

AGREEMENT

APPENDIX 3: REMUNERATION AND PAYMENT

1. TERMS OF PRICING FOR THE SERVICES

1.1 GENERAL

The Consultant shall, amongst other factors, consider the following items and conditions when preparing the financial proposal:

- The costs of equipment, facilities and services by others, considering the conditions and requirements in the Agreement (Appendix 2: Personnel, Equipment, Facilities and Services of Others to be provided by the Client). If not explicitly provided in this Appendix 3 of the Agreement, it will be deemed covered or incorporated into other elements of the Consultant's financial proposal.
- Scope of Services (Appendix 1) and Time Schedule for Services (Appendix 4) of the Agreement.
- The time and currency of payment to the Consultant shall be per the Agreement.
- No payment will be made for any Additional or Exceptional Services or other additional expenses which have not been authorised or approved by TCTA as "Variation Orders".
- The TCTA will not accept any mark-up or handling charges by the Consultant regarding other Services by the Consultant's sub-consultants and contractors.
- For any month, the total time charged for each personnel shall not exceed one person-month.
- Administration (i.e. secretaries, clerks, messengers, etc.) and direct reimbursable costs. If not explicitly provided in this appendix, it will be deemed covered or incorporated into other elements of the Consultant's bid submission.
- Contingencies and allowances for bonuses or other profit-sharing means are not permitted.
- Insurance for liability and indemnity, per Clause 7.1 of the Conditions of Agreement.

1.2 CONSULTANT'S PERSONNEL

The TCTA will not accept an invoice with personnel not named or assigned to a position in the Agreement.

The Consultant will not be entitled to supply additional personnel or change the personnel named in the Agreement, nor amend any person-months in the Agreement without the prior approval of TCTA. Such changes will be subject to Clause 3.7 and Clause 4.3 of the Conditions of Agreement.

1.2.1 Personnel Categories and Levels

The categories for personnel have different levels, depending on the qualifications and years of experience, as shown in the table below.

Personnel Categories and Levels — Updated to include Stakeholder Engagement Manager and Financial Modeller

Level	Engineers		Technologists		Technicians		Scientists		Stakeholder		Finance	
	Qualification	Exp	Qualification	Exp	Qualification	Exp	Qualification	Exp	Qualification	Exp	Qualification	Exp
1					Technician	<4						
2			Technologist	<4	Technician	4-7	Env Scientist	<4				
3	Engineer	<4	Technologist	4-7	Technician	8-12	Env Scientist	4-7	Graduate	<4	Graduate	<4
4	Engineer	4-7	Technologist	8-12	Technician	>12	Env Scientist	8-12	Graduate	4-7	Graduate	4-7
5	Engineer	8-12	Technologist	>12	Pr Eng Techni	4-7	Env Scientist	13-18	Facilitation Specialist	<4	Financial Analyst	<4
6	Engineer	>12	Pr Eng Techno	4-7	Pr Eng Techni	8-12	Env Scientist	>18	Facilitation Specialist	4-7	Financial Analyst	4-7
7	Pr Eng	4-7	Pr Eng Techno	8-12	Pr Eng Techni	>12	Pr Sci Nat	4-7	Facilitation Specialist	>7	Financial Analyst	>7
8	Pr Eng	8-12	Pr Eng Techno	13-18			Pr Sci Nat	8-12	Sr Stakeholder Specialist	8-12	Sr Financial Analyst	8-12
9	Pr Eng	13-16	Pr Eng Techno	>18			Pr Sci Nat	13-18	Sr Stakeholder Specialist	13-18	Sr Financial Analyst	13-18
10	Pr Eng	17-20					Pr Sci Nat	>18	Sr Stakeholder Specialist	>18	Pro Accountant/CFA	>18
11	Pr Eng	21-24							Sr Stakeholder Specialist	21-24	Pro Accountant/CFA	21-24
12	Pr Eng	>25									Pro Accountant/CFA	>25

Notes:

1. Minimum qualifications: Engineer (Bachelor's degree; NQF level 8); Technologist (Bachelor of Technology; NQF level 7); Technician (National diploma; NQF level 6); and Environmental Scientist ("Env Scientists") (Bachelor's degree; NQF level 8); Stakeholder Engagement Manager (Bachelor's degree; NQF level 7); Financial Modeller (Bachelor's degree; NQF level 7).
2. Professional Engineer (Pr Eng); Professional Engineering Technologist (Pr Eng Techno); and Professional Engineering Technician (Pr Eng Techni) by Engineering Council of South Africa. Professional Natural Scientist (Pr Sci Nat) by South African Council for Natural Scientific Professions.
3. Stakeholder Engagement Manager: registered Professional Accountant or Principal Investment Specialist (or internationally recognised equivalent) required at Level 8 and above.
4. Financial Modeller: registered Professional Accountant / Principal Investment Specialist (or internationally recognised equivalent) required at Level 8 and above.
5. "Exp" refers to the years of experience.

