



SPECIAL CONDITIONS OF CONTRACT

RT 23-2016

**SUPPLY AND DELIVERY OF LUBRICATING OIL ,WEAPON OIL,
HYDRAULIC BRAKE FLUID AND GREASE TO THE STATE FOR THE
PERIOD**

1 NOVEMBER 2016 TO 31 OCTOBER 2018

**CLOSING DATE AND TIME OF BID:
16 NOVEMBER 2015 at 11h00**

BID VALIDITY PERIOD: 120 DAYS

**NATIONAL TREASURY
CONTRACT MANAGEMENT**



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ABBREVIATIONS

BAC	: Bid Adjudication Committee
B-BBEE	: Broad-Based Black Economic Empowerment
CPA	: Contract Price Adjustment
CPI	: Consumer Price Index
ISO	: International Organisation for Standardisation
PPI	: Producer Price Index
ROE	: Rates of Exchange
SABS	: South African Bureau of Standards
SBD	: Standard Bidding Document
STATS SA	: Statistics South Africa
TCBD	: Transversal Contract Bidding Document
VAT	: Value- Added Tax
OCOP	: Office of the Chief Procurement Officer



SECTION A

1. LEGISLATIVE AND REGULATORY FRAMEWORK

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). The Special Conditions of Contract are supplementary to that of the General Conditions of Contract. Where, however, the Special Conditions of Contract are in conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.

2. EVALUATION CRITERIA

2.1 Preference Point System

2.1.1 In terms of regulation 6 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 on the basis of:

- The bid price (maximum 90 points)
- B-BBEE status level of contributor (maximum 10 points)

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

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

P_s = Points scored for comparative price of bid under consideration

P_t = Comparative price of bid under consideration

P_{\min} = Comparative price of lowest acceptable bid

2.1.3 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:



B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

- 2.1.4 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 in order to claim the B-BBEE status level point.
- 2.1.5 The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 2.1.6 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 issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act no. 69 of 1984)) or an accredited verification agency will be considered for preference points.
- 2.1.7 The State may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- 2.1.8 The points scored will be rounded off to the nearest 2 decimals.
- 2.1.9 In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of preference points for B-BBEE.
- 2.1.10 However, when functionality is part of the evaluation process and two or more bidders have scored



equal points including equal preference points for B-BBEE, the contract will be awarded to the bidder scoring the highest for functionality.

- 2.1.11 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- 2.1.12 A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

3. RESPONSE FIELDS

- 3.1.1 Bidders are required to submit responsive bids by completing all the prices, mandatory response fields and item questionnaires on the provided pricing schedule for the individual items. In this regard bidder's attention is drawn to the response field and price structure explanations and examples supplied in the bid document (TCBD 6 – Response Field Explanations).
- 3.1.2 Non-compliance with this condition may invalidate the bid for the item(s) concerned.

4. AUTHORISATION DECLARATION

- 4.1.1 Any bidder who is sourcing any goods or services from a third party must complete the "Authorisation Declaration" (TCBD 1) in full for all relevant goods or services, sign it and submit it together with the bid documents at the closing date and time of the bid.
- 4.1.2 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 will exercise any of the remedies available to it in the bid documents.
- 4.1.3 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. No agreement between the bidder and the third party will be binding on the State.
- 4.1.4 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 services offered.



5. TAX CLEARANCE CERTIFICATE

- 5.1.1 An original and valid Tax Clearance Certificate issued by the South African Revenue Services certifying that the taxes of the bidder are in order must be submitted at the closing date and time of bid. Please refer to SBD2 – Tax Clearance Certificate Requirements.
- 5.1.2 Copies and/or certified copies of the Tax Clearance Certificate will not be acceptable.
- 5.1.3 Failure to submit the original and valid Tax Clearance Certificate at the closing date and time will result in the invalidation of the bid.

