

# REVENUE CONTRACTING PROCEDURES

## INTRODUCTION

### Scope and Coverage

#1 This Section outlines the principles, policies and procedures to be followed by all Government agencies, i.e. Ministries, Departments, Organs of State and all Statutory Boards for revenue contracts either for their own use or on behalf of other GPEs.

### Underlying Principles

#2 All awards of revenue-earning contracts to non-public sector agencies shall be subject to the guidelines and procedures set out in this Section, with the exception of items where the charge or the fee is fixed through legislation or policy.

#3 The two key allocation issues which IM3G addresses are:

- (a) Why give this particular property or licence to operate to this party and not somebody else?
- (b) Why is the asset/service priced at this level at this point in time?

#4 The underlying principles governing Government Revenue Contracting Procedures are:

- (a) Open and fair competition The allocation of public assets should be done in an objective and fair manner;
- (b) Maximising the total returns The returns on government assets include monetary returns, social objectives and national/public interest. Unlike the private sector, Government has broader national and social objectives than maximising revenue/profits alone. All things being equal however, one should maximise the revenue; and
- (c) Transparency As custodians of the public faith, the decisions made must be accounted for, and the appropriate disclosures made.

#5 The terms 'Lease' and 'Tenancy' in IM3G are defined as follows:

- (a) Lease

A conveyance or grant of the possession of property from Lessor to Lessees for a fixed period of years in return for a consideration which is usually payment of an up-front premium with an annual ground rent to remind the lessee of the reversionary interest of the Lessor.

(b) Tenancy

Temporary possession, usually for periods not exceeding 3 years at any one time, by a tenant of premises, in return for payment of rental at specified intervals, usually monthly. Rentals are subject to review in accordance with the terms and conditions governing the tenancy agreement.

#6 The procedures for the allocation of staff canteens are covered in IM No 2.

#7 Government agencies must not artificially split Government properties, goods or services into smaller units to avoid complying with the instructions in this Section.

(8 - 9 not used)

### **Management Measures**

#10 There must be a proper management system for administration of revenue contracts. The following are minimum measures which should be adopted:

- (a) The allocation and valuation functions should be performed by separate officers, although the processing of cases can be undertaken by the same officer. The approving authority for valuation and allocation can be the same.
- (b) Where officers administer the allocation of government contracts in which they or their close relatives have any interest at all, or where they hold dual appointments in the company interested in the contract, they should declare these interests and disqualify themselves from handling the matter altogether.
- (c) Officers delegated to administer the allocation of government contracts should be chosen carefully. As a best practice, it is recommended that they be rotated from time to time.

### **Compliance with Guidelines on Allocation of Government Contracts**

#11 The allocations of revenue-generating government contracts are subject to audit by the Auditor-General.

### **Reference to the Attorney-General**

#12 If a set form of Invitation to Tender, Tender or Contract Agreement, Banker's Guarantee or Insurance Performance Bond has been approved by the Attorney-General for general use, documents drawn up in that form may be executed without consulting the Attorney-General. However, the Attorney-General should be consulted before tenders are invited or agreements executed if:

- (a) an important alteration in the set form of tender, resulting contract, Banker's Guarantee or Insurance Performance Bond is wanted; or
- (b) a tender, contract, Banker's Guarantee or Insurance Performance Bond, appears to offer any difficulty or includes a new principle or policy.

#13 Statutory Boards should seek advice from their own legal counsel on revenue contract matters handled in their own name i.e. not as agents of Government.

(14 - 19 not used)

## **TYPES OF REVENUE-EARNING PROCEDURES**

#20 Government contracts which generate revenue can be allocated through the following means:

- (a) Quotations
- (b) Tenders
- (c) Auctions
- (d) "To-let" advertisements
- (e) The use of managing agents appointed through a competitive process
- (f) Direct allocation/waiver of competition.
- (g) Or other procedures that do not compromise the basic principles of transparency, accountability and maximising returns for the government.

## **DIFFERENCE BETWEEN QUOTATIONS AND TENDERS**

#21 Tenders are definite offers which can result in a contract because the Form of Tender and the accompanying terms and conditions are agreed to by both parties at the time of tender. If Government accepts a properly prepared tender, the tenderer is automatically bound by a contract to fulfil the offer contained in his tender. Conversely, the Government is also bound to fulfil its obligations in the tender documents. Hence it is important to craft tender specifications as tightly as possible.

#22 Quotations are not offers in the legal sense. A quotation by a firm is a statement of intent, that it is prepared to pay for the items in question if Government decides to accept the offer. If either side refuses to accept commitments in the quotation process, this cannot be said to be a breach of contract, as there was no contract in the first place. Quotations are meant for situations where the administrative work involved outweighs the benefits of firm commitments e.g. where the value of the contract is low.

#23 Clear terms and conditions of contract should be built in advance into auctions, "to-let" notices, managing agent agreements and direct allocation/waiver of competition cases.

(24 - 29 not used)

## **QUOTATIONS**

#30 At least 3 quotations should be obtained in writing for the sale of Government assets/items or letting out of Government properties, goods or services where the estimated total revenue does not exceed \$50,000. The quotations should be received by an officer delegated with the authority. All quotations received must be filed properly.

