3**

**DECLARATIONS**



**THE METROPOLITAN TRADING COMPANY**

**FINANCE DEPARTMENT: SUPPLY CHAIN MANAGEMENT UNIT**

**DECLARATION ON STATE OF MUNICIPAL ACCOUNTS**

A Any proposal may be rejected if:

Any municipal rates and taxes or municipal service charges owed by the proposers and any of the directors to the municipality or a municipal entity, or to any other municipality or municipal entity, are in arrears for more than three months.

In the case of International companies having South African Agencies and that business premises are leased; proof of lease agreements and / or monthly rental statements must be submitted.

The above will also be applicable for directors of the proposers/s who are leasing residential premises. Where the directors of the proposers/s reside outside the country, this requirement is not applicable.

B Proposal Information

i. Name of proposers

.....

ii. Registration Number

.....

iii. Municipality where business is situated

.....

iv. Municipal account number for rates

.....

v. Municipal account number for water and electricity

.....

vi. Names of all directors, their ID numbers and municipal account number (please attach certified copies of Directors' IDs)



| Name of Director | ID Number | Municipal Number | Account |
|------------------|-----------|------------------|---------|
|                  |           |                  |         |
|                  |           |                  |         |
|                  |           |                  |         |
|                  |           |                  |         |
|                  |           |                  |         |
|                  |           |                  |         |

C Documents to be attached.

- i. A copy of municipal account mentioned in B (iv) & (v) (Not older than 3 months)
- ii. A copy of municipal accounts of all directors mentioned in B (vi) (Not older than 3 months)
- iii. Proof of Directors (CIPC Documents)

I/We declare that the abovementioned information is true and correct and that the following documents are attached to this form:

.....

.....

.....

.....

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



MBD 2



## TAX CLEARANCE CERTIFICATE REQUIREMENTS

**It is a condition of proposal that the taxes of the successful proposers must be in order, or that**

**Satisfactory arrangements have been made with South African Revenue Service (SARS) to meet the proposers' tax obligations.**

1. In order to meet this requirement proposers are required to complete in full the TCC 001 "Application for a Tax Clearance Certificate" form and submit it to any SARS branch office nationally. The Tax Clearance Certificate Requirements are also applicable to foreign proposers / individuals who wish to submit proposals.
2. SARS will then furnish the proposers with a Tax Clearance Certificate that will be valid for a period of 1 (one) year from the date of approval.
3. The original Tax Clearance Certificate must be submitted together with the proposal. Failure to submit the original and valid Tax Clearance Certificate will result in the invalidation of the proposal. Certified copies of the Tax Clearance Certificate will not be acceptable.
4. In proposals where Consortia / Joint Ventures / Sub-contractors are involved; each party must submit a separate Tax Clearance Certificate.
5. Copies of the TCC 001 "Application for a Tax Clearance Certificate" form are available from any SARS branch office nationally or on the website [www.sars.gov.za](http://www.sars.gov.za).
6. Applications for the Tax Clearance Certificates may also be made via e-Filing. In order to use this provision, taxpayers will need to register with SARS as e-Filers through the website [www.sars.gov.za](http://www.sars.gov.za).



MBD 4

## **DECLARATION OF INTEREST**

1. No proposal will be accepted from persons in the service of the state<sup>1</sup>.
2. Any person, having a kinship with persons in the service of the state, including a blood relationship, may make an offer or offers in terms of this invitation to proposal. In view of possible allegations of favouritism, should the resulting proposal, or part thereof, be awarded to persons connected with or related to persons in service of the state, it is required that the proposers or their authorised representative declare their position in relation to the evaluating/adjudicating authority.
3. **In order to give effect to the above, the following questionnaire must be completed and submitted with the proposal.**

3.1 Full Name of proposers or his or her representative: .....

3.2 Identity Number: .....

1.3 Position occupied in the Company (director, trustee, shareholder<sup>2</sup>): .....

3.4 Company Registration Number: .....

3.5 Tax Reference Number: .....

3.6 VAT Registration Number: .....

3.7 The names of all directors / trustees / shareholders members, their individual identity numbers and state employee numbers must be indicated in paragraph 4 below.

3.8 Are you presently in the service of the state? **YES / NO**

3.8.1 If yes, furnish particulars.

.....

<sup>1</sup>MSCM Regulations: "in the service of the state" means to be –

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the national Assembly or the national Council of provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) An employee of Parliament or a provincial legislature.



<sup>2</sup> Shareholder” means a person who owns shares in the company and is actively involved in the management of the company or business and exercises control over the company.

3.9 Have you been in the service of the state for the past twelve months? **YES / NO**

3.9.1 If yes, furnish particulars

.....  
.....

3.10 Do you have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and or adjudication of this proposal? **YES / NO**

3.10.1 If yes, furnish particulars.

.....  
.....

3.11 Are you, aware of any relationship (family, friend, other) between any other proposers and any persons in the service of the state who may be involved with the evaluation and or adjudication of this proposal? **YES / NO**

3.11.1 If yes, furnish particulars

.....  
.....

3.12 Are any of the company’s directors, trustees, managers, principle shareholders or stakeholders in service of the state? **YES/NO**

3.12.1 If yes, furnish particulars.

.....  
.....

3.13 Are any spouse, child or parent of the company’s directors, trustees, managers, Principle Shareholders or stakeholders in service of the state? **YES/NO**

3.13.1 If yes, furnish particulars.

.....  
.....

3.14 Do you or any of the directors, trustees, managers, principle shareholders, or



stakeholders of this company have any interest in any other related companies or business whether or not they are proposing for this contract?  
**YES / NO**

3.14.1 If yes, furnish particulars:

.....  
 .....

4. Full details of directors / trustees / members / shareholders (please attach certified copies)

| Full Name | Identity Number | State Employee Number |
|-----------|-----------------|-----------------------|
|           |                 |                       |
|           |                 |                       |
|           |                 |                       |
|           |                 |                       |

.....  
**Signature**

.....  
**Date**

.....  
**Capacity**

.....  
**Name of Proposers**



MBD 5

**DECLARATION FOR PROCUREMENT ABOVE R10 MILLION (VAT INCLUDED)**

**For all procurement expected to exceed R10 million (VAT included), bidders must complete the following questionnaire:**

1. Are you by law required to prepare annual financial statements for auditing? **YES/NO**

1.1 If yes, submit audited annual financial statements for the past three years or since the date of establishment if established during the past three years

.....  
.....

