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BID NUMBER: SASSA: 15/17/SP/HO our ref
PR003 your ref
26 February 2018

Edward Nathan Sonnenbergs Inc.
For Attention: Pippa Reyburn / James Haydock

SASSA BID NUMBER: 15/17/SP/HO – CASH PAYMENT SERVICES FOR SOCIAL ASSISTANCE


1. The above matter refers.
2. We acknowledge receipt of your letter dated 23 February 2018.
3. Reference is made to your letter dated 16 February 2018 (hereafter referred to as "your letter"). We do not acknowledge receipt of same, and would like to indicate that the said letter did not reach our Supply Chain contact person Ms. Ndivhuwo Mbedzi as her email address was spelt incorrectly. For future correspondence, please use MdivhuwoPM@sassa.gov.za, as stated on the advertisement.
4. Reference is made to paragraph 9 of your letter. We confirm that the monthly payment schedules do not include time but only dates. Notwithstanding that the pay points operate from 07:00 – 16:00, we are not in a position to stipulate the exact times during which the beneficiaries may choose to collect their grants. It is also possible that the team might finish earlier and move to another pay point/s on the same day and this is dependant on the demands of the beneficiaries.
5. Reference is made to paragraph 10 of your letter. The pay-point numbers and pay-point names on the payment schedules are not in sequence with the pay-points numbers and names on the spreadsheets provided. The bidders are expected to match/reconcile these pay points using the pay point numbers provided on both documents i.e. spreadsheets and payment schedules and extract the information they need. The information on cash beneficiary numbers changes all the time and are not fixed due to flexibility of the current payment model.
6. Reference is made to paragraph 10 of your letter. We confirm that all the beneficiaries included in the 'spreadsheets of number of beneficiaries per grant type per pay point' are

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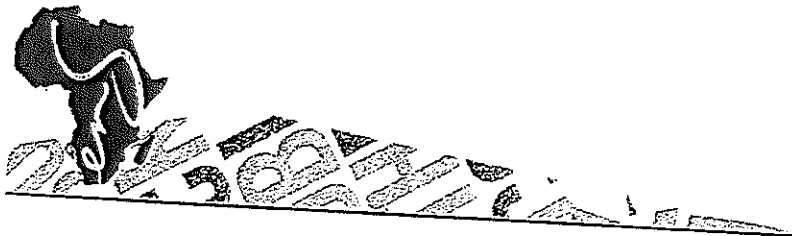
only paid in cash and beneficiaries who opted for other payment channels i.e. electronic payments use commercial bank ATMs and Point of Sale devices at Merchants and are excluded from the statistics in the spreadsheets.

7. Reference is made to paragraph 11 of your letter. With the clarity provided in paragraph 5 and 6 above, we are of the view that the bidder will be in a position to calculate the costing in respect of the equipment, staffing and vehicles requirements for each pay point and therefore the total cost of service.
8. Reference is made to paragraph 14.2 of your letter. The statistics provided on the spreadsheet and payment schedule must be used as a guideline for the bidder to do the costing.
9. SASSA believes the information provided to all the bidders in the form of the monthly payment schedules and spreadsheets for the number of beneficiaries per pay point per grant type is adequate for the bidder to perform costing and be in a position to submit a credible bid.
10. The request for the extension is granted till the 12 March 2018.

Yours Faithfully

 *Pearl Bengu*

Pearl Bengu
SASSA Acting CEO
26/02/2018



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BID NUMBER: SASSA: 15/17/SP/HO
23 February 2018

PR003 our ref
your ref
date

South African Social Security Agency

For attention: Interim Chief Executive Officer, Ms Pearl Bengu

By email: PearlB@sassa.gov.za

CC: NdivhuwoPM@sassa.gov.za
JonnyM@sassa.gov.za

Dear Ms Bengu

SASSA BID NUMBER: 15/17/SP/HO – CASH PAYMENT SERVICES FOR SOCIAL ASSISTANCE

1. The above-described bid process for the procurement of Cash Payment Services for Social Assistance refers.
2. We act on behalf of G4S Cash Solutions (SA) (Pty) Ltd ("G4S") and are instructed to address this letter to you on its behalf.
3. We enclose for your information a copy of a letter addressed to your officials dated 16 February 2018. Ms Ndivhuwo Mbedzi is named in the Request for Proposals in respect of Bid Number 15/17/SP/HO ("RFP") as the contact person for all queries in respect of the RFP.
4. We have had no response to our letter of 16 February 2018 and we therefore, in a final attempt to avoid having to approach the courts for assistance (which our client very much hopes will not be necessary), address this letter to you and humbly request your intervention. The consequences of inaction on the part of SASSA are potentially very costly and serious for all stakeholders, in contrast to which it should not be at all difficult for SASSA to provide the information that has been requested on numerous occasions.
5. As you will see from, and is clearly explained in, our letter of 16 February 2018, there is certain critical information required by our client in order to be able to price the services contemplated in the RFP. Without that critical information, our client:

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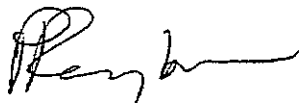
Edward Nathan Sonnenberg's Incorporated | registration number 2006/018200/21
M.M. Katz (chairman) M. Mgudiwa (chief executive) M.W. Mello (chief operating officer)
a list of directors is available on our website ENSafrica.com/letter-to-SASSA

ENSafrica.com
V.A. Mndelobu (chief operating officer)

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
- 5.1. will be at a material unfair disadvantage relative to the incumbent, which will render the tender process invalid for failure by SASSA to adhere to section 217 of the Constitution (this has been confirmed by our courts); and
- 5.2. would, for purposes of bidding, have to make so many material assumptions about the underlying input costs, that it will not be able to proceed responsibly because the consequences of under-pricing would be commercially ruinous.
6. You may be aware that our client has on several occasions since the date of issue of the RFP requested this critical information, at the bidder briefing session, in the form of RFQ queries, and through ourselves its legal representatives. It has thus given SASSA every opportunity to rectify this material defect in its bid process without initiating litigation to protect its rights. The information required, which is detailed in paragraph 14 of our letter of 16 February 2018 (attached), is or should be under the control and possession of SASSA, readily available without application of additional resources, and can be provided to bidders at no cost or effort to SASSA, at short notice.
7. We are therefore instructed to demand that SASSA provide the information listed in paragraph 14 of the attached letter by no later than **midday on Monday 25 February 2018**, failing which we are instructed to take further steps as appropriate to protect our client's rights and interests.
8. All of our client's rights are reserved.

Yours faithfully



EDWARD NATHAN SONNENBERGS INC.

Per: Pippa Reyburn / James Haydock

A.R. 



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BID NUMBER: SASSA: 15/17/SP/HO
16 February 2018

PR003 our ref
your ref
date

South African Social Security Agency

For attention: Ndivhuwo Mbedzi
Jonny Mabaso

By email: NdivhuwoPM@sassa.gov.za
JonnyM@sassa.gov.za

Dear Sir / Madam

SASSA BID NUMBER: 15/17/SP/HO

1. The above-described bid process for the procurement of Cash Payment Services for Social Assistance refers.
2. We act on behalf of G4S Cash Solutions (SA) (Pty) Ltd ("G4S") and are instructed to address this letter to you on its behalf.
3. As you are aware, our client has on several occasions since the date of issue of the Request for Proposals in respect of Bid Number 15/17/SP/HO ("RFP") addressed correspondence to you regarding the further information required in relation to the cash payment of social assistance, in order to prepare its bid proposal. We enclose, for your convenience, its most recent letter dated 8 February 2018 (as Annexure A hereto).
4. In its letter of 8 February 2018, our client reiterated the critical importance (indeed, necessity) of obtaining accurate information regarding the extent of cash payment services required by SASSA to fulfil its social assistance mandate. The compilation and provision of such information to bidders does not require extensive effort on the part of SASSA, as it is derived entirely from historical data which is provided to SASSA on a regular basis as a matter of course by the incumbent service provider, in order to reconcile the beneficiary profile against payments made each month.
5. The most critical information required by our client (and presumably other bidders, save for the incumbent which is already in possession of such data) is the monthly payment schedule per pay point (i.e. the date/s and time/s on which each pay point is serviced for purposes of making cash payments,

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a list of directors is available on our website ENSAfrica.com/teller/yes/SA

A. Manderson (chief operating officer)

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Handwritten signature and initials: "A.R."

on a monthly basis), and the number of beneficiaries per grant type which are paid in cash at each such pay point on each day that payment is scheduled at that pay point.

6. The reason that the information described above is necessary for purposes of preparing a bid, is that the number of cash beneficiaries per grant type to be paid at each pay point on each day determines, amongst other matters:
 - 6.1. the volume of cash and number of cash canisters required to be transported to each such pay point on each day;
 - 6.2. the equipment (payout units) that must be acquired and transported to each pay point, for purposes of issuing cash to beneficiaries;
 - 6.3. cash delivery vehicles, and vehicles required for transportation of equipment and staff to and from each pay point in each region;
 - 6.4. the staffing requirements for each pay point, including paymasters / custodians, security, and cash delivery staff;
 - 6.5. other input costs such as fuel, and back office costs.
7. Considering the substantial cost of each payout unit and vehicle, as well as staffing costs, it would be irresponsible (and no doubt uncompetitive) for our client to base its tender pricing (which in terms of the RFP must be a fixed amount per payment transaction no matter where such payment is made) on provincial estimates. The proportion of cash beneficiaries to total beneficiaries differs widely from province to province and presumably from region to region and pay point to pay point based on a range of factors.
8. We are instructed that since our client's letter of 8 February 2018, to which it has not had a formal response, SASSA has issued to it (by way of several emails, without explanation), what purports to be one or more:
 - 8.1. "payment schedules", for each pay point in each province; and
 - 8.2. spreadsheets, showing the number of beneficiaries per grant type per pay point per region in each province.
9. However, the only information provided in the so-called payment schedules is the pay point name, pay point number, and the date/s on which that pay point was serviced for a specified period during 2017 (differing from province to province). The number of beneficiaries paid in cash at each such pay point is not indicated.
10. The information provided in the beneficiary spreadsheets is per grant type, and does not distinguish between beneficiaries paid in cash, and beneficiaries using other payment channels. In addition, the

