SPECIAL CONDITIONS OF CONTRACT

BID NUMBER: RT69

SUPPLY, DELIVERY, FITMENT, BALANCING AND WHEEL ALIGNMENT OF TYRES AND TUBES TO THE STATE FOR THE PERIOD OF THREE (3) YEARS, 1 NOVEMBER 2022 TO 31 OCTOBER 2025

CLOSING DATE AND TIME OF BID: 31 AUGUST 2022 AT 11h00

BID VALIDITY PERIOD: 180 DAYS

NATIONAL TREASURY
TRANSVERSAL CONTRACTING

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DEFINITIONS

1.1. **Accounting Officer** – bears the same meaning as defined in the Public Finance Management Act (PFMA) or the Municipal Finance Management Act (PFMA/MFMA)

1.2. **Consortium / Joint Venture** – an association of persons for the purpose of combining their expertise, property, capital, efforts, skills, and knowledge in an activity for the execution of a contract.

1.3. **Contractor / Service Provider / Supplier**– the successful bidder who is awarded the transversal contract to maintain and administer the required and specified services to the State.

1.4. **Distributor**: A company that is not the manufacturer of the product or the owner of fitment centres but procures the products from the manufacturer and enters into subcontractor agreements with fitment centres.

1.5. **End user State Institution** – any sphere of Government that may utilise/procure from this transversal contract and have signed the required mandatory documents with the supplier.

1.6. **Fitment Centre**: An entity that is either owned by a subcontractor to the Contractor to provide services such as the fitment, alignment and balancing of tyres.

1.7. **Fleet Responsibility Manager / Fleet Manager** – an official designated by the Accounting Officer or Chief Financial Officer to assume accountability for a fleet of vehicles.

1.8. **Merchant / Supplier** – any legal entity which contracts with the Contractor to provide goods or services to the State.

1.9. **Space Saver** – A tyre of a wheel that is smaller than the standard wheel size of the vehicle, that serves as a spare wheel to be fitted in emergencies.

ABBREVIATIONS

BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
CIPC	Companies and Intellectual Property Commission
CPA	Contract Price Adjustment
CPI	Consumer Price Index
CSD	Central Supplier Database
COIDA	Compensation Occupation Injuries Disease Act
ECE	Economic Commission Europe
EME	Exempted Micro Enterprise
ISO	International Organisation for Standardisation
NRCS	National Regulator of Compulsory Specification
OCPO	Office of the Chief Procurement Officer
PPI	Producer Price Index
PPPF	Preferential Procurement Policy Framework
PPR 2017	Preferential Procurement Regulation
ROE	Rates of Exchange
SABS	South African Bureau of Standards
SANAS	South African National Accreditation System
SARS	South African Reserve Bank
SBD	Standard Bidding Document
SEIFSA	Steel and Engineering Industries Federation of South Africa
STATS SA	Statistics South Africa
TCBD	Transversal Contract Bidding Document
VAT	Value- Added Tax

RETURNABLE DOCUMENTS AND MANDATORY REQUIREMENTS

Table 1: Checklist Document

#	Document Name	Published	Must be returned
PHASE I: PRE-QUALIFICATION CRITERIA			
1	Valid B-BBEE status level contributor verification certificate by SANAS accredited institution **OR** valid JV B-BBEE status level contributor verification certificate by SANAS accredited **OR** valid sworn-affidavit signed by the EME representative and attested by Commissioner of oaths or certified copies thereof **OR** valid B-BBEE affidavit issued by CIPC.	No	Yes
PHASE II: STANDARD BIDDING DOCUMENTS AND MANDATORY REQUIREMENTS			
LEGISLATIVE DOCUMENTS: ADMINISTARTIVE COMPLIANCE-STANDARD BIDDING DOCUMENTS			
2	SBD 1: Invitation to Bid	Yes	Yes
3	SBD 4: Bidders Disclosure	Yes	Yes
4	SBD 6.1 – Preference Points Claimed (BBBEE)	Yes	Yes
LEGISLATIVE DOCUMENTS: ADMINISTARTIVE COMPLIANCE- OTHER REQUIREMENTS			
5	CSD Report /Supplier Number	No	Yes
6	Shareholding portfolio by proof of registration of the company with CIPC	No	Yes
7	General Conditions of Contract	Yes	Yes
8	Special Conditions of Contract	Yes	Yes
MANDATORY REQUIREMENTS: NON-SUBMISSION WILL RESULT IN DISQUALIFICATION			
9	Homologation Certificate	No	Yes
10	Quality Management System Certificate	No	Yes
11	Pricing Schedule (Annexure A)	Yes	Yes
12	List of Fitment Centres (applicable to category B and C) (Annexure B)	Yes	Yes
13	TCBD 1 Authorisation Declaration	Yes	Yes
14	TCBD 1.1 List of goods or services offered.	No	Yes
15	TCBD 1.2 Authorisation Letter Template	No	Yes
16	Public Liability Insurance Cover	No	Yes

#	Document Name	Published	Must be returned
17	COID Certificate (Letter of Good Standing)	No	Yes
PHASE III: PRICE AND B-BBEE			
18	Contract Price Adjustment Cost Components	Yes	Yes

LIST OF ANNEXURES

Annexure A: Pricing Schedule

Annexure B: List of Fitment Centres (applicable to category B and C)

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SECTION A

1. SPECIAL CONDITIONS OF CONTRACT OUTLINE

1.1 This bid document is divided as follows:

1.1.1 Section A: Conditions of bid

1.1.2 Section B: Evaluation criteria

1.1.3 Part 1: Additional bid requirements

1.1.4 Section C: Conditions of Contract

2. INTRODUCTION

2.1 This bid is for the supply, delivery, fitment, balancing and wheel alignment of tyres and tubes to the state for the period of three (3) years, 1 November 2022 to 31 October 2025.

3. LEGISLATIVE AND REGULATORY FRAMEWORK

3.1 General

3.1.1 This bid and all Contracts emanating there from will be subject to the General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) as well as the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) as well as its Regulations.