2. Do you have any outstanding undisputed commitments for municipal services towards a municipality or any other service provider in respect of which payment is overdue for more than 30 days? **YES/NO**

2.1 If no, this serves to certify that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days.

2.2 If yes, provide particulars.

.....  
.....  
.....  
.....

3. Has any contract been awarded to you by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract? **YES/NO**

3.1 If yes, furnish particulars

.....  
.....

4. Will any portion of goods or services be sourced from outside the Republic, and, if so, what portion and





whether any portion of payment from the municipality/  
municipal entity is expected to be transferred out of the  
Republic?

**YES/NO**

4.1 If yes, furnish particulars

.....  
.....

**CERTIFICATION**

**I, THE UNDERSIGNED (NAME) .....  
CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS  
CORRECT. I ACCEPT THAT THE STATE MAY ACT AGAINST ME SHOULD THIS  
DECLARATION PROVE TO BE FALSE.**

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder



MBD 8



## DECLARATION OF PROPOSERS'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

- 1 This Municipal Proposing Document must form part of all proposals invited.
- 2 It serves as a declaration to be used by municipalities and municipal entities in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.
- 3 The proposal of any proposers may be rejected if that proposers, or any of its directors have:
  - a. abused the municipality's / municipal entity's supply chain management system or committed any improper conduct in relation to such system;
  - b. been convicted for fraud or corruption during the past five years;
  - c. wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - d. Been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- 4 **In order to give effect to the above, the following questionnaire must be completed and submitted with the proposal.**

| Item  | Question  | Yes                             | No                             |
|-------|---|---------------------------------|--------------------------------|
| 4.1   | Is the proposer or any of its directors listed on the National Treasury's database as a company or person prohibited from doing business with the public sector?<br><b>(Companies or persons who are listed on this database were informed in writing of this restriction by the National Treasury after the <i>audi alteram partem</i> rule was applied).</b>  | Yes<br><input type="checkbox"/> | No<br><input type="checkbox"/> |
| 4.1.1 | If so, furnish particulars:   |                                 |                                |
| 4.2   | Is the proposers or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)?<br><b>(To access this Register enter the National Treasury's website, <a href="http://www.treasury.gov.za">www.treasury.gov.za</a>, click on the icon "Register for Tender Defaulters" or submit your written request for a hard copy of the Register to facsimile number (012) 3265445).</b> | Yes<br><input type="checkbox"/> | No<br><input type="checkbox"/> |
| 4.2.1 | If so, furnish particulars:   |                                 |                                |
| 4.3   | Was the proposers or any of its directors convicted by a court of law (including a court of law outside the Republic of South Africa) for fraud or corruption during the past five years?   | Yes<br><input type="checkbox"/> | No<br><input type="checkbox"/> |



| 4.3.1 | If so, furnish particulars:  |                                 |                                |
|-------|--|---------------------------------|--------------------------------|
| Item  | Question   | Yes                             | No                             |
| 4.4   | Does the proposer or any of its directors owe any municipal rates and taxes or municipal charges to the municipality / municipal entity, or to any other municipality / municipal entity, that is in arrears for more than three months? | Yes<br><input type="checkbox"/> | No<br><input type="checkbox"/> |
| 4.4.1 | If so, furnish particulars:  |                                 |                                |
| 4.5   | Was any contract between the proposers and the municipality / municipal entity or any other organ of state terminated during the past five years on account of failure to perform on or comply with the contract?                        | Yes<br><input type="checkbox"/> | No<br><input type="checkbox"/> |
| 4.5.1 | If so, furnish particulars:  |                                 |                                |

**CERTIFICATION**

**I, THE UNDERSIGNED (FULL NAME)..... CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS TRUE AND CORRECT.**

**I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.**

.....  
**Signature**

.....  
**Date**

.....  
**Position**

.....  
**Name of Proposers**



## MBD 9

### **CERTIFICATE OF INDEPENDENT PROPOSAL DETERMINATION**

1. This Municipal Proposing Document (MBD) must form part of all proposals<sup>1</sup> invited.
2. Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive proposing (or proposal rigging).<sup>2</sup> Collusive proposing is a *per se* prohibition meaning that it cannot be justified under any grounds.
3. Municipal Supply Regulation 38 (1) prescribes that a supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer, among others, to:
  - a. take all reasonable steps to prevent such abuse;
  - b. reject the proposal of any proposers if that proposers or any of its directors has abused the supply chain management system of the municipality or municipal entity or has committed any improper conduct in relation to such system; and
  - c. Cancel a contract awarded to a person if the person committed any corrupt or fraudulent act during the proposing process or the execution of the contract.
4. This MBD serves as a certificate of declaration that would be used by institutions to ensure that, when proposals are considered, reasonable steps are taken to prevent any form of proposal-rigging.
5. In order to give effect to the above, the attached Certificate of Proposal Determination (MBD 9) must be completed and submitted with the proposal:

I, the undersigned, in submitting the accompanying proposal:

---

(Proposal Number and Description)

In response to the invitation for the proposal made by:

---

(Name of Municipality / Municipal Entity)

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



<sup>1</sup> Includes price quotations, advertised competitive proposals, limited proposals and PROPOSALS.

<sup>2</sup> Proposal rigging (or collusive proposing) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a proposing process. Proposal rigging is, therefore, an agreement between competitors not to compete.

I certify, on behalf of: \_\_\_\_\_ that:  
(Name of Proposers)

### **CERTIFICATE OF INDEPENDENT PROPOSAL DETERMINATION**

1. I have read, and I understood the contents of this Certificate;
2. I understand that the accompanying proposal will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the proposers to sign this Certificate, and to submit the accompanying proposal, on behalf of the proposers;
4. Each person whose signature appears on the accompanying proposal has been authorized by the proposers to determine the terms of, and to sign, the proposal, on behalf of the proposers;
5. For the purposes of this Certificate and the accompanying proposal, I understand that the word "competitor" shall include any individual or organization, other than the proposers, whether or not affiliated with the proposers, who:
  - (a) has been requested to submit a proposal in response to this proposal invitation;
  - (b) could potentially submit a proposal in response to this proposal invitation, based on their qualifications, abilities or experience; and
  - (c) Provides the same goods and services as the proposers and/or is in the same line of business as the proposers.
6. The proposer has arrived at the accompanying proposal independently from, and without consultation, communication, agreement or arrangement with any competitor.
7. However, communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive proposing.
8. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
  - (a) prices;
  - (b) geographical area where product or service will be rendered (market allocation)
  - (c) methods, factors or formulas used to calculate prices;
  - (d) the intention or decision to submit or not to submit, a proposal;



- (e) the submission of a proposal which does not meet the specifications and conditions of the proposal; or
- (f) Proposing with the intention not to win the proposal.