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pay points indicated in these spreadsheets do not correlate in every case to the pay points indicated in the so-called payment schedules – there are many pay points listed on the payment schedules that are not reflected at all on the beneficiary spreadsheets. Also, the total number of beneficiaries indicated on these spreadsheets does not correlate either with the total number of cash beneficiaries per province, or the total number of beneficiaries per province (which information was provided by SASSA in early February in response to a bidder question).

11. The information provided is wholly inadequate, for purposes of costing the service tendered for by SASSA. Bidders are bound to make payment based on SASSA's payment schedule (subject to any agreed changes thereto, which would have to be negotiated after the tender award which post-dates any pricing offer), and must base their pricing on an amount per transaction following SASSA's payment schedule. Without knowing the number of cash beneficiaries per pay point, it is impossible to calculate the equipment, staffing and vehicle requirements for each pay point and therefore the total cost of service.
12. The information requested is in the knowledge and possession of SASSA. If SASSA did not know the number of cash beneficiaries per pay point, it would not be able to establish the payment schedules – but it is impossible for our client to calculate the number of beneficiaries from the payment schedule as it does not know how many payout units are currently utilised at any such pay point on any payment date.
13. Our client has informed us that the same information as described above, has been requested by bidders each time that the cash payment services are tendered by SASSA, and that SASSA has consistently withheld such information from bidders. Considering that the information requested is within the knowledge and possession of SASSA and could easily be provided without disclosing any confidential / personal beneficiary information, the impression is given that SASSA is deliberately frustrating the ability of new entrants to prepare competent and accurately priced offers. It is simply not possible for any bidder which does not have the information described above, to accurately price its tender offer. You would be aware that the courts have ruled that inequality of information as between bidders is grounds for the judicial review of procurement-related decisions.
14. On behalf of our client, we therefore demand that SASSA provide to our client, by no later than Monday 19 February 2018, the following information:
 - 14.1. a complete and accurate list of pay points, in each province (the various documents having been provided to date are inconsistent in regard to the number, location and names of pay points);
 - 14.2. for each of the pay points referred to in paragraph 14.1 above, the number of social assistance beneficiaries paid in cash each month (ideally for each month during the previous 12 month period, but at least for each month during the last three months); and

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- 14.3. and the number of grants per grant type, per pay point, but only in respect of payments made by cash.
15. Our client estimates that from the date of provision of the information described above, at least six weeks is required for finalisation of its bid proposal. Therefore, provided the information is provided in full by no later than Monday 19 February 2018, an extension of the bid submission date to 30 March 2018 as requested in our client's letter of 8 February 2018 will suffice.
16. In summary, we are instructed to demand that SASSA provide the information listed in paragraph 14 above and confirmation of an extension of the bid submission date to 30 March 2018, by no later than close of business on Monday 19 February 2018, failing which we are instructed to take further steps as appropriate to protect our client's rights and interests.
17. All of our client's rights are reserved.

Yours faithfully

[Sent electronically without manual signature]

EDWARD NATHAN SONNENBERGS INC.

Per: Pippa Reyburn / James Haydock

AR *Wm*



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Thursday, 08 February 2018

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Attention: Ndivhuwo Mbedzi / Jonny Mabaso
By email: NdivhuwoPM@SASSA.gov.za / JonnyM@SASSA.gov.za

CC: Keith Alberts (Managing Director G4S Cash Solutions - South Africa)
Marius Odendaal (Sales Director G4S Cash Solutions - South Africa)
Eddie Ueckermann (Commercial & Strategy Director - G4S Africa Region)
Oscar Muremi (SASSA Head Office)

Dear Ndivhuwo and Jonny

RE: BID NUMBER: SASSA: 15/17/SP/H0 - ADDITIONAL EXTENSION REQUESTED

The above-mentioned bid for the provision of Cash Payment Services for Social Assistance has reference.

This letter serves to register G4S' concerns regarding two related aspects of the bid process as it is currently proceeding, namely:

1. SASSA's failure to provide bidders with such data and information as would –
 - a. put them in the same position as the incumbent, which already has access to all the required information and data; and
 - b. make it possible for them to accurately assess the costs of delivering the required services and thereby be able to submit a competitive bid;
2. the inadequacy of the time-period to the bid submission date, given that further data and information previously requested has not yet been provided by SASSA, and that once such information and data is received bidders will need time to analyse and determine the costing implications of such information, and complete their bid responses.

Data and information still required

In order for G4S to be able to submit a compliant and competitively priced bid response, which would be beneficial to all relevant stakeholders, and in accordance with the constitutional requirement of a

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(*non-executive)

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W
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