3.1.2 The Special Conditions of Contract are supplementary to that of the General Conditions of Contract. However, where the Special Conditions of Contract conflict with the General Conditions of Contract, the Special Conditions of Contract shall prevail.

3.1.3 The transversal contract will be managed through the General Conditions of Contract and the Special Conditions of Contract.

3.2 Tax Compliance Requirement

3.2.1 It is a condition of this bid that the tax matters of the successful bidder(s) are in order, or that satisfactory arrangements have been made with South African Revenue Service (SARS) to meet the bidder's tax obligations.

3.2.2 The Tax Compliance status requirements are also applicable to potential foreign bidders / individuals who wish to submit bids.

3.2.3 It is a requirement that bidders grant a written confirmation when submitting this bid response that SARS may on an on-going basis during the tenure of the transversal contract disclose the bidder's tax compliance status and by submitting this bid such confirmation is deemed to have been granted.

3.2.4 Bidders are required to be registered on the Central Supplier Database (CSD) and the state shall verify the bidder's tax compliance status through the CSD or through SARS.

3.2.5 Where Consortia / Joint Ventures / Sub-Contractors are involved, each party must be registered on the Central Supplier Database and their tax compliance status will be verified through the CSD or through SARS.

3.2.6 The state will not award a bid to any bidder whose tax matters are not in order.

3.3 Standard Bidding Documents

The following standard bidding documents must be submitted with the bid at the closing date and time of bid.

3.3.1 SBD 1 – Invitation to bid

3.3.2 SBD 4 – Bidders Disclosure

3.3.3 SBD 5 – The National Industrial Participation Program

3.3.4 SBD 6.1 – Preference Points Claimed (B-BBEE)

3.4 Industry Related Legislations

3.4.1 This transversal contract is subject to all applicable industry related legislation, particularly the legislation stated below. Suppliers must comply with the legislations stated below. Contravention of any provision of the below mentioned legislation may result in termination of transversal contract in the event that the contravention occurs after the transversal contract award:

a) Waste Tyre Regulation No 31901 of 2009;
b) Environmental Conservation Act 73 of 1999;
c) Waste Management Act No 278 of 2008;
d) National Environmental Management: Waste Act No.59 of 2008;
e) Compensation Occupation Injuries Disease Act 130 of 1993;

f) National Road Traffic Act, 1996 (Act No.93 of 1996) ; and

g) Waste Tyre Regulation, 2017

3.4.2 All pneumatic tyres for use on passenger and commercial vehicles and trailers must conform to compulsory safety standards. To comply with safety requirements on an on-going basis such tyres must be subject to an approval process (homologation).

3.4.3 Any tyre producer in terms of part 3 of the Waste Tyre Regulation must subscribe to an Integrated Industry Waste Tyre Management Plan (IIWTMP) approved by the Minister of Water and Environmental Affairs. A tyre producer's failure to subscribe to an approved IIWTMP whilst continuing to produce tyres would constitute an offense.

3.4.4 Bidders must ensure both passenger and commercial tyres as well as trailer tyres offered conform to the following latest specifications and corresponding ECE Regulations and Directives:

Table 2: Conformance to Specification

Description	Category
New Pneumatic tyres for Passenger Cars and their Trailers	Compulsory Specification: VC8056 ECE Regulation 30
New Pneumatic tyres for Commercial Vehicles and their Trailers	Compulsory Specification: VC8059 ECE Regulation 54

4. BID INFORMATION SESSION

4.1 A non-compulsory briefing session will be held virtually on Microsoft Teams under the following details:

Date: 12 August 2022

Time: 10h30am – 12h00am

Link: Click here to join the meeting

4.2 It is critical for the bidders to attend this session as it will provide an opportunity to obtain clarity on certain aspects of the process as set out in this document and to address any substantial issues they might have.

5. TECHNICAL SPECIFICATION AND SCOPE OF WORK

5.1 A bid that does not address the scope of work will be disqualified and will be considered as non-responsive. A bid will be considered responsive if it addresses the scope of work below:

5.1.1 The supply, delivery, fitment, wheel alignment and balancing of tyres and tubes for government vehicles from their specific point of transit as indicated on the purchase order as per following categories:

i. Steel Radial Passenger Vehicles tyres.
ii. Steel Radial, Recreational and Light Commercial tyres.
iii. Bus, Truck and Trailer Commercial tyres.
iv. Agriculture tyres.
v. Industrial and Commercial tyres.
vi. Military and Police Vehicle tyres.
vii. Passenger, Truck, Tractor, Grader & Earthmover tubes.
viii. Industrial and Mining tyres.
ix. Flap, Flap Inner Tube.
x. O-Ring.
xi. Valve Extension.
xii. Run-flat tyres; and
xiii. Space savers (biscuit).

5.2 Bidders must submit bids for any of the following categories where applicable:

Category A: Tyre price & delivery costs (inclusive of VAT)

Category B: Tyre price and delivery cost, fitment, balancing & valve (inclusive of VAT)

Category C: Wheel Alignment per vehicle fitted (inclusive of VAT).

SECTION B: EVALUATION CRITERIA

6. EVALUATION CRITERIA

6.1 The bid shall be evaluated in phases as per the table below:

Table 3: Evaluation Criteria

Phase I	Phase II	Phase III
Pre-qualification criteria	**Mandatory and other standard bid documents**	**Price and B-BBEE**
Minimum B-BBEE status level of contributor: Level 1 to 4 as per Regulation 4(a) of PPR,2017	Compliance with mandatory and other standard bid requirements.	Bids evaluated in terms of the 90/10 preference system.

6.2 Phase I: Pre-Qualification Criteria for Preferential Procurement

6.2.1 Bidders must be a minimum B-BBEE status level contributor from level 1(one) to 4(four) as per regulation 4(a) of Preferential Procurement Regulations, 2017.

6.2.2 Bidders must submit a valid B-BBEE status level contributor verification certificate by SANAS accreditation institution OR valid JV B-BBEE status level contributor verification certificate by SANAS accreditation institution OR valid sworn-affidavit signed by the EME representative and attested by Commissioner of oaths or certified copies thereof OR valid B-BBEE affidavit issued by CIPC.