#31 Fewer than 3 quotations may be obtained if justified and approved by the Quotation Approving Authority.

#32 If the estimated total revenue is not more than \$2,000, quotations may be obtained by telephone or verbally from a single buyer, provided:

- (a) that a written note of the quotation is made and certified by the officer authorised to accept the quotation; and
- (b) the officer authorised to accept the quotation is satisfied that the price obtained is reasonable compared to prevailing market prices for the same item. If the officer is unable to make an evaluation or judgment on the price offered, he should obtain at least three quotations.

(33 - 35 not used)

## **TENDERS**

### **Invitation to Tender**

#36 All revenue tenders must be put online on GeBIZ. Tenders could also be made in other widely accessed public medium such as newspapers to attract the largest number of competitive bids. Tender information advertised in the press should be brief, giving the minimum information necessary for firms to be aware of the existence of the tender. Further details should be published electronically in an approved medium such as GeBIZ.

#37 Invitations to Tender must be framed in terms that will bind a tenderer once the Letter of Award is issued. Hence, Invitations to Tender must contain clear instructions as well as the terms and conditions of the sale, lease or tenancy agreement.

#38 Where applicable, the invitation to tender should state that a successful tenderer will be required to give a security deposit. The terms and conditions governing security deposits must be made clear upfront in the Invitation to Tender, and should not be varied while the tender process is underway.

#39 Where there is a reserve price, the reserve price should normally not be made known to any party. Efforts should be made to keep secret the reserve price, and the price envelope from the Chief Valuer should be opened after tenders have closed. However, if a decision has been made to

reveal the reserve price because of good reasons such as administrative convenience to the agency by way of reducing or eliminating the under-qualified bidders, then, the reserve price need to be made known to all upfront in the Invitation to Tender. The reserve price should not be leaked out to selective parties.

### **Goods and Services Tax**

#40 Instructions to Tenderers and Conditions of Contract should include the following clause in respect of the Goods and Services Tax:

"The tender sums submitted by the tenderer shall be exclusive of the Goods and Services Tax (GST). The successful tenderer shall bear and pay to the Government (in addition to the tender sum awarded) all amounts of GST charged on the supply of goods and services."

### **Tender Deposits (Except Staff Canteen)**

#41 A tender deposit payable at the time of submitting the tender is required for all revenue-earning tenders. Government agencies may specify an upfront fixed tender deposit applied equally to all tenderers, or ask the tenderers to pay tender deposits in accordance with their tendered sum in accordance with the guidelines below. Tender deposits should not be waived, in view of the revised guidelines not to debar tenderers who withdraw their tenders before award, but to forfeit the tender deposit. This is to save government agencies from additional work in processing frivolous tenders and deter tenderers who try their luck at no cost.

<b>Type of Tender</b>	<b>Tender Deposit Payable</b>
(a) Sale of land/properties on premium basis	At least 5% of the tendered premium
(b) Land/properties on tenancy terms	At least one month's rental or a fixed sum of at least \$500
(c) Other revenue-earning tenders (e.g. tenders for publications, etc) - Tender value above \$50,000 - Tender value below \$50,000	Minimum of \$500 Not necessary

#42 If the total revenue expected is not more than \$250,000, cheaper methods of allocation such as online bidding, the use of "to-let" notices or managing agents should be considered, rather than tenders.

#43 Payments of tender deposit should be made by Cheques, Cashier's Orders, Banker's Guarantees or other equivalent electronic instruments. Failure to pay the tender deposits due to factors such as dishonoured cheques and stoppage of cheque payments will be treated as a disqualification from tender as the tenderer has not fulfilled the conditions of tendering.

#44 Where price is the only criterion, the tender deposit of at least the highest non-debarred tenderers should be banked in when the tender submissions are opened. The rest of the deposits should be returned immediately on closing of tender. However, if price is not the only criterion (e.g. other factors such as tenderers' credentials, expertise and experience are taken into consideration), the tender deposits of all tenderers should be retained until the tender has been awarded. The tender deposit shall be returned or refunded without any interest to unsuccessful tenderers.

**Security Deposit**

#45 The security deposit is a means of holding the successful Tenderer /Applicant to the tender/contract. It must be made known upfront in the Invitation to Tender, and may be collected in the form of:

- (a) a Cheque or Cashier's Order;
- (b) an "on-demand" Banker's Guarantee;
- (c) an Insurance Performance Bond/Guarantee;
- (d) a guarantee from a MAS-approved finance company for a deposit not exceeding \$300,000; or
- (e) acceptable electronic means such as direct debit or telegraphic transfer.

