**NATIONAL ASSEMBLY:**

**QUESTION FOR WRITTEN REPLY:**

**Question Number: 3322**

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**NA IQP Number: 36**

**Date of reply: 21 October 2022**

**Ms H S Winkler (DA) to ask the Minister of Tourism:**

Whether her department has been at the brunt of any other litigation by suppliers as the SA Tourism is being sued for a balance of payments by a supplier; if not, what is the position in this regard; if so, (a) what was the nature of the litigation, (b) on what date was the litigation and (c) what was the outcome?

NW4127E

**REPLY:**

1. **First case is case number: 39031/16 – Service Provider failed to comply with procurement prescripts and as such the Department could not proceed with the Service Level Agreement**
2. The nature of the litigation:
   1. This is a claim for contractual damages amounting to R41 040.00, following conclusion of a Service Level Agreement by the Department and the Service Provider (Plaintiff) on 21 August 2015, for procurement of goods and services.

* 1. The Plaintiff did not comply with pertinent procurement prescripts including Supply Chain Management Policy, Supply Chain Management Guide for Accounting Officers/Authorities, Public Finance Management Act, 1999 and Treasury Regulations, which provide for, amongst others, the registration of suppliers on the Central Supplier Database system. Thus, the Department could not proceed with an agreement which contradicted applicable procurement prescripts, hence this lawsuit, which the Department is defending.

1. Commencement date: Legal action commenced on 17 October 2016.

(c) Outcome: Litigation is proceeding.

1. **Second case is case number: 15206/21 – Service Provider claims 10% retention fee and administration costs whereas retention fee and administration costs are covered under management fee in the signed Service Level Agreement**
2. The nature of the litigation:

2.1 This case emanated from a Service Level Agreement concluded between the Department and the Service Provider (Plaintiff) on 4 June 2018, for training of unemployed youth on National Certificate in Fast Food Services (NQF level 3) and placement of the training graduates in various hospitality establishments in Limpopo province, for experiential learning, for the duration of the project. The Department would in return pay, amongst others, management fee.

2.2 The Plaintiff is claiming payment of R246 675.00 which is 10% retention fee and R825 700.00 for administration of stipends, quarterly attendance registers and annual financial statement. The Department is defending this action on the basis that the management fee agreed to by the Department and the Plaintiff in the signed Service Level Agreement, covers retention fee and administration costs.

(b) Commencement date: Legal action commenced on 15 April 2021.

(c) Outcome: Litigation is proceeding.