6.2.3 A bid that fails to meet prescribed pre-qualifying criteria will be disqualified.

6.2.4 In order to proceed to Phase II, bidders must meet the pre-qualifying criteria, failing which the bid will be disqualified.

6.3 Phase II: Administrative Compliance and Mandatory Requirements

6.3.1 Only bidders that have passed Phase I will be evaluated in Phase II. Bidder responses will be evaluated based on the documents submitted under mandatory requirements. Any bid that does not meet these mandatory requirements will be disqualified and will be considered as non-responsive.

6.3.2 Administrative Compliance Documents

6.3.2.1 All Standard bidding documents as listed above on Table 1 must be completed in full, signed and submitted with the bid at the closing date and time of the bid. Failure to comply may invalid your bid.

6.3.2.2 SBD 1 – Invitation to bid

6.3.2.3 SBD 4 – Bidders Disclosure

6.3.2.4 SBD 5 – The National Industrial Participation Program

6.3.2.5 SBD 6.1 – Preference Points Claimed (B-BBEE)

6.3.3 Other Bid Requirements

6.3.3.1 CSD Report/Supplier Number

6.3.3.2 Shareholders portfolio by proof of registration of the company with CIPC

6.3.3.3 General Conditions of Contract

6.3.3.4 Special Conditions of Contract

6.3.4 Mandatory requirements

6.3.4.1 Homologation Certificate

6.3.4.1.1 Manufacturers must submit a homologation letter from the National Regulator for Compulsory Specifications (NRCS). Distributors must submit a homologation letter from the tyre Manufacturer/ Importers/ Distributor must submit a homologation letter and maximum volume allowed per annum. This is derived from the National Regulator for Compulsory Specification Act, No. 5 of 200.

6.3.4.2 Quality Management System Certificate

6.3.4.2.1 Manufacturers are requested to submit a valid Quality Management System Certificate (ISO 9001) by an accredited authority and Distributors/Importers must submit a manufacturers Quality Management System Certificate.

6.3.4.2.2 Distributors/Importers must provide a service agreement with the franchise dealers and/or independent dealers or Authorisation letter. The Authorisation letter must adhere to the requirements outlined in paragraph 6.3.4.6

6.3.4.3 **Fitment Centres applicable to Category B and C**

6.3.4.3.1 Bidders must submit proof of fitment centre or authorisation letter from a fitment centre.

6.3.4.3.2 A list of fitment centres needs to be submitted as part of the bid as well as proof of address. This can include a utility bill, supply agreement or rental agreement.

6.3.4.3.3 Bidders who are bidding for category B and C must submit the required documents in 6.3.4.3.1 and 6.3.4.3.2, failure to submit will invalidate the items offered.

6.3.4.4 **Public Liability Insurance**

6.3.4.4.1 Bidders must submit a valid proof of public liability insurance or quotation.

6.3.4.5 **Compensation Occupational Injuries and Diseases Act Registration**

6.3.4.5.1 Bidders must submit a valid letter of good standing for the Compensation Occupational for Injuries and Diseases Act.

6.3.4.6 **Authorisation Declaration**

6.3.4.6.1 All bidders must complete the "Authorisation Declaration" (TCBD 1) for all relevant goods or services in full, sign it and submit it together with the bid response at the closing date and time of the bid invitation.

6.3.4.6.2 Failure to submit a duly completed and signed Authorisation Declaration, with the required annexure(s), in accordance with the above provisions will invalidate the bid for such goods or services offered.

6.3.4.6.3 Any bidder/s who is sourcing from a Third Party must complete TCBD 1.1 and TCBD 1.2 in full for all relevant goods and/or services. The letter of undertaking from the Third Party must include but not limited to the following:

i. List of item(s) number and item description.
ii. Letter must be on the Third-Party letter head, dated and originally signed.
iii. Have the contact's name, physical and postal address, telephone, and email details and the capacity which a person is signing the letter.
iv. All the information on the letter must be in English.
v. Letter must confirm supply of goods from manufacturer or importer, not from a dealership.
vi. The principal manufacturer should underwrite the warrantees for all items offered under the transversal contract.
vii. TCBD 1.2 must be completed for all items offered by the bidder.

6.3.4.6.4 The State reserves the right to verify any information supplied by the bidder in the Authorisation Declaration and should the information be found to be false or incorrect, the State reserves its right to exercise any of the remedies available to it, including disqualifying the bidder and or restricting the bidder.

6.3.4.6.5 The bidder must ensure that all financial and supply arrangements for goods or services have been mutually agreed upon between the bidder and the third party. Failure to render the service in line with the contractual terms of this transversal contract may lead to the contract being terminated and the bidder being restricted from doing business with the State.

6.3.4.6.6 Failure by a bidder, other than a manufacturer or licensed importer to provide the letter confirming supply arrangements as per the specifications above, will invalidate the bid.

6.3.4.6.7 The authorisation declaration (TCBD1) and the letter from the manufacturer confirming supply arrangements as set out in paragraphs 6.3.4.6.3 must be applicable and cover the full transversal contract period.

6.3.5 Pricing structure and schedule

6.3.5.1 It is a requirement of this bid that bidders fill out and submit the pricing schedule issued with the bid at the closing date and time of the bid.

6.3.5.2 The pricing schedule provided in this bid forms an integral part of the bid document and bidders must ensure that it is completed **without changing the structure thereof**.

6.3.5.3 All prices must be furnished in RSA (Rand) currency.

6.3.5.4 Bidders are required to submit responsive bids by completing all the prices as contained in the pricing schedule, mandatory response fields and item questionnaires on the provided pricing schedule for the individual items.

6.3.5.5 Bidders must complete the excel version of the price schedule and **submit it as soft copy in a memory stick**. Over and above the submission of the price schedule in active excel format the bidder must submit a signed hard copy together with their bid, failing to submit the **hard copy** will result in the bid being non-responsive and shall therefore be disqualified.

6.3.5.6 The excel pricing spreadsheet must also be converted into a Portable Document Format (PDF) and submitted with the bid at the closing date and time. This PDF document must be similar to the soft copy active excel pricing spreadsheet submitted on the memory stick.

