
TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER TO COLLATE DETAILED OPERATING EXPENSES OF A SELECTED NUMBER OF SERVICE STATION RETAIL SITES AND TO DETERMINE THE AVERAGE OPERATING COSTS OF A BENCH-MARK SERVICE STATION FOR THE PERIOD OF FOUR (4) MONTHS

1. BACKGROUND

- 1.1 The Department of Energy has implemented a Regulatory Accounts System (RAS) to set the margins applicable to petrol only for the following activities ex-refinery gate, namely:
- (a) Wholesale activities;
 - (b) Secondary storage;
 - (c) Secondary distribution; and
 - (d) Retail activities
- 1.2 The margins which are set in line with RAS have two components, namely (i) a return on investments; and (ii) a recovery of operating expenses.
- 1.3 Retail activities are restricted to the so-called Bench-mark Service Station (BSS). The required capital (Capex) and associated operating expenses (Opex) of a BSS is derived from a national average petrol and diesel throughput at retail service stations. Based on this national average throughput of petrol and diesel, the assets required to pump this national average are determined as well as the associated Rand-values of these assets to erect such a retail service station. The national average combined throughput of petrol and diesel and the capex of such a BSS will be concluded by another service provider appointed by the Department.

1.4 The BSS operating costs include all driveway-related operational costs and exclude all expenditure of a capital nature. The Department of Energy will provide nine (9) officials, one per province, to assist with the service station survey.

2. SCOPE OF WORK

2.1 To conduct a survey of a selected number of licensed retail service stations in the country to determine all relevant driveway related operating costs (which excludes all expenditure of a capital nature) including (but not limited to) the following: See cost chart to be completed for each site (**Annexure A**).

2.2 To categorise service stations based on their location and the sales volumes.

2.3 To transfer skills to the officials of the Department through meaningful participation on the survey.

The following categories of service stations would be applicable:

| Category | Litre sales Per month |
|----------|--------------------------|
| 1 | 1 to 150,000 |
| 2 | 150,001 to 300,000 |
| 3 | 300,001 to 450,000 |
| 4 | 450,001 to 600,000 |
| 5 | 600,001 to 750,000 |
| 6 | 750,001 to 900,000 |
| 7 | 900,001 to 1,050,00 |
| 8 | 1,050,001 and more |

3. PROJECT OUTPUT AND / OUTCOMES

- 3.1 The service station survey must achieve the following outcomes:
 - 3.1.1 The average costs for each operating expenditure item;
 - 3.1.2 The summarized average costs for each operating expense category on Excel model;
 - 3.1.3 The average petrol and average diesel throughput; and
 - 3.1.4 Advise on other opex items which should be included or excluded from the list.

4. REPORTING REQUIREMENT

- 4.1 Two (2) written reports in hard copies and one report in electronic format must be submitted to Mr Robert Maake, Director – Fuel Price Mechanism, who will manage the project on behalf of the Department.
- 4.2 The service provider will be required to submit monthly progress reports to the Department.

5. INTELLECTUAL PROPERTY

- 5.1 All the information, documents and reports that would be compiled for this project would become the property of the Department of Energy and must be handed over to the Department before the final payment is made.

6. DURATION OF THE PROJECT

- 6.1 The duration of this project would be four (4) months from the date of signing the contract with the successful service provider.

7. COMPULSORY INFORMATION SESSION

- 7.1 A compulsory information / briefing session will be held on **15 August 2014 at 10h00** at the Department of Energy – 192 Visagie Street, Pretoria.

8. EVALUATION METHODOLOGY

8.1. Cost

- 8.1.1 The service provider will be required to provide a quote regarding the work to be undertaken for this project. The total cost must be VAT inclusive and should be quoted in South African currency (i.e. Rands). A detailed breakdown of the total bid must be attached.
- 8.1.2 The service provider should provide the hourly rates as prescribed by the Department of Public Service and Administration (DPSA) and or the body regulating the profession of the consultants.
- 8.1.3 The service Provider should provide (S&T) rates that are in aligned to the National Treasury instruction note as follows:
- (i) Hotel Accommodation – R1300 per night per person, including breakfast, dinner and parking
 - (ii) Air travel must be restricted to economy class
 - (iii) Claims for kilometres may not exceed the rates approved by the Automobile Association of SA
- 8.1.4 Costing should be aligned with the project activities/ project phases.
- 8.1.5 A ceiling price (all-inclusive capped total) should be specified.