For personnel from countries outside of Southern Africa, where qualifications and professional registration systems differ from Southern African practice, the Consultant shall provide evidence of equivalent qualifications and professional registration.

An average cost-to-company billing rate applies to all personnel on the same level as **Personnel Billing Rates** (Returnable).

A separate motivation will be required for billing levels greater than level 11. These levels are generally reserved for industry specialists, review panel members and executive managers of the Consultant.

1.2.2 Personnel Billing Rates

The remuneration for personnel shall be made on a person-month(s) basis at the billing rates set out in **Personnel Billing Rates** (Returnable). The billing rates shall be deemed to cover, among other things, the following:

- i) Cost-to-company consisting of the following:
 - All actual salaries (no premium or bonus).
 - Other costs and charges (medical and retirement/pension benefits, annual leave, sick leave or other leave, public holidays, life insurances, etc.).
- ii) Cost of overtime worked by the personnel, as required to fulfil the Services and comply with the Time Schedule for Services.
- iii) Company overhead costs (administration, marketing, office rent and services, communications, computer charges, and other costs not directly reimbursable).
- iv) Secretaries, clerks, messengers, and any other support personnel.
- v) All other costs, except the directly reimbursable costs/expenses.

Billing rates shall also be specified against positions for personnel whom the bidder will be nominating/recruiting at a later stage. Qualified personnel shall fill such vacancies two calendar months before the required services or as agreed with TCTA. The categories for billing purposes shall be per **Personnel Billing Rates** (Returnable).

1.2.3 Consultant's Fee on Personnel

The Consultant's fee shall be a fixed percentage of the costs for personnel, as per **Summary of Cost Estimate** (Returnable). Only the billing rates for personnel shall be subject to price changes and not the Consultant's fee on personnel.

1.3 CONSULTANT'S DIRECT REIMBURSABLE COSTS

The TCTA shall pay or reimburse the Consultant for the reasonable costs or unit rates only, i.e. no mark-up on handling charges that are related to performing the Services, and to the extent that such costs are specified and allowed for in **Direct Reimbursable Costs** (Returnable), as follows:

- i) *Per diem* allowances to cover additional expenses for home office personnel working on site.
- ii) A site allowance or living subsistence to cover additional expenses for personnel residing at the site and accommodation.
- iii) Costs of other items, services and charges as listed and priced by the bidder in Direct Reimbursable Costs (Returnable).

1.4 PROVISIONAL SUMS

Provisional Sum items listed under **Summary of Cost Estimate** (Returnable) shall be expended only on the instruction or with the prior written approval of TCTA, as Additional Services or Exceptional Services. The TCTA shall pay or reimburse the Consultant a fixed mark-up on handling/administration charges, which will not be subject to price changes where relevant.

The Provisional Sum items:

- i) "TCTA Adjudication/Arbitration Costs" is an allowance for the costs of adjudication and arbitration that may arise between the Parties. This allowance will only pay for TCTA's costs. The Consultant will be liable for its costs separately (i.e. adjudicator's/arbitrator's fees, venue hire, catering etc.).
- ii) "Assistance to TCTA" is an allowance for the Consultant to provide Additional Services as follows:
 - Further or additional surveys, studies, or investigations identified by the Consultant or TCTA.
- iii) "Secondment of TCTA Graduates, Engineers and Scientists" under Appendix 2: Personnel, Equipment, Facilities and Services of others to be provided by the Client.

All the Provisional Sum items listed above are not part of and will not be used as the Normal Services and shall be subject to instructions and approvals by TCTA, as Additional Services or Exceptional Services.

2. PRICE CHANGES (ESCALATION)

Personnel or staff billing rates, consultancy fee (fee percentage to remain fixed) and direct reimbursable unit rates and costs will stay in effect (without escalation) for 12 calendar months after the Commencement Date and shall, after that, be adjusted annually for escalation on the anniversary of the date, to be billed or invoiced in arrears, as explained below.

The following conditions and procedures shall apply in the calculation of the escalation:

- i) The costs of personnel and Consultant's fee on personnel and direct reimbursable expenses shall be billed monthly at the rates stated in the returnables.
- ii) The base date for escalation shall be the Commencement Date.
- iii) Escalation to personnel billing rates, consultancy fee (fee percentage to remain fixed), and direct reimbursable unit rates and costs shall be calculated using the Consumer Price Index (CPI for all urban areas – STATS SA Statistical Release P0141, all items (i.e. CPI Headline)).
- iv) If any index relevant to any invoice is unknown when the Services are valued, the latest available index shall be used. Any adjustments necessary shall be made only when the actual index relevant to that invoice is published.
- v) Actual direct reimbursable costs will not be subject to any adjustment.