6.3.5.7 The prices as requested in the Price Schedule must not include any settlement discounts for early payments. The State will not pay any amounts to the appointed service provider that is not reflected on the pricing schedule at the time of bid submission or that is provided for as an optional extra or accessories.

6.3.5.8 Prices submitted for this bid must be completed on the fields provided on the price schedule supplied with the bid.

6.3.5.9 A bidder may offer more than one brand of tyre in the same category. Where more than one brand is submitted in one line, that item will be disqualified. Bidders must submit alternative offers on the different excel sheets as provided on the pricing schedule that is published.

6.3.5.10 Bid offers for each tyre must be inclusive off all applicable taxes and related costs.

6.3.5.11 The State requires each bidder to indicate whether a tyre is a run flat tyre or not. In the event that a run flat tyre and normal tyre falls under the same category, both items should be offered as separate items.

6.3.5.12 The pricing submitted, must be for a specific make and model.

i. The pricing structure has been divided into three (3) categories; bidders must submit bids for any of the following categories where applicable.

ii. Category A: Tyre price & delivery costs (inclusive of VAT)

iii. Category B: Tyre price and delivery cost, fitment, balancing & valve (inclusive of VAT)

iv. Category C: Wheel Alignment per vehicle fitted (inclusive of VAT)

6.3.5.13 Pricing structures that do not comply with this requirement may invalidate the bid.

6.3.5.14 Once a bid has complied with mandatory requirements and other bid requirements, it would further be evaluated on Phase III.

6.4 Phase III: Price and B-BBEE (90/10 Criteria)

6.4.1 Applicable taxes

6.4.1.1 All bid prices must be inclusive of all applicable taxes

6.4.1.2 Failure to comply with this condition will invalidate the bid or affected items.

6.4.2 Value added tax

6.4.2.1 All prices must be inclusive of 15% Value Added Vat.

6.4.2.2 Failure to comply with this condition will invalidate the bid.

6.4.3 Preference point system

6.4.3.1 In terms of regulation 7 of the Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the State on the 90/10-preference point system in terms of which points are awarded to bidders based on:

6.4.3.2 The bid price (maximum 90 points)

6.4.3.3 B-BBEE status level of contributor (maximum 10 points)

6.4.3.4 The following formula will be used to calculate the points for price:

$$Ps = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for comparative price of bid under consideration

Pt = Comparative price of bid under consideration

Pmin = Comparative price of lowest acceptable bid

6.4.3.5 A maximum of 10 points may be allocated to a bidder for attaining their B-BBEE status level of contributor in accordance with the table below:

Table 4: B-BBEE Status Level of Contributor

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1

Non- compliant contributor	0

6.4.3.6 Bidders are required to complete the preference claim form (SBD 6.1) and submit their original and valid B-BBEE status level verification certificate or a certified copy thereof or a sworn-affidavit at the closing date and time of the bid in order to claim the B-BBEE status level points.

6.4.3.7 The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.

6.4.3.8 Only bidders who have completed and signed the declaration part of the preference claim form and who have submitted a B-BBEE status level certificate from an accredited verification agency, or a sworn-affidavit will be considered for preference points.

6.4.3.9 Failure on the part of the bidder to comply with the above paragraphs will be deemed that preference points for B-BBEE status level of contribution are not claimed and will therefore be allocated a zero (0).

6.4.3.10 The State may, before a bid is adjudicated, require a bidder to substantiate claims it has made regarding preference.

6.4.3.11 The points scored will be rounded off to the nearest 2 decimals. In the event that two or more bids have scored equal total points, the transversal contract will be awarded to the bidder scoring the highest number of preference points for B-BBEE.

6.4.3.12 Should two or more bids be equal in all respects; the award shall be decided by the drawing of lots.

6.4.3.13 This transversal contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

6.4.4 Response field

6.4.4.1 Bidders are required to submit responsive bids by completing all the prices per line item they are bidding for, mandatory response fields and item questionnaires on the provided pricing schedule for the individual items

6.4.4.2 Non-compliance with this condition will result in the bidder being disqualified for that item(s) concerned.

6.5 Recommendation and Appointment

6.5.1 The Bid Evaluation Committee will recommend a preferred responsive bidders based on Phase I, Phase II, and Phase III.

6.5.2 The award of the transversal contract is subject to meeting all the requirements of the bid.

PART 1: ADDITIOAL BID REQUIREMENTS

7. INTRODUCTION

7.1 All bidders must comply with the requirements hereunder and submit all the necessary documentation.

8. END USER INFORMATION PACK

8.1 Bidders are required to submit the following documentation electronically (in excel format where possible) in separate documents at the closing date and time of the bid.

8.2 List of fitments centres with physical address, contact details and proof of existence. This information must be populated on the provided excel template.

8.3 Escalation process for technical assistance and contact details.

9. COMPANY PROFILE

9.1 The bidder shall submit a company profile as well as those of sub-contractor's that it intends using, which includes but is not limited to the following:

9.1.1 Details of the bidder's directors/owners (full names and surnames and ID or passport number) this information will be verified using the CSD; and

9.1.2 The company profile must further include a shareholding portfolio with valid proof of registration of the company with CIPC. If by law registration with CIPC is not required, proof of ownership/shareholding must be provided.

10. TERMS AND CONDITIONS

10.1 Third party agreements and subcontractor agreements:

10.1.1 No agreement between the bidder and any third party will be binding on the State.

10.1.2 If bidder intends using sub-contractors to execute the transversal contract or part thereof, the bidder must note that it shall remain responsible and accountable for the completion of the work or delivery of services requirements as per Regulation 12 of the PPR, 2017. The following shall be applicable:

10.1.3 The bidder must declare as required in terms of SBD 6.1 its intention to subcontract and the percentage of subcontracting thereof and must provide full description of subcontractor.

10.2 Supplier due diligence

10.2.1 The State reserves the right to conduct supplier due diligence prior to final award or at any time during the transversal contract period and this may include pre-announced/ non-announced site visits. During the due diligence process the information submitted by the bidder will be verified and any misrepresentation thereof may disqualify the bid or transversal contract in whole or parts thereof.