6. VALUE ADDED TAX

- 6.1.1 All bid prices must be inclusive of 14% Value-Added Tax.
- 6.1.2 Failure to comply with this condition may invalidate the bid.

7. SUBMISSION OF BIDS

- 7.1.1 Bidders must submit the bid in hard copy format (paper document) to National Treasury: Tender Information Centre before the closing date and time. The hard copy of the bid response will serve as the legal bid document. The bid must be addressed to the National Treasury: Tender Information Centre.
- 7.1.2 Each bid should be submitted in a separate, sealed envelope or suitable cover on which the name and address of the bidder, the bid number and the closing date must be clearly endorsed.
- 7.1.3 Bidders are encouraged to bid electronically via the electronic response system to facilitate the speedy evaluation of bid responses. Electronic bids must also be submitted before the closing date and time. Besides responding electronically through the electronic response system, the bidder is still required to submit a hard copy of the bid document before the closing date and time. 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.
- 7.1.4 All electronic data submitted must be an exact copy of the hard copy document. Where, however, the electronic data is in conflict with the hard copy document, the hard copy will prevail.



8. LATE BIDS

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.

9. COUNTER CONDITIONS

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.

10. FRONTING

10.1.1 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.

10.1.2 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. 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 / contractor to prove that fronting does not exist. Failure to do so within a period of 14 days from date of notification may invalidate the bid / contract and may also result in the restriction of the bidder /contractor to conduct business with the public sector for a period not exceeding ten years, in addition to any other remedies the National Treasury may have against the bidder / contractor concerned.

11. SUPPLIER DUE DILIGENCE

The State reserves the right to conduct supplier due diligence prior to final award or at any time during the contract period. This may include site visits.



12. COMMUNICATION

- 12.1.1 Contract Management may communicate with bidders where clarity is sought after the closing date of the bid and prior to the award of the contract, or to extend the validity period of the bid, if necessary.
- 12.1.2 Any communication to any government official or a person acting in an advisory capacity for the State in respect of this bid between the closing date and the award of the bid by the bidder is discouraged.
- 12.1.3 All communication between the bidder and the Contract Management Office must be done in writing.

13. CONTACT DETAILS

13.1.1 General

Chief Directorate: Transversal Contracting, National Treasury, Private Bag x115, Pretoria, 0001
Physical address: 240 Madiba Street, cnr. Thabo Sehume - and Madiba Streets, Pretoria

13.1.2 Bid Enquiries

Contract Manager: Lebogang Mosuwe
National Treasury: OCPO: Transversal Contracting
Tel: (012) 406 – 9022
Fax: (012) 315 – 5400
E-mail: lebogang.mosuwe@treasury.gov.za

Or

National Treasury: OCPO: Transversal Contracting
Sindiswa Tapi
Tel: (012) 406 – 9169
E-mail: sindiswa.tapi@treasury.gov.za



SECTION B

14. CONTRACT PERIOD

The contract period shall be for a period of 24 months commencing on 1 November 2016 to 31 October 2018.

15. PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS

15.1 Government Departments / Institutions who will participate in this contract are:

National Departments

- South African Police Service
- Department of Water and Sanitation
- Department of Defence

Provincial Departments

- Mpumalanga Department of Public Works, Roads and Public Works
- Kwazulu- Natal Department of Transport
- Limpopo Public Works and Infrastructure
- Eastern Cape Roads and Public Works
- North West Department of Public Works

Other Intities

- National Research Council

15.2 Post award participation

- 15.2.1 In terms of Treasury Regulation 16A6.6 the accounting officer or accounting authority may, on behalf the department, constitutional institution or public entity, participate in any contract arranged by means of a competitive bidding process by any other organ of state, subject to the written approval of such organ of state and the relevant contractors.



16. BID INFORMATION SESSION

16.1 A non-compulsory information session will be held at:

National Treasury, 240 Madiba Street, Pretoria.