8.2 Broad-Based Black Economic Empowerment (B-BBEE)

- 8.2.1 Provisions of the Preferential Procurement Policy Framework Act (PPPFA) of 2011 and its regulation will apply in terms of awarding points.
- 8.2.2 Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.
- 8.2.3 Bidders who do not submit their B-BBEE status level verification certificates or are non-compliant contributors to B-BBEE will not qualify for preference points for B-BBEE.
- 8.2.4 A trust, consortium or joint venture must submit a consolidated B-BBEE status level verification certificate for every separate bid.

8.2.5 The B-BBEE status level verification certificates submitted must be issued by the following agencies:

8.2.5.1 For bidders who qualify as Exempted Micro Enterprises:

- (a) Accounting officers as contemplated in the CCA; or
- (b) Verification agencies accredited by SANAS; or
- (c) Registered auditors (Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates).

8.2.5.2 For bidders other than EMEs:

- (a) Verification agencies accredited by SANAS
- (b) Registered auditors approved by IRBA

8.2.5.3 The table below depicts the B-BBEE status level of contribution:

| B-BBEE Status Level of Contributor | Number of points (80/20 system) |
|---|--|
| 1 | 20 |
| 2 | 18 |
| 3 | 16 |
| 4 | 12 |
| 5 | 8 |
| 6 | 6 |
| 7 | 4 |
| 8 | 2 |
| Non-compliant contributor | 0 |

8.3 Company Experience

8.3.1 The company must have at least five (5) years of experience in service station retail site surveys or relevant surveys as well as research and

should provide proof accompanied by correspondence from three (3) contactable referees indicating that such project was executed.

8.4 Team Leader and Members Experience

8.4.1 Team Leader must have at least five (5) years of experience and individual team members must have at least three (3) years of experience in conducting surveys, in particular service station retail site surveys.

8.4.2 The CV's of the Team leader and Team members must be attached to the technical proposal as proof.

8.5 Qualification

8.5.1 Comprehensive CV's must be submitted with the proposals. Contractors would be required to demonstrate a good understanding of the service station industry in South Africa.

8.6 Project Plan

8.6.1 Project plan with intermediate and final outputs and identified timeframes/milestones.

8.6.2 Proposed Methodology.

8.6.3 Management of the project.

8.6.4 The successful service provider will be required to present their Project Execution Plan.

9. EVALUATION CRITERIA

9.1 Bids will be evaluated on 80/20 point system as outlined in the PPPFA of

9.2 The proposals will be evaluated in two phases:

Phase 1:

Bidders will be evaluated based on functionality. The minimum threshold for functionality is **70 out of 100 points**. Bidders who fail to meet minimum threshold will be disqualified and will not be evaluated further for price and preference points.

| No. | Criteria | Weights |
|-----|---|-----------------------------|
| 1 | Company Experience: <ul style="list-style-type: none"> ❖ The company must have at least five (5) years of experience related to the operating expenses incurred by operators of service station retail sites and research related thereto. ❖ Proof accompanied by correspondence from three (3) contactable referees indicating that such project was executed. | 20 15 5 |
| 2. | Team Leader and Members Experience: <ul style="list-style-type: none"> ❖ Team Leader must have at least five (5) years of experience related to the operating expenses incurred by service station operators and research related thereto. ❖ Individual team members must have at least three (3) years of experience in general survey and research. ❖ The CV's of the Team leader and Team members must be attached to the technical proposal as proof. | 30 15 10 5 |
| 3. | Qualification: <ul style="list-style-type: none"> ❖ The Team Leader must have a B-degree majored in Accounting or Cost Accounting ❖ Team members must have a degree/diploma in Cost Accounting as a major, for example, B.Com, B.Compt or CMA. ❖ Copy of certified certificates must be attached. | 10 5 3 2 |
| 4. | Project Plan: <ul style="list-style-type: none"> ❖ Detailed Project/ Execution Plan and Management should be attached. ❖ Proposed Methodology ❖ Management of the project. | 40 20 10 10 |
| | TOTAL | 100 |