#46 When a tender/offer is accepted, the successful Tenderer/Applicant must place a security deposit as follows:

Type of Tender	Security Deposit Payable
(a) Sale of land/properties on premium basis	Not required, as 5% tender deposit is collected
(b) Land/properties on tenancy terms	From 1 to 3 months' of tendered monthly rental, depending on the risk.
<p>In exceptional cases where the GPE assesses it is necessary to waive the security deposit or go beyond 3 months of tendered monthly rental but subject to a maximum of 6 months, Government agencies have to seek the approval of the Permanent Secretary in person or his delegated officer in person. The delegated officer should be the Deputy Secretary of the Ministry or the Head of the Autonomous Agency under the Ministry. For Statutory Boards, the delegation shall be to an appointment that is not more than one level below the CEO in seniority.</p>	

(c) Other revenue-earning tenders e.g. rental of exhibition booths for a few weeks)	From 0 to 5% of tendered sum, depending on the risk
In exceptional cases where the government agency deems that the 5% is not sufficient, the security deposit may be adjusted to above 5%, but subject to a maximum of 10%, with the approval of the Permanent Secretary in person or his delegated officer in person. The delegated officer should be the Deputy Secretary of the Ministry or the Head of the Autonomous Agency under the Ministry. For Statutory Boards, the delegation shall be to an appointment that is not more than one level below the CEO in seniority.	

#47 When the contract expires, the security deposit or any balance due to the tenant or lessee should be refunded in accordance with the terms of the agreement.

#48 The amount of security deposit must be stated up front in the ITT, and not be decided upon only after award of tender.

(49 not used)

### **Tender Specifications**

#50 Tender specifications drawn up must be clear, objective and reflect as accurately as possible the actual requirements. They should not be worded in such a way as to restrict competition unnecessarily.

#51 Poorly prepared specifications are frequently the cause of confusion, and may result in sub-optimal bids. To avoid this, the following should be observed when preparing tender documents:

- (a) Specifications must give a clear and accurate description of the properties to be sold, leased or let out. Where a particular design or standard is needed, this should be clearly spelt out.
- (b) Tenderers must be advised that any special financial terms required or offered should be clearly and categorically stated to enable evaluation of the tenders on a Net Present Value (NPV) basis.

#52 Tender specifications should be drafted so as not to give preference to any tenderer. In particular, any public facilities that will be made available to the successful Tenderer and the terms that will apply should be clearly spelt out in the tender specifications.

### **Minimum Period of Tender Notice**

#53 The period of tender notice should not be too short as this will restrict competition. Tenderers should be given sufficient time to prepare accurate and realistic tenders. The minimum period of tender notice is 14 days.

#54 Where it has been decided to extend the closing date of tender, the notice of extension should be given at least 3 days before the close of tender, and the notice of extension shall be posted in a publicly available medium such as GeBIZ.

#55 In exceptional circumstances where there is extreme urgency to meet critical operational deadlines, because of safety considerations or if it is in the general public interest, the minimum period of tender may be reduced to a period deemed sufficient to obtain quotes from more than one supplier. In setting a period of tender below 14 days, the agency must duly substantiate the circumstance calling for the waiver and obtain the approval of the Permanent Secretary in person or his delegated officer in person. The delegated officer should be the Deputy Secretary of the Ministry or the Head of the Autonomous Agencies under the Ministry. For Statutory Boards, the delegation shall be to an appointment that is not more than one level below the CEO in seniority.

(56 - 59 not used)

### **Opening of Tenders**

#60 The following must be made known in the Invitation to Tender:

- (a) the closing time and date of the tender;
- (b) the tender box number, if any; and
- (c) the address to which completed tenders are to be sent.

#61 Instructions shall be given to the tenderers to display their name and address prominently on the envelope containing the tender bid. This is to facilitate identification and return of the documents (should it become necessary to do so).

#62 The tender boxes shall be made accessible to tenderers during normal working hours.

#63 Every effort must be made to place tenders received through the post promptly and unopened in the correct tender box. However, the Standard Instructions to Tenderers should make it clear to tenderers that the Government agency cannot be held responsible for putting tenders received through the post into the correct tender box.

#64 Tender boxes should have two locks. The keys will be kept in a secure place until the tender opening.

#65 If a tender is deposited in the wrong tender box, or opened before its closing date because of incorrect addressing of the envelope, it will be returned to the tenderer with an appropriate explanation.

#66 Agencies should not receive any tender proposals after the appointed closing date and time. If however, such tender proposals are received, they should be endorsed to that effect and returned to the tenderers.



#67 Tenders will be opened only by a Tenders Opening Committee. This Committee will consist of an officer authorised by the Permanent Secretary of the Ministry to open tenders and a witnessing officer. For tenders not exceeding \$50,000 in value, the witnessing officer may be chosen by the officer authorised to open the tenders from his own staff. For tenders exceeding the above limit, the Permanent Secretary will appoint a witnessing officer whose normal duties are not directly concerned with the tender.

#68 The officer(s) authorised to open tenders will prepare a schedule of tenders showing:

- (a) the tenderer's name;
- (b) the description of property as given in the Invitation to Tender;
- (c) the tendered prices; and
- (d) the total number of tenders received.

#69 The tender opening committee shall initial on the page of the tender containing the price proposal and the schedule of tender prices.

### **Publication of Tender Prices and Results**

#70 Posting of tender prices will encourage competition and also ensure transparency of the system. All tender prices must be posted on the notice board immediately on opening of tenders (except for confidential projects or on security grounds, or where the tender prices are published in GeBiz), but if not possible, then, within 3 working days. The notice should contain the names of all the tenderers and their offers.

#71 Tender awards must be posted also on the notice board, unless the awards are published in GeBiz. In the case of awards, only the name(s) of the successful tenderer(s) and the tender price(s) need be given.