**<sup>3</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.**

- 9. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this proposal invitation relates.
- 10. The terms of the accompanying proposal have not been, and will not be, disclosed by the proposers, directly or indirectly, to any competitor, prior to the date and time of the official proposal opening or of the awarding of the contract.
- 11. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to proposals and contracts, proposals that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No. 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No. 12 of 2004 or any other applicable legislation.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Proposers



**SECTION 4**

**CONDITIONS PERTAINING TO AFFIRMATIVE PROCUREMENT**



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

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

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

### 1. GENERAL CONDITIONS

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

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).

1.2

- a) The value of this bid is estimated to exceed R50 000 000 (all applicable taxes included) and therefore the 90/10 preference point system shall be applicable; or
- b) The 90/10 preference point system will be applicable to this tender

1.3 Points for this bid shall be awarded for:

- (a) Price; and
- (b) B-BBEE Status Level of Contributor.

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

|  | POINTS     |
|--|------------|
| <b>PRICE</b>   | <b>90</b>  |
| <b>B-BBEE STATUS LEVEL OF CONTRIBUTOR</b>                | <b>10</b>  |
| <b>Total points for Price and B-BBEE must not exceed</b> | <b>100</b> |

1.5 Failure on the part of a bidder to submit proof of B-BBEE Status level of contributor together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

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







#### 4. POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTOR

- 4.1 In terms of Regulation 6 (2) and 7 (2) of the Preferential Procurement Regulations, preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

| B-BBEE Status Level of Contributor | Number of points (90/10 system) | Number of points (80/20 system) |
|------------------------------------|---------------------------------|---------------------------------|
| 1                                  | 10                              | 20                              |
| 2                                  | 9                               | 18                              |
| 3                                  | 6                               | 14                              |
| 4                                  | 5                               | 12                              |
| 5                                  | 4                               | 8                               |
| 6                                  | 3                               | 6                               |
| 7                                  | 2                               | 4                               |
| 8                                  | 1                               | 2                               |
| Non-compliant contributor          | 0                               | 0                               |

#### 5. BID DECLARATION

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

#### 6. B-BBEE STATUS LEVEL OF CONTRIBUTOR CLAIMED IN TERMS OF PARAGRAPHS 1.4 AND 4.1

- 6.1 B-BBEE Status Level of Contributor: . = .....(maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 4.1 and must be substantiated by relevant proof of B-BBEE status level of contributor.

#### 7. SUB-CONTRACTING

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

**(Tick applicable box)**

|     |                          |    |                          |
|-----|--------------------------|----|--------------------------|
| YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|-----|--------------------------|----|--------------------------|

- 7.1.1 If yes, indicate:

i) What percentage of the contract will be subcontracted.....%

ii) The name of the sub-contractor

.....



iii) The B-BBEE status level of the sub-contractor.....

iv) Whether the sub-contractor is an EME or QSE

**(Tick applicable box)**

|     |                          |    |                          |
|-----|--------------------------|----|--------------------------|
| YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|-----|--------------------------|----|--------------------------|

v) Specify, by ticking the appropriate box, if subcontracting with an enterprise in terms of Preferential Procurement Regulations, 2017:

| <i>Designated Group: An EME or QSE which is at least 51% owned by:</i>   | <i>EME</i><br>√ | <i>QSE</i><br>√ |
|--|-----------------|-----------------|
| <i>Black people</i>  |                 |                 |
| <i>Black people who are youth</i>  |                 |                 |
| <i>Black people who are women</i>  |                 |                 |
| <i>Black people with disabilities</i>                                    |                 |                 |
| <i>Black people living in rural or underdeveloped areas or townships</i> |                 |                 |
| <i>Cooperative owned by black people</i>                                 |                 |                 |
| <i>Black people who are military veterans</i>                            |                 |                 |
| <b>OR</b>  |                 |                 |
| <i>Any EME</i>   |                 |                 |
| <i>Any QSE</i>   |                 |                 |

**8. DECLARATION WITH REGARD TO COMPANY/FIRM**

8.1 Name of company/firm:.....

8.2 VAT registration number:.....

8.3 Company registration number:.....

**8.4 TYPE OF COMPANY/ FIRM**

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

[TICK APPLICABLE BOX]

**8.5 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES**

.....

.....

.....

.....

.....



8.6 COMPANY CLASSIFICATION

- Manufacturer
  - Supplier
  - Professional service provider
  - Other service providers, e.g. transporter, etc.
- [TICK APPLICABLE BOX]

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

8.8 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contributor indicated in paragraphs 1.4 and 6.1 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 6.1, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- iv) If the B-BBEE status level of contributor has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –
  - (a) disqualify the person from the bidding process;
  - (b) recover costs, losses or damages it has incurred or suffered as a result of that person’s conduct;
  - (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
  - (d) recommend that the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted by the National Treasury from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
  - (e) forward the matter for criminal prosecution.

WITNESSES

1. ....

2. ....

.....  
SIGNATURE(S) OF BIDDERS(S)

DATE: .....

ADDRESS .....

.....

.....



## MBD 6.2

### DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Municipal Bidding Document (MBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2017, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

#### 1. General Conditions

- 1.1. Preferential Procurement Regulations, 2017 (Regulation 8) make provision for the promotion of local production and content.
- 1.2. Regulation 8.(2) prescribes that in the case of designated sectors, organs of state must advertise such tenders with the specific bidding condition that only locally produced or manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Where necessary, for tenders referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

- x is the imported content in Rand  
 y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid as indicated in paragraph 4.1 below.



The SABS approved technical specification number SATS 1286:2011 is accessible on [http://www.thedti.gov.za/industrial development/ip.jsp](http://www.thedti.gov.za/industrial%20development/ip.jsp) at no cost.