10.3 Counter conditions

10.3.1 Bidders' attention is drawn to the fact that amendments to any of the Bid Conditions or setting of counter conditions by bidders may result in the invalidation of such bids.

11. FRONTING

11.1 The National Treasury supports the spirit of broad based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and in an honest, fair, equitable, transparent, and legally compliant manner. Against this background the National Treasury condemn any form of fronting.

11.2 The National Treasury, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct, or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in bid documents.

11.3 Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade and Industry, be established during such enquiry/investigation, the onus will be on the bidder / supplier to prove that fronting does not exist.

11.4 Failure to comply with paragraph 11.3 within a period of fourteen (14) days from date of notification may invalidate the bid/contract and may also result in the restriction of the bidder /supplier to conduct business with the public sector for a period not exceeding ten (10) years, in addition to any other remedies the National Treasury may have against the bidder/supplier concerned.

12. RIGHT OF AWARD

12.1 The state reserves its following rights:

12.1.1 To procure locally manufactured tyres;

12.1.2 To award the bid in part or in full;

12.1.3 Not to make any award in this bid;

12.1.4 Award the bid to more than one bidder for the same line item;

12.1.5 Request further technical information from any bidder after the closing date;

12.1.6 Verify information and documentation of the respective bidder;

12.1.7 Not to accept any of the bids submitted;

12.1.8 To withdraw or amend any of the bid conditions by notice in writing to all bidders prior to closing of the bid and post award; and

12.1.9 In the event that an incorrect award has been made to remedy the matter in any manner it may deem fit.

12.1.10 To not award the same make and model tyre in the same province to more than one supplier.

13. MULTIPLE AWARDS

13.1 The State further reserves its right to issue multiple awards, to ensure availability of the service.

13.2 The State reserves the right to limit the number of suppliers per line item.

13.3 The following shall be taken into consideration when instituting a multiple award:

13.3.1 Capacity to meet expected demand according to the End User requirements.

13.3.2 Specific End-user requirements; and

13.3.3 Mitigation of Risk if the item is unavailable.

14. NEGOTIATIONS

14.1 The State reserves the right to negotiate with the shortlisted bidders prior to award and with the successful bidder(s) post award.

15. SUBMISSION OF BIDS

15.1 Hardcopy and Electronic Bidding

15.1.1 Bidders must submit the bid to TIC in the following format:

i. One (1) original hard copy clearly marked as ‘’original’’.

ii. One (1) memory stick or USB with all the documents on the original hard copy and a soft copy of the pricing schedule in excel format to the National Treasury (NT): TIC by the closing date and time of the bid.

iii. Bidders must ensure that the USB is properly secured.

15.1.2 All electronic data submitted must be an exact copy of the hard copy document. Any discrepancies between the electronic data and the hard copy, the hardcopy will take precedence.

15.1.3 After completing the pricing schedule electronically, the electronic version of the pricing schedule must be printed and submitted together with the other bid documents which will serve as the hard copy of the bid.

15.1.4 A bid should be submitted in a sealed envelope or sealed suitable cover on which the name and address of the bidder, the bid number and the closing date must be clearly visible.

15.1.5 Bidders must initial each page of the bid document on the top right-hand corner.

15.1.6 In the event that a hard copy of the bid document is not received on or before the closing date and time, the bid will be invalidated.

15.2 Format and Submission of Bid

15.2.1 Bidders are required to submit their bids in the following manner: -

15.2.1.1 Section 1 Standard bidding documents

15.2.1.2 Section 2 Mandatory documentation

15.2.1.3 Section 3 Comprehensive list of fitment centres

15.2.1.4 Section 4 Comprehensive list of delivery charges

15.2.1.5 Section 5 Contact details (More than one person & Supervisor)

15.3 Late Bids

15.4 Bids received after the closing date and time, at the address indicated in the bid documents, will not be accepted for consideration and where practicable, be returned unopened to the bidder.

16. COMMUNICATION

16.1 National Treasury may communicate with bidders where clarity is sought after the closing date of the bid and prior to the award of the transversal contract, or to extend the validity period of the bid, if necessary.

16.2 All communication between the bidder and the Contract Management Office must be done in writing.

17. CONTACT DETAILS

17.1 The following is the contact details of the Transversal Contracting Office:

Transversal Contracting, OCPO-National Treasury, Private Bag X115, Pretoria, 0001
Physical address: 240 Madiba Street, Cnr. Thabo Sehume - and Madiba Streets, Pretoria

17.2 Bid Enquiries:

Contract Manager: Phumzile Mtsweni

E-mail: Transversal.Contracting6@treasury.gov.za

SECTION C CONDITIONS OF CONTRACT

18. INTRODUCTION: CONCLUSION OF CONTRACT

18.1 The Contract between National Treasury and the successful bidder collectively referred to as the Parties shall come into effect after the Service Provider has been issued with an Unconditional letter of Acceptance to their bid.

18.2 The State may enter into a Service Level Agreement, but the Special Conditions of Contract and the letter of acceptance will constitute a binding agreement.

18.3 The following will form part of the transversal contract documents between the parties in as far as this RT69 is concerned:

18.3.1 Bid Documents.

18.3.2 Letter of appointment.

18.3.3 Award Documents (Covering Letter, Contract Circular, Special Conditions of Contract and General Conditions of Contract)

19. CHANGE OF THIRD-PARTY SUPPLIERS

19.1 In the event that a supplier needs to change their third-party supplier for the same make and model supplied without a change in price, an application for approval will need to be made to National Treasury.

19.2 As part of the application, the supplier will be required to submit a new letter of authorisation form the new supplier. The letter of authorisation will need to adhere to all the requirements of the authorisation letter as listed in paragraph 6.3.4.6.

19.3 National Treasury will issue a letter and grant approval for the change in third party supplier in the event that the requirements of the authorisation letter is fulfilled.