Date: 30 October 2015

Time: 09h00

Venue: TBC

16.2 This session will provide bidders with 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.

17. PRICING STRUCTURE

Prices submitted for this bid must be filled in on the field provided on the pricing schedules supplied with the bid as follows:

Bidders are requested to offer prices for all units of measure specified in a Group (See Appendix A grouped items)

For example, if a Bidder intends to bid for SAE 30, the bidder should provide prices for all the units of measure in this category of oil.

Unit of Measure (Litres)	Price
210 litre drum	R1, 100.00
20 litre drum	R120.00
5 litre drum	R 40.00
500 milliliter tin	R 5.00
Group comparative value	R1,265



17.1 Items Grouped as a Series

17.1.1 All items that are grouped as a series in the specification shall be regarded as a group series and be evaluated and awarded accordingly.

17.1.2 Bidders are required to offer prices for all units of measure specified in the series.

17.1.3 Bidders must take note that the allocation of price points will be based on the group comparative value.

17.1.4 Non-compliance with the abovementioned special conditions will invalidate the bid for the item/s concerned.

18. CONTRACT PRICE ADJUSTMENTS

18.1 Formula

18.1.1 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.

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

18.1.3 The following price adjustment formula will be applicable for calculating contract price adjustments (CPA).

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

18.2 Formula component definitions

18.2.1 Adjustable amount

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.

18.2.2 Fixed portion

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 contract period.

18.2.3 Cost components and proportions

The cost components of the 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 contract price of each of these cost components. In this bid the following cost components will be used to calculate contract price adjustments.

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 contract.



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.

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

18.2.4 Applicable indices / references

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:

Cost component	Index Publication	Index Reference
D1 - Local Raw Material / Finished product (if applicable)	Stats SA PO142.1(PPI) Table 1	Products of petroleum and coal- Other
D2 - Labour	Stats SA PO 141(CPI) Table E OR Labour agreement ¹	All Items OR Labour agreement to be provided
D3 – Transport	CPI – PO 141, Table E	Transport – Other Running Cost
D4 – Other	Specify	Documentary evidence to accompany claim



18.2.5 Base Index Date

In the absence of a labour agreement, the labour cost component will be adjusted with CPI Headline inflation. 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 **October 2015**.

18.2.6 End Index Date

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

18.2.7 Price Adjustment Periods

Adjustment to contract prices may be applied for at the following dates:

Adjustment	CPA application to reach the office at the following dates	End Index Date	Dates from which adjusted prices will become effective
1 st Adjustment	05 February 2016	December 2015	01 March 2016
2 nd Adjustment	05 August 2016	June 2016	01 September 2016
3 rd Adjustment	03 February 2017	December 2016	01 March 2017
4 th Adjustment	04 August 2017	June 2017	01 September 2017

18.3 **Rates of Exchange (RoE) – Base and Average rates**

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

18.3.1 The formula described above will be used and the imported cost component of the bid price (D1) will be adjusted taking into account the base RoE rate (refer paragraph 18.3.4) and the average RoE rate over the period under review indicated in paragraph 18.3.6 below.

18.3.2 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 base rate (paragraph 18.3.4) for the earlier invoice and the average RoE rate for the period under review as indicated in paragraph 18.3.6 below for the later invoice.



18.3.3 The imported cost component (D1) will be adjusted together with all the other cost components indicated in paragraph 18.2.3 and 18.2.4 above and at the predetermined dates indicated in paragraph 18.2.7 above.

18.3.4 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.

Currency	Rates of exchange 6 month average for the period 1 May 2015- 31 October 2015
US Dollar	
Pound Sterling	
Euro	
Yen	

18.3.5 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period 1 May 2015 - 31 October 2015 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.

18.3.6 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:

Adjustment	Average exchange rates for the period:
1 st Adjustment	1 February 2016 to 31 July 2016
2 nd Adjustment	1 August 2016 to 31 January 2017
3 rd Adjustment	1 February 2017 to 31 July 2017
4 th Adjustment	1 August 2017 to 30 November 2017



18.4 General

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

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

18.4.3 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.