### **Alteration to Tenders/Clarifications/Negotiations**

#72 No tenderer should be allowed to amend tenders/offers after tenders are opened. The tender specifications should be crafted such that it is clear what prices need to be submitted.

#73 Where there are inconsistencies related to price within the same tender submission, clarification with the tenderer is necessary on which figure is the correct one or how the tenderer has calculated the final tendered sum. Where there are genuine mistakes in calculation, and the reasons given are acceptable, the reasons shall be recorded and the tender processed in accordance with the corrected figures. Where the price inconsistency is deemed to be due to reasons other than genuine error or cannot be reconciled, the tender shall be declared deficient and be excluded from further evaluation. It must however be submitted to the relevant Approving Authority, along with valid tenders.

#74 Negotiations on price alone are prohibited. In a properly conducted tender, there should be no reason for further negotiations. If there are no responsive bids to tenders, or the bids are deemed as unacceptable, alternative methods such as "to-let" advertisements, use of managing agents or direct approaches to prospective parties may be made.

### **Alternative Offers**

#75 Alternative proposals submitted by tenderers may offer innovative and better ways of forming contracts e.g. proposals for percentage of revenue as opposed to fixed sum contracts. Where alternative offers are allowed, this should be clearly specified in the invitation to tender and prices quoted should be as at the time of tender. Tenderers will also be required to submit a main basic offer if it has been specified in the tender document. Government agencies are to evaluate alternative offers along with basic offers and recommend the most advantageous offer for acceptance.

(76 - 79 not used)

### **Selection of Tenders**

#80 The selected tender should be the one is overall most advantageous to Government, taking into account price, value for money and compliance with tender specifications.

#81 In cases where the tender evaluation is guided by other national policies or public interest, this should be stated in the tender submission document.

#82 For land sales, the Reserve Price is defined as 85% of Chief Valuer's assessed market value. For tenancies and leases, the Reserve Price is also 85% of the market value estimated by in-house valuers or private professional valuers (for rental not exceeding \$100,000 per month). The tender will, except in extraordinary circumstances, be awarded to a bid which is above the reserve price. The Chief Valuer would deposit his assessed market value in the form of a sealed bid in the tender box on the day of the close of the tender.

#83 Should the highest bid be below the Reserve Price, the submission to the relevant Tenders Board shall clearly indicate this fact, as well as the views of the Chief Valuer (for land sales) or in-house/professional valuers (for tenancies). This would allow a considered decision to be made, taking into account policy considerations and prevailing market conditions.

(84 - 89 not used)

### **AUCTIONS**

#90 Auctions are suitable for the outright sale of property or goods where :

- (a) price is the sole criterion for the contract award. There are no other performance or track record requirements;

- (b) the demand is in excess of supply; and
- (c) the market is operating efficiently, and/or it is industry practice to auction off the items concerned.

#91 The notice of auction should be made in a widely accessible public medium. In cases where both a press invitation and posting of auction notice in an approved Internet-based system such as GeBIZ is made, the press invitation shall contain only essential information, pointing prospective tenderers to the more detailed information contained in GeBIZ.

#92 Deposits for auctions shall follow commercial practice for that category of property/asset.

#93 Clear and detailed descriptions of the item to be auctioned off, and clear terms and conditions shall be posted.

#94 The notice of auction shall be posted at least 14 days before the date of auction.

(95 - 99 not used)

#### **"TO-LET" NOTICES/ADVERTISEMENTS**

#100 "To-let" notices are a low-cost and efficient method of allocating premises where the demand is "occasional" in nature. For premises where there is excess demand over supply, it makes sense to tender or auction out the item, because the wide dissemination of the opportunity will result in efficient bids. However, there are premises where the wide dissemination of the opportunity does not result in competitive bids, because the right party who can pay the right price or meet the non-price considerations may not be in the right place at the right time. In such cases, "to-let" notices should be used.

#101 The following are the guidelines for the usage of "to-let" notices:

- (a) When a property becomes available for rental, the "to-let" notices can be posted on any media which has wide circulation, such as internet, newspapers and/or managing agent listings.
- (b) Offers can be accepted anytime from the date of the "to-let" advertisement, though it is good practice to wait for at least 5 working days before making the allocation decision;
- (c) the offers received shall be evaluated for price and other non-price considerations and be compared against the assessed market rental; and

- (d) an evaluation of which offer to accept should be put up to the relevant approving authority. The evaluation and approval parties must be kept separate. No officer shall approve the acceptance of any offer by himself.

(102 -109 not used)

## **ALLOCATION THROUGH MANAGING AGENTS**

#110 The use of managing agents is suitable for instances where there are considerations other than price, and where a certain degree of flexibility is desirable; or where the agency wishes to farm out the administrative work associated with the sourcing of tenants. Some examples include:

- (a) there is a need to have a certain mix of tenants to uphold the image of the building by having quality corporate tenants;
- (b) There is a need to provide prospective tenants with the flexibility in designing the layout, floor area and the positioning of the units to suit prospective tenants' requirements; and
- (c) the demand pattern is spread out over a period longer than the tender period. The prospective tenants may not be making decisions to rent during the tender period because their existing lease has yet to expire.