20. PARTICIPATING GOVERNMENT INSTITUIONS

20.1 Department of Defence

20.2 South African Police Services

20.3 Department of Transport: KwaZulu Natal

20.4 Department of Public Works, Roads, and Infrastructure: Limpopo

20.5 Department of Transport: Eastern Cape

20.6 Civilian Secretariat for Police Service

20.7 City of Johannesburg Metrobus

21. POST AWARD PARTICIPATION

21.1 The State reserves the right to admit any State Institution to participate in this transversal contract post award.

22. CONTRACT PRICE ADJUSTMENTS

22.1 Formula

22.1.1 Prices submitted for this bid will be regarded as non-firm and subject to adjustment(s) in terms of the following formula, defined areas of cost and defined periods of time.

22.1.2 Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.

22.1.3 The following price adjustment formula will be applicable for calculating Contract Price Adjustments (CPA).

Table 5: Contract Price Adjustment Formula

$$Pa = (1-V)Pt\left(D1\frac{R1t}{R1o} + D2\frac{R2t}{R2o} + D3\frac{R3t}{R3o} + \ldots\ldots + Dn\frac{Rnt}{Rno}\right) + VPt$$

Pa	=	The new adjusted price to be calculated
V	=	Fixed portion of the bid price (15% or 0.15)
Pt	=	Original bid price. Note that Pt must always be the original bid price and not an adjusted price
(1-V)Pt	=	Adjustable portion of the bid price (85% or 0.85).
D1 – Dn	=	Each factor (or percentage) of the bid price, e.g., material, labour, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%).
R1t – Rnt	=	End Index. Index figure obtained from the index at the end of each adjustment period.
R1o–Rno	=	Base Index. Index figure at the time of bidding.

VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment.

22.2 Formula component definitions

22.2.1 Adjustable amount

22.2.1.1 The adjustable amount is the portion of the bid price which is subject to adjustment. In this bid the adjustable amount is 85% of the original bid price. For example, if the bid price is R1000, then only R850 will be subject to adjustment.

22.2.2 Fixed portion

22.2.2.1 The fixed portion represents those costs which will not change over the adjustment period and DOES NOT represent the profit margin. In this bid the fixed portion is 15% of the original bid price. Using the same example as above, it would amount to R150 which will remain fixed over the transversal contract period.

22.2.3 Cost components and proportions

22.2.3.1 The cost components of the transversal contract price usually constitute the cost of materials (raw material or finished product), cost of direct labour, cost of transport and those other costs which are inclined to change. The proportions are the contribution to the transversal contract price of each of these cost components. In this bid the following cost components will be used to calculate Contract price adjustments.

22.2.3.2 Bidders are requested to submit the cost breakdown of the bid price for each item with their bid. Should the cost breakdown be the same for all items on the bid, please indicate it clearly in the bid document. Bidders will not be allowed to change the cost breakdown of bid prices during the tenure of the transversal contract.

22.2.3.3 Successful bidders that are direct importers of raw material / finished product can apply for RoE adjustment under cost element D1. If the successful bidder is not a direct importer of raw material / finished product, cost component D1 would not be applicable and only local cost components (D2 - Dn) would be applicable.

Table 6: Cost Components

Cost Component	% Contribution
D1- Imported Raw Material/Finished Product (if applicable)	
D2 – Local Raw Material/Finished Product (if applicable)	
D3 – Labour	
D4 - Transport	
D5- Other (Please specify)	
TOTAL (Cost components must add up to 100%)	

22.2.4 Applicable indices / references

22.2.4.1 The applicable index refers to the relevant market index, which is a true reflection of price movement(s) in the cost over time. In this bid the following indices or reference will be applicable:

Table 7: Applicable Indices

Cost Component	Index Publication	Index Reference
D1 – Imported Raw Material/Finished Product	Supplier/Manufacturer invoices(s) and remittance advice.	Documentary evidence to accompany claim.
D2 – Local Raw Material/Finished Product	Stats SA P0141(CPI) Final Manufactured Goods OR Supplier/Manufacturer invoice(s)	Table 1: Final Manufactured Goods – Rubber and Plastic Products OR Documentary evidence to accompany claim.
D3 - Labour	Stats SA P0141 CPI OR Labour agreement[1]	Table E: All items OR Labour agreement to be provided

D4 – Transport	Stats SA P0141(CPI) Table E	Table E-Transport –Other running Costs
D5- Other	Please specify	

[1] *In the absence of a labour agreement, the labour cost component will be adjusted with CPI Headline inflation.*

22.2.5 Base Index Date

22.2.5.1 The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid the base index date is **August 2022.**

22.2.6 End Index Date

22.2.6.1 The end index dates are the dates at predetermined points in time during the transversal contract period. In this bid the end indices are defined in the next paragraph (Price Adjustment Periods).

22.2.7 Price Adjustment Periods

22.2.7.1 Adjustment will be applied on quarterly basis:

Table 8: Price Adjustment Periods

Adjustment	End Index Date	Dates *from* which adjusted prices will
1st Adjustment	January 2023	1st March 2023
2nd Adjustment	May 2023	1st July 2023
3rd Adjustment	September 2023	1st November 2023
4th Adjustment	January 2024	1st March 2024
5th Adjustment	May 2024	1st July 2024
6th Adjustment	September 2024	1st November 2024
7th Adjustment	January 2026	1st March 2025
8th Adjustment	May 2025	1st July 2025

22.2.8 Rates of Exchange (RoE) – Base and Average rates

22.2.8.1 In the event where material and/or finished products are imported the following will apply:

22.2.8.2 The formula described above will be used and the imported cost component of the bid price (D1) will be adjusted considering the base RoE rate and the average RoE rate over the period under review indicated below.

22.2.8.3 In the event where the RoE adjustment goes hand in hand with a material/product price increase, the material/product price (in foreign currency) will be converted to South African currency using the indicated base rate for the earlier invoice and the average RoE rate for the period under review as indicated below for the later invoice.

22.2.8.4 The imported cost component (D1) will be adjusted together with all the other cost components indicated above and at the predetermined dates indicated below.

22.2.8.5 Rate(s) of exchange to be used in this bid in the conversion of the bid price of the item(s) to South African currency is indicated in the table below.