1.6. A bid may be disqualified if this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation;

2. The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:

| <u>Description of services, works or goods</u> | <u>Stipulated minimum threshold</u> |
|--|-------------------------------------|
| _____  | _____ %                             |
| _____  | _____ %                             |
| _____  | _____ %                             |

3. Does any portion of the goods or services offered have any imported content?

(Tick applicable box)

|     |                          |    |                          |
|-----|--------------------------|----|--------------------------|
| YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|-----|--------------------------|----|--------------------------|

3.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency at 12:00 on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on [www.reservebank.co.za](http://www.reservebank.co.za)

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

| <b>Currency</b> | <b>Rates of exchange</b> |
|-----------------|--------------------------|
| US Dollar       |                          |
| Pound Sterling  |                          |
| Euro            |                          |
| Yen             |                          |
| Other           |                          |

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

4. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the AO/AA provide directives in this regard.

**LOCAL CONTENT DECLARATION**  
**(REFER TO ANNEX B OF SATS 1286:2011)**



**LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)**

**IN RESPECT OF BID NO.** .....

**ISSUED BY:** (Procurement Authority / Name of Institution):

.....  
NB

- 1 The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.
- 2 Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on <http://www.thdti.gov.za/industrial-development/ip.jsp>. Bidders should first complete Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, ..... (full names),

do hereby declare, in my capacity as .....

of .....(name of bidder entity), the following:

- (a) The facts contained herein are within my own personal knowledge.
- (b) I have satisfied myself that:
  - (i) the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011; and
- (c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

|  |   |
|--|---|
| Bid price, excluding VAT (y)                                       | R |
| Imported content (x), as calculated in terms of SATS 1286:2011     | R |
| Stipulated minimum threshold for local content (paragraph 3 above) |   |
| Local content %, as calculated in terms of SATS 1286:2011          |   |



If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above.

The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.

- (d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.
- (e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 14 of the Preferential Procurement Regulations, 2017 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**WITNESS No. 1** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**WITNESS No. 2** \_\_\_\_\_

**DATE:** \_\_\_\_\_





**SECTION 5**

**TECHNICAL DATA, OMISSIONS, VARIATIONS AND COMPANY DETAILS**



**SECTION 5: TECHNICAL DATA, OMISSIONS, VARIATIONS AND COMPANY DETAILS**

**DETAILS TO BE COMPLETED BY THE PROPOSERS**

(Failure to complete this section in full will render the proposal liable to rejection on the grounds of being incomplete)

**5.1 COMPANY DETAILS**

**5.1.1 Business Name and Address: (Physical and Postal)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Representative from whom further information may be obtained:

Name: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telefax: \_\_\_\_\_

**5.1.2 Company Registration Number: \_\_\_\_\_**

Date of Registration \_\_\_\_\_

Registered as: \_\_\_\_\_  
(Specify type)

Council Rates and Service Account Details:

Name of account holder: \_\_\_\_\_

Local Authority Administering the Account: \_\_\_\_\_

VAT Registration Number: \_\_\_\_\_

**5.1.3 Name and Address of Bankers: \_\_\_\_\_**

\_\_\_\_\_

Branch \_\_\_\_\_ of \_\_\_\_\_ Bank:

\_\_\_\_\_

Bank \_\_\_\_\_ Account \_\_\_\_\_ Number:

\_\_\_\_\_



## 5.2 DETAILS OF SIMILAR WORK RECENTLY CARRIED OUT

| DESCRIPTION OF WORK | COMPLETION DATE | CLIENT NAME AND CONTACT DETAILS | VALUE (R) |
|---------------------|-----------------|---------------------------------|-----------|
|                     |                 |                                 |           |

## 5.3 QUALIFICATIONS BY PROPOSERS

Should the proposers desire to make any departures from or modifications to the General Conditions of Contract, Specification, Drawings, or in any other way to qualify this proposal, he must set out his PROPOSALS clearly hereunder, or alternatively state them in a covering letter attached to this proposal and referred to hereunder, failing which the proposal will be deemed to be unqualified.

If no departures or modifications are desired, the schedule hereunder is to be marked NIL and signed by the proposers.

| PAGE | CLAUSE OR ITEM |
|------|----------------|
|      |                |
|      |                |
|      |                |

Name of Proposers in Full: \_\_\_\_\_

## 5.4 WORK TO BE DONE BY OTHERS

Full details must be provided here of any work required from MTC or others to provide complete execution of the work to the satisfaction of MTC.



| DESCRIPTION OF WORK | TO BE EXECUTED BY |
|---------------------|-------------------|
|                     |                   |
|                     |                   |
|                     |                   |

**5.5 SUB-CONTRACTORS**

Full details must be provided here of any work regarding sub-contractors which may be used for installation, maintenance, repair, supply of accessories and supply of parts.

| DESCRIPTION OR WORK/EQUIPMENT | TO BE EXECUTED |
|-------------------------------|----------------|
|                               |                |
|                               |                |
|                               |                |
|                               |                |

**5.6 PLANT, TRANSPORT AND STAFF AVAILABLE**

Proposers must list all equipment available for use on the contract and must fully describe the equipment and/or plant and must further state whether owned or leased.

| DESCRIPTION OF EQUIPMENT/PLANT | QUANTITY | OWNED/LEASED |
|--------------------------------|----------|--------------|
|                                |          |              |
|                                |          |              |
|                                |          |              |

**5.7 OMISSIONS AND VARIATIONS FROM MTC's SPECIFICATION**

**Note: - To be completed by all Proposer**

Proposals will be held to be entirely in accordance with MTC's specification except in the respects stated hereunder and the goods and/or services will be subject to rejection if it is found on delivery that they do not/it does not comply with MTC's specification on additional points which have not been approved in writing:

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If the proposal is in accordance with MTC's specification in all respects, the proposers must state so here:

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**5.8 INDEMNITY CLAUSE**

I/We the undersigned, do hereby indemnify and hold harmless MTC in respect of all loss, cost, damage or injury that may be caused to any premises or to any person or animal by reason of the performance of this contract.