#111 The appointment of managing agents should be done via open tender. The arrangement need not be an exclusive one. For example, a government agency could appoint a panel of managing agents for all the premises under their charge. The terms and conditions of appointment should be clearly spelt out in the Invitation to Tender.

(112 - 119 not used)

## **DIRECT ALLOCATION AND WAIVER OF COMPETITION**

#120 Direct allocation and waiver of competition are suitable for instances where there are overriding reasons and public interest to do so. Some examples include the direct allocation of industrial sites for certain industries to promote the particular sector and to facilitate investment promotion; or direct allocation to voluntary welfare organisations to provide social services in particular precincts e.g. facilities for the elderly should be provided in a precinct with a high density of elderly.

#121 Where it is a policy decision to allocate resources by direct allocation, the policy decision in respect of category of resources e.g. industrial properties need to be cited only in brief. The justification for direct allocation to a particular party should be clearly stated in the submission for approval by the Approving Authority. The recommendation on valuation and allocation should be performed by different officers, though the approving authority may be the same.

#122 The price for a resource allocated by direct allocation/waiver of competition must be determined by the Chief Valuer, in-house professionally qualified valuers; or properties where the monthly rental is below \$100,000, external professionally qualified valuers; with clear separation between the officer evaluating the price and the officer making the allocation decision. Valuation of directly allocated State Lands should be done by Chief Valuer.

#123 Whilst it is not necessary to go through the invitation to tender process in direct allocation/waiver of competition cases, the approved terms and conditions governing revenue contracts must be applied. Where deviations from the approved terms and conditions are necessary, the approval of the Permanent Secretary/Chief Executive Officer or his delegated officer must be obtained.

(124 - 129 not used)

### **APPROVING AUTHORITY FOR TENDERS/CONTRACTS**

#130 Whether the contract is sourced through quotations, tenders, auctions, "to-let" notices, managing agents or direct allocation/waiver of competition, the recommending officer/panel must be distinct from the Tender Approving Authority (TAA). The limits for the various TAA for revenue contracts, except land sales, is as follows:

<b>Approving Authority</b>	<b>Contract Value</b>
(a) Permanent Secretary/ Chief Executive Officer or an officer duly authorised by him	Up to \$60,000
(b) Tenders Board A	Up to \$1 million
(c) Tenders Board B	Up to \$10 million
(d) Tenders Board C	Above \$10 million

#131 The TAA for Land Sales Tenders is as follows :

<b>Approving Authority</b>	<b>Contract Value</b>
(a) Tenders Board C of the Ministry which owns the land	Up to \$10 million
(b) Ministerial Committee for Land Sales	Above \$10 million

#132 The agency conducting the tender/sale shall constitute a Tender Evaluation Committee with a minimum of two officers to do the evaluation and submit the recommendation to the appropriate Tenders Boards. For land sales, the Tenders Evaluation Committee should include representatives

from other agencies with interest in tender and appropriate consultations with the relevant agencies made, unless the land sales tender is straight-forward in nature.

#133 To determine the level of authority to approve a tender/offer, the contract value is based on the tendered sum, or the total value of the contract, including the option to extend the lease/tenancy if any, as specified in the Invitation to Tender.

#134 The Members of the Tenders Board are:

- (a) Tenders Board A:
  - (i) Permanent Secretary of the Ministry concerned or a senior officer authorised by him (Chairman); and
  - (ii) 2 senior officers of the Ministry concerned.
- (b) Tenders Board B:
  - (i) Permanent Secretary of the Ministry concerned in person (Chairman);
  - (ii) 2 senior officers from the Ministry concerned.
- (c) Tenders Board C:
  - (i) Minister of the Ministry concerned (Chairman);
  - (ii) Permanent Secretary and one senior officer from the Ministry concerned.
- (d) Ministerial Committee for Land Sales:
  - Chairman -- Minister for Finance
  - Members -- Minister for Law  
Minister for National Development  
Minister for Trade & Industry (for sale of industrial and hotel sites only)

#135 Government agencies shall appoint a sufficient number of alternate members to cover each original member of the TAA, to cater for situations of conflict of interest and to ensure that the TAA is functional throughout the year. In appointing the alternate member of the TAA, the appointed officer shall as far as possible, be of equivalent level. If there is no officer of an equivalent level, the Permanent Secretary shall appoint the next officer with sufficient seniority. Where there could be a conflict of interest, a member of the TAA shall declare his interest and disqualify himself as a member of the TAA.

#136 Statutory boards shall use these as guidelines in formulating the composition of their respective tenders boards. The appropriate tender board for statutory boards conducting land sales for their own land is the Tenders Board C of the parent ministry.

#137 Government agencies are encouraged to streamline their tender board processes such that the same Tenders Board approves both expenditure and revenue (except land sales) tenders.

(138 - 139 not used)

### **Approval of Contracts**

#140 Tender submissions to the Approving Authority should contain the following documents:

- (a) a copy of the Invitation to Tender;
- (b) copies of any specifications prescribed in the Invitation;
- (c) the tenders;
- (d) the schedule of tenders/offers received; and
- (e) the evaluation report and recommendations for award. The report should set out the purpose for the allocation of the revenue generating government contract. When applicable, it should also indicate how the recommended tender/offer compares with the minimum benchmark or reserve price.

#141 If certain documents are too bulky, a reference could be made to indicate that such documents shall be made available upon request.