IMPORTANT NOTE: For budget and bidding purposes, all the bidders (or the Consultant) must allow 5% per annum for escalation, i.e. Time Schedule for Services – Consultant’s fee on personnel and direct reimbursable unit rates and costs.

2.1 CASH FLOW

The Consultant shall provide an estimated monthly cash flow for the duration of the Services. The cash flow shall be based on the expected submission dates of monthly invoices.

The cash flow shall, amongst other things, show the following information by month and, where appropriate, amounts by sub-consultants and contractors:

- i) Personnel costs.
- ii) Consultant’s fee.
- iii) Direct reimbursable costs.
- iv) Estimated escalation.
- v) Provisional sums and variation orders, as approved by TCTA.

The cash flow shall be updated each month to show a payment to date in each category, changes in the Services (i.e. variation orders), programme, progress, and escalation, affecting the cash flow and total forecast costs from that date to completion.

3. TERMS OF PAYMENT

3.1 GENERAL

The Consultant shall maintain comprehensive records of accounts relating to the Services and make such records available for inspection by TCTA for audits.

The Consultant shall cooperate with TCTA to establish working arrangements and management practices, especially reporting, approval, cost control and billing procedures, which will expedite routine activities and minimise the costs of these activities for both Parties.

The TCTA, at its discretion and cost, shall have the right to obtain, through the Consultant’s auditors, details of the Consultant’s (and the respective joint venture or consortium members) records of time charges for personnel, management and cost-control procedures, salary rates, annual remuneration increases, books of accounts relating to the operation of offices, and any other factor relating to charges for the Services.

3.2 CONSULTANT’S TAX INVOICES

Regarding the Services performed, the Consultant shall submit a tax invoice as soon as practicable and not later than seven days after the end of each calendar month. Before

submitting the first tax invoice, the Consultant shall agree with TCTA on the format and details of the invoices and the administrative procedures to be followed for submission.

No payment will be made by TCTA until the format and details of the invoice have been agreed upon and finalised by the Parties.

The invoices must show, amongst other things, the following information:

- i) A statement of account.
- ii) Purchase order number (provided by TCTA); TCTA and its address and VAT number (4360104923); Consultant's name, address and VAT number; date of invoice and its number, contract award amount, the amount due, due date, etc.
- iii) Cost of personnel:
 - Net person-months expended for the month by each personnel and task.
 - Billing rates for each personnel.
 - Person-month budget, by task.
 - Cumulative person-months expended to date, by task.
 - Costs of personnel for the month, by each personnel and by task.
 - Budget and updated forecasts by task, i.e. cash-flow and comprehensive financial reviews.
 - Balance forward and cumulative costs of personnel to date, by task.
- iv) Consultant's fee.
- v) Direct reimbursable costs, all by line item:
 - Budget and updated forecasts, i.e. cash-flow and comprehensive financial reviews.
 - Costs for the month.
 - Costs to date.
 - Supporting documentation.
- vi) Escalation on the cost of personnel.
- vii) Escalation on direct reimbursable costs (where applicable).
- viii) Variation orders (including the items above, relevant to such variation orders).
- ix) Net payment due in the month.
- x) Balance forward and cumulative total payment.

The tax invoice must be based on the representations made by the Consultant. Should TCTA find such representations (through inspections, audits, or other means) materially incomplete or inaccurate, TCTA shall be entitled to introduce appropriate modifications in the affected rates and items. Any such change shall have a retroactive effect, and in case of payment made by TCTA before any such modification:

- i) The TCTA shall be entitled to offset any excess payment against the following payment to the Consultant, or
- ii) If TCTA makes no further payments to the Consultant, the Consultant shall reimburse TCTA for any excess payment within 28 days of receipt of a written demand from TCTA.

4. METHOD OF PAYMENT

Payments by TCTA will be made by direct transfer to the Consultant's bank account. Please note that TCTA will not pay any consortium or joint venture member directly nor a specific or nominated member on behalf of the consortium or joint venture.

The Consultant shall provide TCTA with the following information and documents:

- i) Formal written notice from the Consultant's authorised representative designating which Consultant's official(s) is authorised to issue bank instructions on behalf of the Consultant.
- ii) Certified original specimen signature(s) of the person(s) named above.
- iii) Bank destination instructions duly signed by an official(s) of the Consultant authorised above. Bank destination instructions must include:
 - Bank name and address.
 - Beneficiary name (i.e. account holder).
 - Account type and number.
 - Any special instructions.
- iv) VAT registration certificate if the Consultant is a VAT vendor.

Please note that the information must be in its original form. E-mails, photocopies, or facsimile copies will not be accepted.

Regarding any future changes the Consultant may wish to make to the destination bank account(s), the authorities must provide such modifications to TCTA and deliver them to TCTA in their original form. Any such changes must be received at least 28 days before payment is required.

The TCTA must receive all payment instructions and bank destination documents before making payments.