I/We, further indemnify MTC in respect of all legal and other expenses that may be incurred by MTC in examining, resisting or settling any damage, injury or loss that may in any way be occasioned by work necessary in terms of the contract.

|       |    |            |
|-------|----|------------|
| NAME  | OF | PROPOSERS: |
| <hr/> |    |            |
| <hr/> |    |            |
| <hr/> |    |            |

NAME OF PERSON AUTHORISED TO SIGN THIS PROPOSAL

---

(BLOCK LETTERS)

SIGNATURE : 

---

**WITNESSES:**

(1) 

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(2) 

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## SECTION 6

**GENERAL CONDITIONS OF PURCHASE AND CONDITIONS OF PROPOSAL,  
AMENDMENTS VARIATIONS TO CONDITIONS OF A GENERAL NATURE**



## SECTION 6

### SECTION 6: GENERAL CONDITIONS OF PURCHASE AND CONDITIONS OF PROPOSAL, AMENDMENTS VARIATIONS TO CONDITIONS OF A GENERAL NATURE

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#### 1. DEFINITIONS

Unless inconsistent with or expressly indicated otherwise by the context the singular shall include the plural and vice versa words importing the masculine gender shall include the feminine and the neuter.

- (a) "Approved or "Approval" shall mean "approved" or "approval" by MTC's representative defined in the specification.
- (b) "MTC" shall mean the Metropolitan Trading Company.
- (c) "Contractor" shall mean the proposers whose proposal has been accepted by MTC and shall include the proposers' legal personal representative, heirs, successors and assigns.
- (d) "Contract" shall mean and include MTC's General Conditions of Purchase and Conditions of Proposal, Form of proposal, special conditions of contract, the specification including any schedules, drawings, patterns, samples attached to the specification or any drawings, patterns, samples approved by MTC's representative relative to the contract, and any agreement entered into in terms of MTC's General Conditions of Purchase and Conditions of Proposal, hereinafter referred to as "the General Conditions".
- (e) "Contract Price(s)" shall mean the price(s) tendered by the contractor and accepted by MTC for the execution of the contract.
- (f) "Date of Delivery" shall mean the date stipulated in the contract for the delivery of the goods.
- (g) "Date of Proposal" shall mean the date and time on which proposals are due to be deposited in terms of the advertisement calling for proposals.
- (h) "Delivery" shall mean delivery in compliance with the terms and conditions of the contract at the point of delivery specified in the contract.
- (i) "Goods" shall mean the machinery, plant, equipment, apparatus or materials to be supplied under the contract.
- (j) "Month" shall mean calendar month.
- (k) "Site" shall mean the buildings or ground or any other place in which or on which or over which the goods are to be stored, installed or used or where service is to be effected.



- (l) "Specification" shall mean the specification annexed to these General Conditions.
- (m) "Writing" shall include any manuscript, typewritten or printed statement, under or over signature or seal as the case may be.
- (n) "Work" or "Works" shall mean and include goods to be provided and work to be done by the contractor under the contract.
- (o) "Special conditions", shall mean any additions to, departure from and/or amendment of the General Conditions as set out in the Special Conditions of Contract forming part of the Proposal Documents. Should any special conditions conflict with the General Conditions, the Special Conditions shall apply.
- (p) "Proposal Documents" shall mean all documents which are, prior to the delivery of the proposal or delivered to the Proposers for the purpose of his proposal and includes the Conditions of Proposal, the General Conditions, the Special Conditions, the Specification and all relevant drawings, patterns and samples the Form of Proposal and all documents referred to in the foregoing, or specified as being available for inspection by the Proposers. The Proposal documents must be read as a whole.

## 2. **PROPOSERS TO SATISFY HIMSELF AS TO CONDITIONS AND CIRCUMSTANCES OF PROPOSAL**

The proposers, by tendering, shall be deemed to have satisfied himself as to all the conditions and circumstances affecting the proposal.

## 3. **COMPLETE ACCEPTANCE OF CONDITIONS**

The proposers shall be deemed to know and understand the sale of asset terms as contained in Appendix B1, the service terms contained in Appendix C1 as well as the terms contained below. Non-acceptance or variation of any of these conditions or the inclusion of any other conditions will render the proposal liable to rejection.

## 4. **ACCEPTANCE OF PROPOSAL**

MTC does not bind itself to accept the lowest or any proposal, nor to assign any reason for the non-acceptance of the awarding of a proposal. Proposers must satisfy MTC of their ability to execute the work by providing the necessary information requested in the proposal document.

A valid and binding proposal will be concluded at the time that MTC posts a letter of acceptance of this proposal to the Proposers by registered post, to the postal address stated on the proposal.

## 5. **EQUIPMENT AND MATERIAL SUPPLIED BY MTC**

In the event that equipment and/or material supplied by MTC should prove defective, MTC shall be responsible only for the issue to the Contractor of a replacement for the





defective item. Costs of removal, transport, replacement and reinstatement shall be for the Contractor's account.

#### 6. **TRANSPORT OF EQUIPMENT AND MATERIAL SUPPLIED BY MTC**

The Contractor shall collect such equipment and/or materials from the nominated MTC store or designated area, transport to site and store until required, and must be responsible for the material and/or equipment and include for all associated costs.

#### 7. **SPLITTING OF THE CONTRACT**

MTC reserves the right to split the contract between two or more contractors or to do any portion of the work departmentally.

Should MTC be of the opinion that the acceptance in part or as a whole of the materials or goods or commodity component of the contract, may not be beneficial to MTC, MTC may after consultation with the successful proposers/s, make such materials/goods/commodities available to the contractor as free issue material, which shall be utilised by the Contractor during execution of the contract, for which the Contractor shall be entitled to a handling charge not exceeding 5% of the combined value of the free issue material utilised during contract execution

#### 8. **DRAWINGS, SCHEDULES, MAPS ETC.**

All drawings, tracings, photocopies etc. shall be considered the sole property of MTC and shall be returned on completion of the work.

#### 9. **SUSPENSION OF WORKS BY MTC**

MTC may by notice to the Contractor delay or postpone the contract works or any section thereof.

In the event of such delay or postponement, the date for completion of the contract works shall be postponed to such later date as MTC shall certify, in writing, in each case to be reasonable.

#### 10. **DETAILS TO BE CONFIDENTIAL**

The Contractor and Sub-Contractor and any servants or agents of the Contractor shall treat the details of this contract as private and confidential and shall not publish or disclose the same or any particulars thereof in any trade or technical paper, newspaper, publication or elsewhere in any form whatsoever without the prior consent in writing of MTC. If any dispute arises as to the necessity of any publication or disclosures for the purposes of this contract, the same shall be referred to the decision of MTC whose award shall be final.