For purpose of evaluating functionality, the following values will be applicable:

| | | |
|-----------|------------------|---|
| 0= | Very Poor | Do not meet the requirements |
| 1= | Poor | Will not be able to fulfil the requirements |
| 2= | Average | Will partially fulfil the requirements |
| 3= | Good | Will be able to fulfil the requirements |
| 4= | Very Good | Will be able to fulfil better in terms of the requirements adequately |
| 5= | Excellent | Will fulfil the requirements exceptionally |

Phase 2:

Bidders will be evaluated on price and B-BBEE compliance

| | |
|--------------------------|-----------|
| Price | 80 |
| B-BBEE compliance | 20 |

10. FORMAT AND SUBMISSION OF THE PROPOSAL

- 10.1 All the standard bidding documents (SBD) that are included in the bid document must be completed in all respects by bidders. Failure to comply will invalidate a bid.
- 10.2 Bidders are requested to submit two (2) copies: 1 original plus copy of the proposal and bid documents.

11. CLOSING DATE

- 11.1 Proposals must be submitted by **28 August 2014 at 11H00** at 192 Visagie Street, Pretoria in the bid box marked Department of Energy. **No late bids will be accepted.**

12. ENQUIRIES

All general enquiries relating to bid documents should be directed to

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Technical enquiries can be directed to:

Ms Xoliswa Macingwane

Tel: 012 406-7350

E-mail: Xoliswa.Macingwane@energy.gov.za

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Tel: 012 406 7377

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ANNEXURE A

1. STAFF RELATED COSTS

1.1 Pump attendants' wages

The basic wages are obtained from the wage register to establish the amount spent on wages for a week. This will include basic wage, overtime and production bonus.

1.2 The following is added to the basic wages to calculate the total wage packet for pump attendants.

1.2.1 **Bonus:** Two weeks' basic wages per annum

1.2.2 **Temporary staff:** Provision for temporary staff for three weeks per annum per permanent pump attendant.

1.2.2 **UIF:** Calculated at 1% of the basic wages plus overtime per annum.

1.2.3 **Pension:** Calculated at 8% of basic wages per annum.

1.2.4 **Industrial Council:** Calculated at R2.35 per week for each attendant. Calculated up to the date of termination of agreement with MIBCO.

1.2.5 **Workman's compensation:** Calculated at 0,71% of basic wages plus overtime per annum.

1.2.6 **Leave:** Provision for three weeks per annum for each attendant.

1.2.7 **Sick leave:** Provision for two weeks per annum for each attendant.

1.2.8 **Skills development levy:** Calculated at 1% of total remuneration.

The statutory contributions should be verified and adjusted according to the applicable percentages of amounts.

1.3 Staff salaries (Administrative staff)

Total remuneration per annum, allocated in relation to the portion of time spent on drive-way related activities. The total remuneration includes the basic salary per person per annum plus the following benefits:

1.3.1 **Bonus:** Total basic salaries of 52 weeks per annum x 2 weeks.

1.3.2 **Sick leave:** 52 weeks x number of salary workers x 2 weeks.

1.3.3 **Leave:** Provision for three weeks per annum for each administrative staff.

1.3.4 **UIF:** Basic salaries of staff per annum x 1%.

1.3.5 **Pension:** Basic salaries of staff per annum x 8%.

1.3.6 **Industrial Council:** Number of salary workers x R1.60 per week.

Calculated up to the date of termination of agreement with MIBCO

1.3.7 **Skills development levy:** Calculated at 1% of total remuneration.

The statutory contributions should be verified and adjusted according to the applicable percentages of amounts.