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

18.4.5 Bidders are referred to paragraph 9 of the Special Conditions regarding Counter Conditions.

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

19. PRE-AWARD PRODUCT COMPLIANCE PROCEDURES

The following pre-award product compliance procedures will apply:

19.1 Specifications

19.1.1 Items must comply with specifications as stated in the bid document.

19.1.2 Where specific specifications and/or standards are applicable on materials and supplies, the quality of products shall not be less than the requirements of the latest edition of such specifications and/or standards,

20. DELIVERY AND QUANTITIES

20.1 Delivery Basis



20.1.1 Transit and storage conditions applicable to the relevant product must be adhered to.

20.2 Quantities

20.2.1 No quantities should be reflected in the bid as orders will be placed on the basis of 'as and when required' and no guarantee is given or implied as to the actual quantity which will be procured during the contract period.

21. PACKING MATERIAL

21.1 General

21.1.1 Suitable packing material, which will ensure that the goods arrive in the exact state as when it was originally packed, must be used .

22. USE CONTAINERS

22.1 **Containers**

22.1.1 The containers must maintain the quality, safety and stability of its contents. Containers should withstand the mechanical hazards of handling, transport and storage, prevent leakage, and provide an appropriate level of protection from environmental conditions or contact with metal where relevant.

22.1.2 Conditions of the container must be acceptable to the end user at the point of delivery. The materials of construction must have no chemical or physical effect on the goods.

22.1.3 Products are to be packed in suitable containers in such a manner as to ensure adequate protection against deterioration in storage from the effect of light and/or moisture.



SECTION C

23. ROLES AND RESPONSIBILITIES

23.1 Contract Administration

23.1.1 The administration and facilitation of the contract will be the responsibility of National Treasury, Contract Management and all correspondence in this regard must be directed to the following address:

OCOP: Transversal Contracting: National Treasury, Private Bag X115, Pretoria, 0001

23.1.2 Contractors must advise the OCPO: Transversal Contracting, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the contract. Full particulars of such circumstances as well as the period of delay must be furnished.

23.2 Supplier Performance Management

23.2.1 Supplier performance management will be the responsibility of end-user departments and where supplier performance disputes cannot be resolved between the contractor and the relevant purchasing institution, National Treasury: Contract Management must be informed for corrective action.

23.3 Placement of Orders and Payments

Orders will be placed by participating departments who will be responsible for the payment to contractors for goods delivered and/or services rendered.

24. ORDERS AND DELIVERY

24.1 Orders

24.1.1 Contractors should note that each individual purchasing institution is responsible for generating the order(s) as well as the payment(s) thereof.

24.1.2 Contractors should note that the order(s) will be placed as and when required during the



contract period and delivery points will be specified by the relevant purchasing institution(s).

24.1.3 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 contractor deviate from the orders issued by the purchasing institutions.

24.2 **Delivery Adherence**

24.2.1 Delivery of goods must be made in accordance with the instructions appearing on the official order forms issued by purchasing institutions.

24.2.2 All deliveries or dispatches must be accompanied by a delivery note stating the official order number against which the delivery has been affected.

24.2.3 In respect of items awarded to them, contractors must adhere strictly to the delivery lead times quoted in their bids.

24.2.4 Contractors are required to deliver the goods at the required stores, off-load the goods from the truck at the designated area as indicated on the official order form.

25. **POST AWARD REPORTING**

25.1 **Historical Data**

All successful bidders are required to submit historical value and volume reports via e-mail on a six (6) monthly basis to:

25.1.1 Transversal Contracting, National Treasury:

Lebogang Mosuwe (Lebogang.mosuwe@treasury.gov.za)

For this purpose electronic templates will be supplied to successful bidders.

Period	Dates at which reports must be submitted
1	15 July 2016
2	13 January 2017
3	14 July 2017