#### 11. **NOTICES TO CONTRACTOR**

All instructions, directions and notices to be given to the contractor may be served upon the Contractor by serving the same upon the Contractor's representative or by posting or cabling the same to the Contractor's address given in this contract or to the last known address of the Contractor or the said representative, and such service or posting will be deemed good service of such notices, instructions or directions and the



time mentioned in this contract for doing any act after notice shall be reckoned from the time of such service or in the case of posting or cabling whom the letters or cables containing the same would be delivered in the ordinary course of transmission.

## 12. MARGINAL NOTES

Any marginal notes to clauses of this contract shall not be deemed part or affect the construction thereof.

## 13. PROGRESS REPORTS

The Contractor shall submit to MTC at a frequency determined by MTC and reflected elsewhere in this document, or at such a rate determined by MTC, a report indicating progress of, and giving full details of the work in progress and/or work carried out on the contract.

All reports shall be of a nature and format determined by MTC.

## 14. MTC AGENT

MTC may at its discretion, at any time during the tendering process or contract execution, appoint any Consultant or Agent to act on its behalf. Instructions issued by any such Consultant or agent shall be regarded by the Contractor as an instruction of MTC.

## 14. PREFERENTIAL PROCUREMENT POLICY FRAMEWORK

Evaluation of Proposals on Functionality, Price and Economic Empowerment Status. Unless otherwise stated elsewhere herein, the Proposal shall be adjudicated on the criteria based on price, the proposer's submission in meeting MTC's specification and economic empowerment status of the Proposers.

- 14.1 Only a proposer who has completed and signed the declaration part of the proposal documentation will be considered for preference points.
- 14.2 In the event that different prices are tendered for different periods of a contract, the price for each period will be regarded as a firm price, provided it conforms to the definition of a "firm price", as defined in the Schedule, Part One (Definitions and Applications) of the Preferential Procurement Policy Framework Act (Act 5) 2000.
- 14.3 A person awarded a contract as a result of preference for contracting with, or providing equity ownership to a Historically Disadvantaged Individual, may not sub-contract more than 25% of the value of the contract to a person who is not and Historically Disadvantaged Individual or who does not qualify for such preference.
- 14.4 Examination of Proposals and Determination of Responsiveness.
- (a) Prior to the detailed evaluation of Proposals, MTC shall determine whether each Proposal: - (i) meets the requirements of the General and Special Conditions of Proposal;
- (ii) Has been completed in full and property signed in the original;



- (iii) Is responsive to the requirements of the Proposal Documents;
  - (iv) Provides any or all clarification and/or substantiation that MTC may require.
  - (v) Complies with the proposal submission requirements in all other respects.
- (b) A responsive proposal is one, which conforms to all the terms conditions and specifications of the contract, without material deviation or qualification. A material deviation or qualification is one which, in MTC's opinion;
- (i) Could detrimentally affect the scope, quality, or performance of the work;
  - (ii) Change MTC's or the Proposers risks and responsibilities under the contract; or
  - (iii) Would affect the competitive position of other Proposers presenting responsive proposals if it were to be rectified.
  - (iv) If the Proposal does not meet the requirements or is not responsive, it may be rejected by MTC, and may not subsequently be made acceptable to MTC by correction or withdrawal of the non-conforming deviation or reservation.

## 15. TAXATION AND CONSIDERATION OF INVOICES

### Information to be provided by the Proposers/Proposers/Joint Venture/Consortia/Contractor in Respect of Value Added Tax and Applicable Legislation

*Proposers/Proposers/Contractors who are eligible for payment of, or to receive Value Added Tax (VAT) on payments received, as contemplated in the Value Added Tax Act of (89) of 1991, as amended, must submit with their proposal submission, a certified copy of the vendor's VAT 103 form, obtained from the South African Revenue Services (SARS) at the time the entity was registered.*

Where the proposers are a Joint Venture/Consortia, a certified copy of the VAT 103 form from each of the entities making up the Joint Venture or Consortia must be submitted.

Where the proposers/proposers/Joint Venture/Consortia is not eligible for the receipt of, or for the payment of Value Added Tax (VAT) in terms of the aforementioned Legislation, the proposers/proposers/entity shall indicate this clearly in his submission, and shall, when submitting invoices for consideration, **NOT** claim VAT from MTC.

In this instance, invoices must clearly state "Non-VAT Vendor".

### 15.1 Value Added Tax Obligations in respect of Consortia or Joint Venture Agreements

*Where the proposers/proposers/entity is in the form of a Joint Venture or Consortium, the duty rests with each member of the Joint Venture or Consortium, jointly and severally, to ensure that their obligations in respect of their Value Added Tax Act (89) of 1991, as amended, are met.*

*In order to facilitate this, it is recommended that the Joint Venture or Consortium register itself for Value Added Tax (VAT) purposes, failing which, the Joint Venture or Consortium should provide the Metropolitan Trading Company with details on which of*



*its members will take responsibility for the payment of VAT to SARS, and for compliance with the provisions of Clause 2.27.1 above.*

#### 15.2. **Registration, Deregistration or Cancellation of Registration of the Proposers/Proposers/Contractor/Entity/Joint Venture/Consortium in Respect of Value Added Tax Obligations**

*If, during execution of the contract, the vendor's VAT status alters in terms of the Value Added Tax Act (89) of 1991 as amended, the vendor shall, immediately on being affected by such change, notify MTC in writing of the change, and shall provide MTC with the necessary documentary proof of the change, such proof being sufficient in meeting the requirements of the Value Added Tax Act.*

Failure by the proposal/proposers/entity in notifying MTC of a change in VAT status, or failure to provide MTC with adequate proof of any change in VAT status, will be deemed by MTC to be a breach of contract, permitting MTC to take any steps it may deem necessary to protect its rights and interests, and to withhold any monies owed until such time as the requirements are adequately met.

MTC will report any improprieties VAT actions to SARS and reserves its right to take any actions it deems necessary against proposers where it believes the VAT dealings by the proposers/entity/contractor to be improper.

The Proposers attention is drawn to part (IX) (Compliance) of the Value Added Tax Act of 89 of 1991 as amended.