1.4 **Cashier wages**

Total remuneration per annum, allocated in relation to the portion of time spent on drive-way related activities. The basic wages are obtained from the wage register to establish the amount spent on wages for a week. This will include basic wage, overtime and production bonus. The following are added to the basic wages to calculate the total wage packet for cashiers:

1.4.1 **Bonus:** Two weeks' basic wages per annum

1.4.2 **Temporary staff:** Provision for temporary staff for three weeks per annum per permanent pump attendant.

1.4.3 **UIF:** Calculated at 1% of the basic wages plus overtime per annum.

1.4.4 **Pension:** Calculated at 8% of basic wages per annum.

1.4.5 **Industrial Council:** Calculated at R2.35 per week for each attendant.
Calculated up to the date of termination of agreement with MIBCO.

1.4.6 **Workman's compensation:** Calculated at 0,71% of basic wages plus overtime per annum.

1.4.7 **Leave:** Provision for three weeks per annum for each attendant

1.4.8 **Sick leave:** Provision for two weeks per annum for each attendant.

1.4.9 **Skills development levy:** Calculated at 1% of total remuneration.

NOTE: The statutory contributions should be verified and adjusted according to the applicable percentages of amounts

1.5 Training of management and employees.

1.6 Owner's salary

The maximum salary scale of a Deputy Director in the civil service must be used for a service station pumping 300 000 litres per month. The scale must be applied proportionately to the number of litres sold by a service station allocated proportionally to the time the service station owner spends on the forecourt to determine the owner's salary.

1.7 NON STAFF RELATED COSTS

1.7.1 Audit fees

Actual audit fees as reflected in the business' records allocated proportionately to driveway activities.

1.7.2 Bank charges and Cash Handling Fees

As reflected in the business' records and checked against bank statements as applicable to driveway activities.

1.7.3 Cash shortages

Total cash shortages reflected in the business' records on the driveway activities not exceeding R1,000.00 per annum.

1.7.4 Cleaning material

The total amount reflected in the records allocated proportionately to driveway activities. These costs include the following cleaning materials: Toilet paper, Chemicals on driveway and for cleaning toilets, Paper rolls on the driveway, Brooms and other equipment for cleaning driveway and toilets and Window cleaning equipment for cleaning vehicles' windscreens.

1.7.5 Credit card losses

Actual credit card losses in respect of driveway activities, which cannot be recouped.

1.7.6 Speed point / card swipe machine

The rental proportion used for driveway related activities.

1.7.7 Entertainment

Total amount reflected in the records allocated proportionately to the driveway activities.

1.7.8 Franchise fee

The actual amount, excluding once off payments, as reflected in the records and as being applicable to driveway activities.

Where such franchise fees are a once-off fee, it should not be included in the calculation, regardless of whether the owner repays the amount over a certain period. Only franchise fees that are directly related to fuel volume sales should be included.

1.7.9 Insurance

The actual amounts checked against the actual policy regarding driveway activities. Insurance includes: Public liability, Cash insurance, Fire, Theft, Short term insurance.

1.7.10 Leases

The actual amount on record applicable to driveway activities. Leases include: Computers for use on the driveway, Fax machine for use on the driveway, Copiers and Cash registers

1.7.11 Legal costs

Actual cost reflected in the records applicable to driveway activities.

1.7.12 RMI/FRA- Membership fees

The actual membership fee if a member of the RMI or FRA.

1.7.13 Rates and taxes

The actual amount reflected in the records allocated in relation to the physical portion of the driveway compared to the whole site.

1.7.14 Security: Safety; Health; Environment

Actual cost reflected in the records of the service station. Security costs included: Armed security, Alarm subscription, Alarm rentals, Cash collecting services and CC TV rentals, fire extinguishers, environmental costs etc. should be allocated proportionally between the forecourt and other business activities.

1.7.15 Stationery

Actual amount allocated proportionately to driveway activities.

1.7.16 Transport costs

The AA tariff as applicable to a 2000 cc vehicle for actual kilometres, travelled in respect of driveway activities, based on the actual kilometres of one return trip per day by the owner/manager from the place of residence to the service station.

1.7.17 Electricity

Amount on municipal account allocated according to consumption of the driveway activities.