#142 All tenders/offers received and opened, including those which are found to be deficient, must be sent to the Board for consideration.

#143 Recommendations of no award and/or fresh tenders must be approved by the relevant Approving Authority.

#144 The corresponding documents for auction, use of “to-let”, managing agents and direct allocation cases shall be submitted to the relevant Approving Authority to enable a considered decision to be taken.

(145- 149 not used)

## **ACCEPTANCE OF TENDERS/OFFERS**

#150 Formal acceptance of a tender/offer establishes an agreement binding on the tenderer/applicant and the Department which invited the tender/put up the offer. This formal acceptance will be in a Letter of Acceptance.

#151 If the use of Letters of Acceptance is inappropriate, a Permanent Secretary may enter into an Agreement by signing a document prepared for the purpose and approved by the Attorney-General. The original and copy of the document will be signed by both the tenderer/applicant and an officer authorised under the Government Contracts Act (Chapter 118). The original will be kept in the Ministry and the copy kept by the tenderer/applicant.

#152 Tenders/contracts should be awarded within a specified period of time without undue delay, not exceeding 6 months from the date of closing of tenders/auction.

#153 No changes should normally be made to tender specifications/contracts after a tender/contract has been awarded. If circumstances make changes necessary, then the following procedure will be followed:

- (a) If the changes in specifications proposed by the successful tenderer/applicant result in a decrease in the tendered price/offer but the changes are to the advantage of Government, the approval of the Approving Authority which awarded the tender/contract must be obtained before the changes are accepted.
- (b) If the changes are proposed by the Ministry, Department or Statutory Board concerned, the written consent of the successful tenderer/applicant must be obtained before the approval of the relevant Approving Authority is obtained.
- (c) If the proposed changes are in themselves not to the advantage of Government, but there are good reasons for accepting them instead of calling fresh tenders, prior approval of the relevant Approving Authority must be obtained. In instances where Ministries or Government-funded Statutory Boards which are financed on a net subsidy basis propose to reduce the contract price, e.g. by giving a rebate to the tenant, resulting in loss or potential loss of revenue to Government, these should be submitted first to MOF for approval.
- (d) If the changes in specifications which are to Government's advantage and where the tendered price/offer is increased, or unchanged, the approval of the Approving Authority need not be sought. In such cases, the approval of the Permanent Secretary of the Ministry concerned or his authorised officers will be sufficient.

## **WITHDRAWAL OR TERMINATION OF CONTRACT**

#154 Ministries, Departments and Statutory Boards should provide sufficient advance notice for the termination of contract. This is to enable fresh tenders/offers to be called in time.



#155 Withdrawal/Termination of contract cases shall be signed by a relevant officer authorised under the Government Contracts Act (Chapter 118).

(156 - 159 not used)

## **TENANCY TERMS**

#160 The tenancy terms such as tenancy period and any options for extension shall be determined upfront and made known to all interested parties, regardless of the method of allocation viz whether open tender, auctions, to-let notices, managing agents or direct allocation. The underlying principles governing Government Revenue Contracting Procedures (IM3G para 4) must be observed when setting tenancy terms. The rental of government premises should thus be in line with the market rate. Extensions of tenancy terms beyond those stated upfront must be made in accordance with approved policy.

#161 Where tenancy terms are to be extended, whether as an option within the stated tenancy period or beyond that stated, proper valuation to determine the prevailing market rate must be carried out.

#162 All government premises should be rented at market rates. Where the monthly rental is below \$100,000, Government agencies may engage professional private valuers to determine the prevailing market rental to be offered to the sitting tenant, or base the offered rental on prices of recently leased out premises in similar locations.

### **Phased Increases**

#163 If there is a deliberate policy decision to charge rentals below market rates in the renewal of tenancy because of socio- economic or other considerations, it should be treated as a subsidy case and the subsidy ratio has to be approved by Permanent Secretary (Finance). There must be a plan to phase in the increases so as to prevent a situation where the gap keeps widening with time.

(164 - 169 not used)

### **Reverted Properties or Temporary Use of Land**

#170 All tenders/offers relating to the letting of Government properties on temporary occupation licence or 3-year tenancies will be decided by the Commissioner of Lands based on the recommendations of an Evaluation Committee comprising officers from the Singapore Land Authority and the Ministry of Law or as advised by the Chief Valuer. Any departure will be referred to the Minister for Law for approval.

### **Sub-letting/Assignment of Premises**

#171 Sub-letting or assignment within proper guidelines which do not jeopardise Government's interest should be allowed. The guidelines on sub-letting/assignment are as follows:

- (a) For premises which are sold, there are no restrictions;
- (b) For short term leases of less than 9 years which are obtained through open tender, auctions, to-let notices or managing agents, and where the rentals have been adjusted to be in line with market rates, the tenants have to seek prior approval from the government agency, but approval for sub-letting or assignment should be given freely. TAA approval is not needed;
- (c) For leases which have been obtained through direct allocation and/or waiver of competition, agencies shall consider the overall Government and public interest, and put up the case to the relevant TAA for approval.

(172 - 179 not used)

## **PENALTIES AND DEBARMENT**

#180 Penalties and debarment serve to protect Government from unscrupulous and recalcitrant parties who try to exploit the open, fair and transparent system of allocation to their own advantage.