#### 15.3. **Trading Name and Value Added Tax**

*MTC will, where such Value Added Tax is payable by MTC due in terms of the contractual agreement, only effect payment of VAT to the vendor, in such instances where the vendors VAT registration details are consistent with those held on record by the South African Revenue Services.*

#### 15.4. **Value Added Tax Legislation**

*By submission of his proposal, the proposers confirms and acknowledges that his tax obligations in terms of the Value Added Tax Act (89) of 1991 as amended, have been complied with, and that should MTC accept his proposal, the proposers/contractor undertakes to ensure that his subsequent and/or ongoing tax obligations in respect of the aforementioned Act will at all times be met during execution of the contract, and for any duration thereafter that may be applicable whilst the entity/contractor is deemed by MTC to be obligated to it in terms of this or any other contractual agreement*

#### 16. **Terminology**

*For purposes of this section, the following terminology shall apply.*

- (i) Vendor: A person or company selling goods or offering services to MTC
- (ii) Consortia: An association of two or more companies that have agreed to provide goods/services to MTC as a juristic body.
- (iii) Joint and Several: Undertaking by two or more companies or people, each having liability for the whole.
- (iv) Entity: The company, person or venture in whose name the proposal is being submitted, or the legal name of the



(v) Concern as recorded at the office of the Registrar of Companies.

#### 17. TECHNICAL DATA, OMISSIONS AND VARIATIONS SHEETS

The attached Technical Data, Omissions and Variations Sheets must be completed by the Proposers. Failure to do so will render the proposal liable to rejection on the grounds of being incomplete.

#### 18. DISABILITY

Should the Proposers be classified as a disabled person and suffers from a disability, meaning that the person suffers from a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or within the range, considered normal for a human being, he/she should state the nature of the disability in the proposal document.

#### 19. IMPROPER LOBBYING/INTERFERENCE

In terms of the proceedings of the GJMC Executive Committee meeting held on Tuesday, 16 November 1999, it was resolved that all proposals should include the following clause:

“Any prospective Proposers who is found to have lobbied an official or Councillor in respect of proposal application including any other business with MTC will face the following charges:

- Immediate disqualification.
- Blacklisted against any proposal in future.
- Company name will be given to all Local Authorities about the conduct.”

19.1 No relaxation, indulgence or waiver granted by MTC to the Proposers shall in any way operate as an estoppel against MTC in the exercise by it of its right hereunder.

#### 20. CERTIFIED COPIES

The Proposers shall, where required in terms of the proposal (Proposers Information) submit with the proposal, certified copies of all certificates specified. Failure to do so may render the proposal liable to rejection on the grounds of being incomplete.

#### 21. PROPOSAL ADJUDICATION PROCESS

Proposals will be adjudicated in accordance with the provisions set out in the Preferential Procurement Policy Framework Act: No 5 of 2000, and the preferential Procurement Regulations (No. R725) 2001 pertaining thereto, as applicable.

#### 22. TAX CLEARANCE CERTIFICATE

22.1 Bidders are required to include in their bid submission, an original valid tax clearance certificate from the South African Revenue Services (SARS) or a letter from SARS stating that suitable arrangements have been made with SARS.

22.2 It is a condition of bid that the taxes of the successful bidder must be in order, or that satisfactory arrangements have been made with SARS to meet the bidder's tax obligations.



- 22.3 In order to meet this requirement bidders are required to complete in full the attached form TCC 001 “application for a tax clearance certificate” and submit it to any SARS branch office nationally. The tax clearance certificate requirements are also applicable to foreign bidders/individuals who wish to submit bids.
- 22.4 SARS will then furnish the bidder with a tax certificate that will be valid for a period of (1) one year from the date of approval.
- 22.5 The original tax clearance certificate must be submitted together with the bid. Failure to submit the original and valid tax clearance certificate will result in the invalidation of the bid. Certified copies of the tax clearance certificate will not be acceptable.
- 22.6 In bids where consortia/joint ventures/sub bidders are involved, each party must submit a separate tax clearance certificate.
- 22.7 Copies of the TCC 001 “application for tax clearance certificate” form are available from any SARS branch office nationally or on the website [www.sars.gov.za](http://www.sars.gov.za)
- 22.8 Applications for the tax clearance certificate may also be made via e-filing. In order to use this provision, the taxpayers will need to register with SARS e-filers through the website [www.sars.gov.za](http://www.sars.gov.za).

Failure to comply with these requirements will nullify the bid submission. No correspondence will be entered into for failing to comply with this requirement.

### 23. SUPPLIER REGISTRATION

- 23.1 Supplier registration form should be completed in full and returned back with all the supporting documents for black economic empowerment accreditation.
- 23.2 If already registered with the city please provide the supplier number on the front page of the bid.

### 24. MTC SERVICES

Bidders must submit proof of payment of council services.

### 25. EMPLOYMENT EQUITY STATUS

Proposers must include in their Proposal submission full details of their company/venture with the Department of Labour regarding their compliance with the provisions contained in the Employment Equity Act (No. 55 of 1998).

Proposals must include at least the following:

Not required to register in terms of the Act. (Details to be provided)

Exemption received from the Department of Labour.

Compliance with the Act. (Proof to be submitted)

**Failure to provide this information may render the proposal liable to rejection on the grounds of being incomplete.**



## 26. SERVICE LEVEL AGREEMENTS

The Service Provider shall provide the Services at least in accordance with the expected service level standards of the applicable industry. The Parties may by agreement provide specific service level standards and conditions in a service level agreement to be provided that such specified level standards and conditions shall not be lower than the expected service level standards of the applicable industry.

## 27. PENALTIES

If the Service Provider becomes aware at any time that it shall not, or is unlikely, to be able to comply, in any material respects, with the time for completion of a the Services or any other date which has a negative impact on MTC of a material nature, it shall notify MTC in writing, giving an explanation for the delay and if the Time for Completion of the entire Services is likely to be affected a detailed description of the manner in which it intends to achieve the Time for Completion of the Services.

To the extent that the delay is the result of factors within Service Provider's reasonable control, if the Service Provider is unable to make up the delay within a reasonable time (which shall mean that the Service is delivered on agreed time), the Service Provider shall become liable for the penalties stated below.

The penalty shall be 10% (one percent) of the total contract value.

These penalties shall be the only damages due from the Service Provider for such default.

The Parties agree that the aforesaid penalty is reasonable and is a genuine estimate of the damages which MTC is likely to suffer in the event of delay.