Table 9:Rates of Exchange

Currency	Rates of exchange 4 months' average for the period 1 March 2022 - 30 June 2022
US Dollar	
Pound Sterling	
Euro	
Yen	

22.2.8.6 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period 1 March 2022- 30 June 2022 using the Reserve Bank published rates for the specific currency. Visit www.reservebank.co.za to obtain the relevant rates. Please refer to TCBD 2 (Procedure to download historical exchange rates from the Reserve Bank website) for instructions.

22.2.8.7 Contract price adjustments due to rate of exchange variations are based on average exchange rates as published by the Reserve Bank for the periods indicated hereunder:

Table 10: Average Exchange Rates

Adjustment	Average exchange rates for the period
1st Adjustment	1 November 2022 to 30 February 2023
2nd Adjustment	1 March 2023 to 30 June 2023
3rd Adjustment	1 July 2023 to 30 October 2023
4th Adjustment	1 November 2023 to 30 February 2024
5th Adjustment	1 March 2024 to 30 June 2024
6th Adjustment	1 July 2024 to 30 October 2024
7th Adjustment	1 November 2024 to 30 February 2025
8th Adjustment	1 March 2025 to 30 June 2025

22.2.8.8 Unless prior approval has been obtained from Contract Management, no adjustment in Contract prices will be made.

22.2.8.9 Applications for price adjustment must be accompanied by documentary evidence in support of any adjustment.

22.2.8.10 CPA applications will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.

22.2.8.11 In the event where the supplier's CPA application, based on the above formula and parameters, differs from Contract Management's verification, Transversal Contracting will consult with the supplier to resolve the differences.

22.2.8.12 Bidders are referred to paragraph 10.3 of the Special Conditions regarding Counter Conditions.

22.2.8.13 An electronic price adjustment calculator will be available on request from Contract Management.

23. ORDERS AND PAYMENT FOR SUPPLIES AND SERVICES

23.1 General

23.1.1 Suppliers should note that each individual participating department/institution is responsible for generating the orders as well as the payments thereof.

23.1.2 Suppliers should note that the orders will be placed as and when required during the transversal contract period and delivery points will be specified by the relevant participating department/institution.

23.1.3 The point of delivery will be as per the address specified by the end user department or for collection at the identified supplier or fitment centre.

23.1.4 The instructions appearing on the official order form regarding the supply, dispatch and submission of invoices must be strictly adhered to and under no circumstances should the supplier deviate from the orders issued by the participating department/institution.

23.1.5 The State is under no obligation to accept any quantity which is in excess of the ordered quantity.

23.1.6 The service provider shall furnish the End User with a certified correct invoice and signed proof of delivery in order to effect payment.

23.1.7 Suppliers are requested to ensure that the request for quotation is legitimate to circumvent fraudulent orders.

23.1.8 When providing quotations to participating organs of state, suppliers must ensure that the base price as it appears on the contract circular / price list adjustment is shown on the quotation and provide other pricing such as fitment and alignment costs and extras separately.

23.1.9 All invoices submitted to the participating department in respect of this transversal contract and after the participating department has ensured that the amounts claimed are due and in accordance with the provisions of this transversal contract, be certified by the responsible participating department or his representative.

23.1.10 The End User may defer payment pending request for clarification and the submission of further information, if so required. Such requests for clarification shall be submitted in writing to the Department within a period of 15 (fifteen) days of receipt of the invoice and the period for clarification shall not exceed 30 (thirty) days. The end-user must furnish proper documents for audit purposes.

23.2 Ordering Procedure

23.2.1 Prior to placing a formal order with a supplier, the participating institution will submit a pre-order to the first ranked supplier stipulating the details of the intended order.

23.2.2 The supplier will be allowed a maximum of three (3) working days to formally respond to the pre-order, indicating how the requirements of the order will be fulfilled. The supplier must indicate whether the order will be fulfilled in full, partially fulfilled or completely declined.

23.2.3 In the event that the participating institution does not receive the written response on the pre-order within three (3) working days, the purchaser will be allowed to engage with the next highest ranked supplier.

23.2.4 Should the supplier respond with a partial acceptance or decline the request, the next highest ranked supplier on the list must be contacted to supply the balance or full requirement.

23.2.5 The participating institution may not enter into discussions to purchase from the 2nd supplier without confirmation and agreement from the original supplier to do so. Similarly, the participating institution may not enter into discussions to purchase from the next ranked supplier without confirmation and agreement from the aforementioned supplier to do so, and so forth.

23.2.6 The purchasing institution must place the formal order within five (5) working days from receiving the written response from the supplier(s).

23.2.7 The supplier will have to notify National Treasury, National Department of Transport, and the end users on the transversal contract in the event that certain makes and items are no longer available or when there is a shortage of stock and the anticipated time frames for it to become available.

23.2.8 The State reserves the following right:

23.2.8.1 To order from a lower ranked tyre where the higher awarded item does not meet the requirements of the end user in terms of the speed-, ply- and load rating.

23.2.8.2 To order from a lower ranked supplier, where the total cost of the services required for

i. Tyre Price and delivery cost, fitment, balancing and valve or;
ii. Tyre price and delivery cost, fitment, balancing, alignment, and valve is where the price is less than that of the higher ranked supplier.

24. REGIONAL FOOTPRINT

24.1 The supplier/ service provider must have fitment centres located in the province for which offers are submitted. Failure to have fitments centres in the relevant provinces will disqualify the bid for the items offered to the specific province.

24.2 The supplier/ service provider must have a point of supply in the province with fitment centres across the province.

24.3 In the event that a supplier/ service provider is awarded in a specific province, the end user can request the supplier/ service provider to provide additional fitment centres in specific geographical areas where required.

24.4 A list of fitment centres needs to be submitted as part of the bid in the template provided as well as proof of address (applicable to category B and C). This can include an affidavit, a utility bill, or rental agreements. The Bid Evaluation Committee will confirm the existence of these merchants by drawing samples from the submitted fitment centres. Where a fitment centre is found not to exist of where no agreement is in place between the fitments centre and the supplier/ service provider, the bid will be disqualified

25. DELAYS AND/OR UNSATISFACTORY PERFORMANCE

25.1 The service provider shall, at all times, ensure that it renders the services in accordance with the provisions of this Contract and within the delivery times or periods as agreed to between the End Users and them.