#181 The guiding principle in debarment is to prevent other Government agencies from meeting with the same set of circumstances which a particular agency has met with in dealing with an external party. In particular, undesirable tenants who give problems, are constantly in arrears, or breach conditions of tenancy should be excluded from future tenancies.

#182 In considering the extent of debarment, the seriousness of the breach and the extent of damage, both tangible and intangible, suffered by the Government as a result of the breach should be considered.

### **Withdrawal of Tender Before Award**

#183 Where tenderers withdraw their offers before tender award is made, and the tender deposit is forfeited successfully by the Government agency, no debarment action is necessary, except for cases where corruption is involved.

#184 If the tender deposit is not collected (e.g. dishonoured cheques, stoppage of payment) the tenderer should be debarred for a period of at least one year from all lines of business.

### **Penalties for Fundamental Breach of Contract**

#185 If the successful tenderer failed to observe or perform any of the conditions laid down in the Conditions of Tender or breach any of the Agreements, which leads to a fundamental breach, the Ministry, Department or Statutory Board concerned can forfeit all monies already made under the Agreement, re-possess the property, vary or rescind the contract. These terms and conditions should be included in the Invitation to Tender or other relevant documents prior to formation of contract.

### **Imposition of Substantial Fines**

#186 The Ministries, Departments and Statutory Boards involved in land sales and revenue tenders should ensure that their tender documents are written to provide for punitive penalties in the form of substantial fines which would apply not only to the successful tenderers but also to their agents.

#187 If any party concerned refuses to pay the fine, debarment from all lines of business may be imposed. The terms and penalties involved must be explicitly stated in the contracts so that the tenderer and his agent are given an option to pay the fine or face debarment action.

### **Forfeiture of Deposits for Withdrawal of Tenders**

#188 For all revenue contracting tenders, the penalty for withdrawal of tender after the closing date of the tender, but before award is made shall be the forfeiture of tender deposit.

### **Corruption/Collusion in Tenders**

#189 Corruption and collusion are serious offences. In addition to the forfeiture of tender deposits, tenderers convicted of corruption/collusion in any tender will be debarred from all lines of business for a minimum of 5 years, regardless of the amount involved. The staff involved shall be dealt with in accordance with IM2. For cases where there is no conviction by the Courts, the Standing Committee on Debarment (SCOD) will base its decision on the recommendations of CPIB. CPIB and the Ministry conducting the tender are to submit reports and recommendations to SCOD for all cases where corruption or collusion is involved, even if the recommendation is not to debar.

### **Infringement of Safety Rules**

#190 Ministries shall recommend the appropriate debarment action for tenderers who cause a risk to life or infringe safety rules.

### **Failure to Pay Tender Deposit**

#191 Where the tender deposit has not been collected, the agency concerned should ascertain the cause of the failure to pay tender deposit, and if warranted, put up a case to debar the tenderer concerned.

### **Withdrawal of Tender After the Award Was Made**

#192 For withdrawal of tender after the award was made, in addition to forfeiture of tender deposit, the withdrawal shall be treated as a breach of contract, and the debarment periods for breach of contract shall apply.

### **Termination of Contract**

#193 If sufficient notice has been given for the termination of the contract, in accordance with the agreed terms and conditions no penalty should be imposed. If insufficient notice for termination is given, the entire security deposit shall be forfeited. In addition, the Ministry shall consider if debarment is warranted, and put up a case to SCOD accordingly.

### **Abandonment of Contract**

#194 If a tenderer/applicant abandons the contract without giving notice, he should be penalised by debarring him from all lines of business for at least 1 year.

### **Giving False Information**

#195 Tenderers/applicants giving false information to gain advantage for securing award will be debarred from participating in all tenders for 2 years regardless of value of tenancy or lease agreements.

### **Refusal to Vacate Premises**

#196 Tenderers/applicants who refuse to vacate premises even though their contracts are up will face a debarment of 2 years, on top of eviction/legal action.

### **Breach of Contract**

#197 For any breach of contract by the tenderer, such as unauthorised conversion of use, unlawful or unauthorised activities, and unauthorised sub-letting, the security deposit may be forfeited. Punitive fines may also be imposed. The debarment period will depend on the severity of the breach, up to a maximum of 5 years.

### **Arrears in Rental**

#198 Arrears in rental during the tenancy period attract late interest payments in accordance with IM1. If however, there are outstanding arrears in rentals due to any Government agency, the ex-tenant shall be debarred from future leases, whether through tenders, "to-let" notices or lease through managing agents, until they have paid up the outstanding sums, with interest. If a prospective tenant still owes Government outstanding rental, it does not make sense to give a fresh tenancy to the same party, unless it is warranted on compassionate grounds. Cases for lifting of debarment whilst arrears are due should be approved by SCOD.

(199 - 209 not used)

## **OTHER PENALTY OR ACTION**

#210 In addition to debarment, other action may be taken (e.g. prosecution in court where a criminal offence is detected or a claim for damages where there are grounds for a civil suit) against the defaulting party.

#211 If a party is involved in arbitration or any legal proceedings with the Government, the Ministry, Department or Statutory Board should take these proceedings into account in tender evaluation.