If MTC is entitled to and wishes to claim the penalties described in this clause, then it shall give the Service Provider a written notice indicating the amount of the penalties payable and the reasons why it considers penalties are payable. The Service Provider shall pay the penalties to the MTC with 30 (thirty) days of the date of receipt of the MTC's notice which notice shall be accompanied by a valid VAT invoice.

## 28. ANTI-COMPETITION CONDUCT

### (i) *Improper lobbying*

Any prospective proposers or actual Service Provider who is found to have lobbied an official in respect of the proposal application including any other business with MTC, will face the following actions: Immediate disqualification from further participation in the proposal Cancellation of the Contract and a claim for damages Blacklisting against any proposal in future Being reported the National Treasury for purposes of being listed in the National Treasury's database of persons prohibited from doing business with the public sector.

### (ii) *Competition and Independent submission*

The proposers and/or actual Service Provider and its respective advisors, officers,



employees and agents is prohibited from engaging in any collusive action, which serves to limit competition amongst proposers and/or Service Providers. In submitting an offer, the proposers and/or Service Provider undertakes that:

- its submission has been independently, without consultation, communication, or agreement for restricting competition, with any other Proposers (or member thereof) or to any other competitor;
- unless otherwise required by law, the relevant submission has not been knowingly disclosed by it and it will not knowingly be disclosed by it prior opening, directly or indirectly to any other proposers (or member thereof) or to any other competitor;
- no attempt has been made or will be made by it to induce any other person or firm to/not to submit a response for the purpose of restricting competition;

In general, attention of the proposers is drawn to section 4(1) (b) (iii) of the Competition Act which prohibits "collusive tendering", and to Chapter 3 of the Competition Act. Any and all costs envisaged and attendant on any pre-merger notification and other fees and/or levies in terms of the Competition Act will be borne by the successful proposers.

If the proposer has reason to believe that competition issues may arise from any offers, they may, at their cost, make enquiries, and they are encouraged to discuss their position with the South African competition authorities before submitting the offer. Any correspondence or process of any kind between the proposers and the competition authorities must be documented in the offers. MTC may, at its election consult the competition authorities during the proposing process.

MTC will not be liable for any damages (whether direct, indirect, general, special or consequential) or any losses, costs, expenses or penalties suffered by a proposer or any member(s) thereof before, during or after submission of an offer, arising from the enforcement of the Competition Act. The selection of the proposers by the MTC in no way excludes or insulates a Proposers from the operation of the Competition Act or implies that the competition authorities have no interest in or have consented to the terms of the offer. Normal competition legislation and procedures will apply to the provision of the Services.

## 29. **DEFAULT AND CANCELLATION**

Either Party may forthwith terminate this Agreement by notice in writing to the other Party on the occurrence of any of the following events:

If the other Party commits a material breach of any provisions contained in this Agreement and, after receipt of a written notice specifying the breach or default and the required remedial measures, fails to remedy the breach within the specified period of time set forth in the said notice, which period of time shall be reasonable taking into account all relevant circumstances and never shorter than thirty (7) days.

The Parties acknowledge that the following is a non-exhaustive list of material breaches for the purposes of this clause

Commit a second or subsequent breach of this Agreement after having remedied an early similar breach during the preceding twelve (12) months; or

- take steps to place itself, or is placed, in liquidation either voluntarily or compulsory, or under judicial management whether provisionally or finally or attempts to effect a compromise with its creditors or engages in a business rescue





- exercise; or
- takes steps to deregister itself or is deregistered as a company; or
- commit an act which could be an act of insolvency (as defined in the Insolvency Act 24 of 1936), if committed by a natural person; or
- fail to satisfy any judgment against it within ten (10) days after its becomes aware of the judgment, except that if it provides evidence on an ongoing basis to the reasonable satisfaction of the other party that legal proceedings have been launched to appeal, review or rescind the judgment and to procure suspension of execution and that such proceedings are being expeditiously pursued (the Period of ten (10) days shall run from the date that judgment becomes final or the attempt to procure the suspension of execution fails).

A Party shall not be entitled to terminate this Agreement if the consequences of the relevant termination ground have been remedied at the time of the notification.

### 30. **RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES**

- 1) Persons or service providers aggrieved by decisions or actions taken in the implementation of this policy or in the awarding of business, may within 10 working days of the decision or action lodge a written complain, objection or query with the CEO detailing the following:
  - (a) The proposal or the quotation reference number;
  - (b) The part of MTC policy, Regulations or Act that has been violated;
  - (c) The details of violation;
  - (d) The department or region or utilities involved;
  - (e) Relief sought:

Provided that no person aggrieved by any such decisions or actions shall be entitled to lodge such complaint, objection or query after expiry of the period of 10 days, unless the CEO has on good cause shown, condoned the late lodging thereof.

### 31. **INSURANCE**

During the term of this Agreement, the Service Provider shall procure at least the following insurances as applicable, adequate to cover all of its potential liabilities:

- Service Provider's risks cover in respect of the provision of the Services;
- Public liability cover;
- Professional indemnity cover;
- Employee liability cover;
- Business all risks cover.

The insurance shall be procured form a reputable insurer and maintained for as long as the particular risk insured against exists or is reasonably anticipated to exist during the term of this Agreement.

The Service Provider shall provide copies of the policies and proof of payment of premiums to MTC at any time on written request.



### 32. **PROPOSING INFORMATION REQUIRED**

The information called for in these documents, must be supplied by all proposers IN FULL. Failure to do so may render a proposal liable to rejection on the grounds of being incomplete.

### 33. **SMME SUB CONTRACTING**

Proposers may be expected to sub-contract for works or services in relation to this proposal. Such sub-contracting must be in line with the MTC's SMME Policy. Preference for the appointment of an appropriate service provider for this requirement may as a result be given to companies that are compliant to MTC's supplier classification as detailed in MTC's SMME policy. This does not however preclude any potential proposers or service provider from submitting its proposal response.

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**APPENDICES**

- APPENDIX A – MTC BUSINESS PLAN 2018/2019
  - APPENDIX B1 – SALE OF ASSET TERMS
  - APPENDIX B2 – SALE OF ASSET – INFORMATION STATEMENT
  - APPENDIX C1 – SERVICE TERMS
  - APPENDIX C2 - DETAILED MINIMUM TECHNICAL DESIGN SPECIFICATIONS
  - APPENDIX D – DTI PPPFA AND LOCAL CONTENT
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