25.2 In the event of any delay and/or failure to perform in accordance with specifications as set out in this Contract or where an emergency situation arises, and/or where the End User deems it necessary to obtain the services in terms of this Contract however the said services are not readily available from the service provider, the End User must obtain written approval from National Treasury to procure such services outside this Contract, and the End User shall be relieved of its obligations to the service provider with regard to the services or the portion thereof so procured outside this transversal contract.

25.3 If at any time during the performance of the services, the service provider, its agents or subcontractor(s), should encounter conditions impeding specific and/or timely delivery of services, the service provider shall promptly notify the End User in writing of that fact, the likely duration and/or its cause(s). As soon as practicable after receipt of the service provider's notice, the End User shall evaluate the situation and may, at its discretion, extend the service provider's time for performance or opportunity to comply with specifications.

25.4 Any service rendered by the service provider that differs materially from the specifications set out in the transversal contract shall not be regarded as a service in terms of this transversal contract. The End User, having so indicated to the services provider in writing, shall not be liable for any consideration in relation to such service.

25.5 The End User shall be entitled to, from the fees payable for the services, withhold and/or deduct a pro rata amount in respect of the services or portion of services not performed or unsatisfactorily performed.

26. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES

26.1 Contract Administration

26.1.1 The administration and facilitation of the Contract will be the responsibility of National Treasury within the Chief Directorate: Transversal Contracting. All correspondence in this regard must be directed to the following address:

The Chief Directorate: Transversal Contracting, National Treasury, Private Bag X115, Pretoria, 0001.

26.2 Supplier Performance Management and Reporting

26.2.1 The National Treasury will ensure that meetings are held on a quarterly basis with the End Users and the service provider to discuss performance and compliance related issues.

26.2.2 It is the responsibility of the End User to inform National Treasury: Transversal Contracting of service provider non-performance and non-compliance.

26.2.3 The service provider shall ensure that they submit all reports, as per the template to be provided as and when required, via e-mail to:

OCPO, National Treasury, Transversal Contracting: Transversal.Contracting6@treasury.gov.za.
For this purpose, electronic templates as well as reporting schedules will be supplied to service provider by the State.

26.2.4 Quarterly or bi-annual supplier reviews will be conducted to discuss non-performance, late payments, forecasted quantities for the next six months, late deliveries, quantity delivered, value, end-user, new developments, and other issues.

26.2.5 Performance and Compliance reports shall be submitted monthly by the service provider

26.2.6 In order to add value to the South African Economy, the awarded service provider will have to Demonstrate number of jobs created skills development and enterprise development through RT69-2022.

27. POST AWARD SERVICE COMPLIANCE

27.1 The service provider shall ensure that all the certificates referred to in this document remain valid for the duration of the transversal contract.

27.2 It remains the responsibility of the service provider ensure that it provides the Contract management office with a valid certificate within 30 (thirty) days from the date of expiry of such a certificate or within the time agreed to with the State failing which the service provider shall be held to be in breach of Contract.

27.3 The State reserves its right to terminate the Contract should the service provider fail to remedy such breach as per the provisions of this Contract.

28. QUALITY ASSURANCE

28.1 The supplier/ service provider must ensure that the product and/or services comply with all applicable legislation with particular reference to paragraph 3.4 at all times during the transversal contract period.

29. PRODUCT ADHERANCE /BRAND CHANGE

29.1 In the event where a bidder offers a specific brand against an item and the item is subsequently awarded to the bidder, it is required of the successful bidder continue to supply the brand awarded throughout the transversal contract period.

29.2 In the event that the brand is discontinued, National Treasury, Transversal Contracting must be notified in writing of such an occurrence.

29.3 Supplier/ service provider are not allowed to deliver a different brand other than the brand awarded to them prior to an approval of brand change from National Treasury, Transversal Contracting.

30. INSPECTION AND AUDIT

30.1 The State reserves the right to inspect the premises or audit any document pertaining to this transversal contract at any time during the tenure of the Contract.

30.2 Should any audit or inspection reveal that the service provider has not complied with any of the terms of this transversal contract, the Service provider shall be charged for the cost of the audit or inspection as well as the cost of any losses incurred by the State associated with such non-compliance.

30.3 In the event referred to in paragraph 30.2 above, the State reserves its right to terminate this transversal contract should the service provider fail to remedy such breach accordingly.

31. CONFIDENTIALITY OF INFORMATION

31.1 The service provider and their employees shall regard all information which they obtain or is entrusted with by the State and the End User whilst executing the Contract, as confidential, secret or top secret depending on the State's classification of such information and shall accordingly not disclose such information.

32. TERMINATION

32.1 The State shall be entitled to terminate this Agreement if one or more of the following occur:

32.2 the supplier/ service provider decides to transfer the transversal contract or cede the transversal contract:

32.3 the supplier/ service provider is provisionally or finally liquidated, making it impossible for the service provider to perform its functions in terms of this transversal contract.

32.4 the service provider enters into settlement arrangements with their creditors;

32.5 the service provider commits an act of insolvency;

32.6 in the event that the service provider is a member of an unincorporated joint venture or consortium and the membership of such joint venture or Consortium changes; and

32.7 the service provider failure to perform its obligation amounts to a fundamental non-performance.

32.8 The State reserves its right to terminate the transversal contract in the event that there is a change in ownership of the service provider that has the effect that the over 50% ownership of the service provider belongs to the new owner without prior written approval of the State.

32.9 Either Party may terminate this transversal contract for breach in the event that the other party fails to comply with any of its obligations in terms of this transversal contract and having failed to remedy such breach within 14 (fourteen) calendar day's written notice to remedy such non-compliance.

32.10 Notwithstanding the provisions above, either Party may terminate this transversal contract by giving the other Party 30 (thirty) days' written notice to that effect.

THE END