1.7.18 Rental

Rental data is collected in the survey but is excluded in the BSS as the land and buildings required to be utilised by the BSS are assumed to be owned. Inclusion of rentals of such items would be duplication.

1.7.19 Communication & Internet

Actual amount reflected on accounts allocated in relation to driveway activities.

1.7.20 Water & Sanitation

Amount on the municipal account allocated according to the consumption of the driveway activities if not already included under electricity. It should be noted whether a car wash is in operation.

1.7.21 Pump attendant uniforms

The cost of uniforms at an average as provided by 3 different oil companies. The following serves as a guideline for the cost of one set of uniforms for the following clothing items:

| Article | Ave cost |
|--|---------------------|
| Rain suit | |
| Windbreaker | |
| 1 x Shirt short sleeves + 1 x Shirt long sleeves | |
| Trousers and/or Pinafore / skirt | |

Cap
T-shirt
Shoes
Total

On average each pump attendant is issued with two sets of uniforms per annum.

1.7.22 **Evaporation**

Evaporation is calculated at $0,25\% \times$ average monthly fuel stock \times the average cost price of petrol for the period.

1.7.23 **Operational gains and losses**

Interest

Interest is to be calculated at the average cost price of fuel stockholding \times average actual annual prime bank overdraft rate plus 1%. Average stock holding is calculated by adding the dipstick readings for three months, divided by the number of readings per month.

1.8 The following expenses related to forecourt activities should be considered to be included in the survey:

1.8.1 Health Safety Security Environmental (HSSE) site costs- this includes items like spill kits, fire extinguishers, first aid training, first aid kits etc. and any other HSSE related costs.

1.8.2 Signage

1.8.3 Brand

1.8.4 Cost of credit

1.8.5 Staff training

1.8.6 Site rehabilitation expenses (GG 28665)

1.8.7 Maintenance Costs which includes equipment such as a generator, CCTV, computers and any other kind of site maintenance.

Chart of Accounts

| | |
|--|---------|
| | |
| 0.000 | Average |
| Average liter's/Month | |
| Total Liter's per Year | |
| LRP | |
| Unleaded 93 | |
| Unleaded 95 | |
| Diesel:- .05% | |
| Diesel:- .005% | |
| Diesel card | |
| Paraffin | |
| Number of filling stations | |
| % Of liter sales | |
| LRP | |
| Unleaded 93 | |
| Unleaded 95 | |
| Diesel:- .05% | |
| Diesel:- .005% | |
| Diesel card | |
| Paraffin | |
| | |
| | |
| | |
| Number of staff | |
| Pump attendants | |
| Equivalent Number of cashers (Driveway) | |
| Equivalent Number of Admin. Workers | |
| | |
| Total Attendants wages | |
| Basic wages | |
| Overtime wages | |
| Bonus | |
| Temp. staff | |
| UIF | |
| Pension | |
| Industrial council | |
| Workmen's Compensation | |
| Skills Development | |
| Sick leave | |

| | |
|-----------------------------|--|
| Audit fees | |
| Bank charges | |
| Credit Card commissions | |
| Credit card losses | |
| Credit card swipe machine | |
| Cash shortages | |
| Cleaning materials | |
| Computer Expenses | |
| Cash Collection fees | |
| Donations | |
| Electricity and water | |
| Entertainment | |
| Equipment Rental | |
| Franchise fees (driveway) | |
| Interest paid | |
| Insurance | |
| Internet costs | |
| Legal cost | |
| Maintenance and repairs | |
| Membership fees | |
| Owners remuneration | |
| Professional fees | |
| Rates and taxes | |
| Security | |
| Stationary | |
| Staff uniforms | |
| Staff welfare | |
| Motor vehicle expenses | |
| Rental: Driveway/Property | |
| Telephone & Fax | |
| Subscriptions | |
| Depreciation | |
| General expenses | |
| Travel and accommodation | |
| Other: | |
| Other: | |
| Other: | |
| Total Attendants wages | |
| Total Cashiers wages | |
| Total admin salaries | |
| Total Operating Cost | |