## **AUTHORITY FOR DEBARMENT**

#212 The authority for debarment of defaulting tenderers lies with SCOD, comprising members from Ministries of Finance, Transport, Environment and National Development, Attorney-General's Chambers, CPIB and Building & Construction Authority (BCA). SCOD will decide on all cases of debarment. Ministries will submit their debarment recommendations for revenue-earning tenders to Ministry of Finance.

#213 Cases of debarment containing the pertinent facts of the case (especially the reasons for default/breach) and recommendations should be forwarded to MOF in the format as set out in Appendix G1. The facts of the case should include the firm's line of business, all relevant correspondence with the firm and internal investigation report, wherever applicable.

#214 All recommendations must be personally endorsed by the Permanent Secretary of the ministry or the Chief Executive Officer of the statutory board, or an officer not below the grade of Director nominated personally by him.

#215 Except for cases involving convicted cases of corruption, Ministries, Departments or Statutory Boards should warn the defaulting companies in writing of the intention to debar them and the grounds for such action (eg. Abandonment of contract) before these cases are submitted to Ministry of Finance. This would give the defaulting firm the opportunity to make a business trade-off between proceeding with the tender/contract or facing the possibility of debarment. When warning firms of debarment, Ministries, Departments or Statutory Boards should at the same time ask the firms to explain the reasons for their default within 10 days.

#216 A copy of the firm's letter, when received, should be included in the recommendation to MOF. SCOD would also take these reasons into consideration in its decision. Ministries, Departments or Statutory Boards should not mention the period of debarment in their warning letters. The period of debarment will be decided by SCOD.

#217 If Ministries, Departments or Statutory Boards are convinced that the offence is not serious enough to warrant debarment or the firm's explanation is acceptable or for any other reason, they can recommend to SCOD for a written warning letter to be issued to the firm. Ministries, Departments or Statutory Boards can consult MOF if they are not sure whether debarment action should be recommended or if they propose to deviate from MOF's guidelines on debarment.

#218 MOF would consider the cases put up by the Ministries, Departments or Statutory Boards, and in turn submit its recommendations to SCOD for a decision. Once a decision has been made by SCOD, Secretary, SCOD will issue a circular notifying Ministries, Departments and Statutory Boards of the decision.

#219 Secretary, SCOD shall inform the debarred firms of the reasons for doing so. Secretary, SCOD shall use the standard format at IM3B Appendix B 21 for this purpose. The debarred firm should be informed within 1 week after the Debarment Circular is issued. The debarred firm may submit directly to the Secretary, SCOD an appeal against the decision of SCOD within 2 weeks. A copy of the appeal should be sent to the Ministry, Department or Statutory Board concerned. The Permanent Secretary/Chief Executive Officer in person, or an officer not below the grade of Director nominated personally by him, should consider the appeal and submit his recommendation to MOF.

#220 The appeals will be put up to the Permanent Secretary (Finance). No appeal will be entertained in cases involving convicted cases of corruption.

#221 Where two or more Ministries, Departments or Statutory Boards recommend debarment of the same firm at about the same time, any approved periods of debarment will run concurrently.

## APPENDICES

### Appendix G1 - FORMAT OF SUBMISSION TO SCOD

#### Part I - Particulars Of Firm/Company

- 1 Name of Firm/Company:
- 2 Address of Firm/Company:
- 3 Firm/Company + Business Registration Number:
- 4 Names & NRIC Numbers of Directors/Partners:  
(at the time of default)
- 5 Date of certification of information in items 1 to 4 as obtained from Registry of Companies and Businesses:

#### Part II - Ministry/Department/Statutory Board's Recommendation

- 6 Details of default

(a) Category of default:

\*NB: For withdrawal of tender, please tick the appropriate box only if the tender is withdrawn under the following circumstances:

genuine computation mistakes; or

unclear specifications;

(b) Value of contract/affected items:

(c) Date of default:

(d) Other details:  
(if necessary, attach separate sheet)

- 7 Firm's/Company's Line of Business:

- 8 Mitigating Factors submitted by Firm/Company:
- 9 Line of business from which Firm/Company is to be debarred:
- 10 Period of Debarment:
- 11 Liquidated Damages:
- (a) Quantum of damages imposed:
- (b) If not imposed, state the reasons:
- 12 No of warning/notification letters on debarment:

**Part III - Submitted By**

- 13 Ministry/Department/Statutory Board:
- 14 Name of Officer:
- 15 Designation:
- 16 Signature:
- 17 Date:
- 18 File Reference:

**Part IV - Approved By**

- 19 After having looked into the basis of default and considered the mitigating factors, I recommend that the Firm/Company be

\*

debarred.

issued with a written warning letter.

- 20 Name of Officer:



21 Designation:

22 Signature:

23 Date:

(\* Please tick as appropriate)

**Part V - Endorsed By (To Be Completed By Supervising Ministry If Recommendation Is From A Statutory Board Or Department)**

24 After having looked into the basis of default and considered the mitigating factors, I recommend that the Firm/Company be:

\*

debarred

issue with a written warning letter

25 Ministry:

26 Name of Officer:

27 Designation:

28 Signature:

29 Date:

(\* Please tick as appropriate)