SPECIAL CONDITIONS OF CONTRACT

RT 74-2014

SUPPLY, DELIVERY AND INSTALLATION OF PREFABRICATED ADJUSTABLE SHELVING, STEEL RACKING, MEZZANINE FLOORING AND HIGH DENSITY MOBILE FILING SYSTEMS TO THE STATE FOR THE PERIOD 1 DECEMBER 2014 TO 30 NOVEMBER 2017

NATIONAL TREASURY
OFFICE OF THE CHIEF PROCUREMENT OFFICER
TRANSVERSAL CONTRACTING

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DEFINITIONS

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
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
OCPO	: 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:

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

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

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 at the closing date and time of the bid in order to claim the B-BBEE status level points.

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 Failure on the part of the bidder to comply with paragraphs 2.1.4 and 2.1.6 will be deemed that preference points for B-BBEE status level of contribution are not claimed and will therefore be allocated a zero (0).

2.1.8 The state may, before a bid is adjudicated or at any time, require a bidder to substantiate claims made with regard to preference.

2.1.9 The points scored will be rounded off to the nearest 2 decimals.

2.1.10 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.

2.1.11 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 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).

3.2 Non-compliance with this condition may invalidate the bid for the item(s) concerned.

4 AUTHORISATION DECLARATION

4.1 Any bidder who is sourcing 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.

4.2 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.

4.3 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.

4.4 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 goods or services offered.

5 TAX CLEARANCE CERTIFICATE

5.1 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.

5.2 Copies and/or certified copies of the Tax Clearance Certificate will not be acceptable.

5.3 Failure to submit the original and valid Tax Clearance Certificate will result in the invalidation of the bid.

6 VALUE ADDED TAX

6.1 All bid prices must be inclusive of 14% Value-Added Tax.

6.2 Failure to comply with this condition may invalidate the bid.

7 SUBMISSION OF BIDS

7.1 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.

7.2 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.

7.3 All electronic data submitted must be an exact copy of the hard copy document. Any discrepancies between the electronic data and the hard copy may invalidate the bid for the item in question.

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 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.

10.2 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 Transversal Contracting: Office of the Chief Procurement Officer 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.

12.2 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.

12.3 All communication between the bidder and Transversal Contracting: Office of the Chief Procurement Officer must be done in writing.

13 CONTACT DETAILS

13.1 General

Chief Directorate: Transversal Contracting, Office of the Chief Procurement Officer, National Treasury, Private Bag x115, Pretoria, 0001

Physical address: 240 Madiba Street, cnr. Thabo Sehume - and Madiba Streets, Pretoria

13.2 Bid Enquiries

Contract Managers: Mthokozisi Ngcobo / Carlo Raffanti
Transversal Contracting, Office of the Chief Procurement Officer, National Treasury
Tel: (012) 395 – 6698 / (012) 315 – 5364
Fax: (012) 315 – 5400
E-mail: mthokozisi.ngcobo@treasury.gov.za / carlo.raffanti@treasury.gov.za

SECTION B

14 CONTRACT PERIOD

The contract period shall be for a period of 24 months commencing on 1 December 2014 to 30 November 2017.

15 PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS

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

National Departments

- Department of Justice and Constitutional Development
- Department of Environmental Affairs
- Department of Public Works
- Department of Rural Development & Land Reform
- Department of Water and Sanitation
- Department of Public Enterprises
- National Treasury
- Department of Planning, Monitoring and Evaluation
- Department of Public Service and Administration
- Department of Home Affairs
- Office of the Chief Justice
- SAPS
- Department Social Development
-

Provincial Departments

- Limpopo: Department of Social Development
- Mpumalanga: Department of Education
- Mpumalanga: Community Safety, Security & Liaison
- Mpumalanga: Public Works, Roads & Transport
- North West: Department of Agriculture and Rural Development

- Limpopo: Department of Agriculture
- North West: Public Works and Roads
- Limpopo: Department of Safety and Security
- Eastern Cape: Department of Health
- KwaZulu Natal: Department of Education
- KwaZulu Natal: Department of Transport
- Limpopo: Department of Public Works, Roads and Infrastructure
- Eastern Cape: Department of Transport

Other Government Institutions

- National Library of South Africa
- National Prosecuting Authority
- Independent Communications Authority of South Africa
- State Security Agency

15.2 ***Post award participation***

15.2.1 In terms of Treasury Regulation 16A6.6, The Accounting Officer/Accounting Authority may, on behalf of 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 PRICING STRUCTURE

16.1 Prices quoted must be furnished on the basis of "delivered into store" country-wide.

16.2 Prices must be inclusive of all fixtures required for a fully functional unit.

16.3 Prices submitted for this bid must be filled in on the field provided on the pricing schedules supplied with the bid. Price structures that do not comply with this requirement may invalidate the bid.

17 CONTRACT PRICE ADJUSTMENTS

17.1 *Formula*

17.1.1 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.

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

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

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

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.

17.2 *Formula component definitions*

17.2.1 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.

17.2.2 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.

17.2.3 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	
D2 – Labour	
D3 – Transport	
D4 – Electricity, gas and water	
D5 – Other	
TOTAL (Cost components must add up to 100%)	**100 %**

17.2.4 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:

17.2.5

Cost component	Index Publication	Index Reference
D1 – Local Raw Material	SEIFSA index publication	Table E-A : Domestic Steel Price Index (cold rolled)
D2 - Labour	SEIFSA index publication OR Labour agreement[1]	Table C-4: SEIFSA index of actual wage rates OR Labour agreement to be provided
D3 – Transport	SEIFSA index publication	Table L-2: Road Freight Costs
D4 – Electricity, gas and water	SEIFSA index publication	Table K: Statistics SA index for electricity, gas and water
D5 – Other	Specify	Documentary evidence to accompany claim

Base Date

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 2014.

17.2.6 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).

17.2.7 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	Dates *until* which adjusted prices will be effective
1st Adjustment	9 Jan 2015	Nov 2014	1 February 2015	31 July 2015
2nd Adjustment	10 Jul 2015	May 2015	1 August 2015	31 January 2016
3rd Adjustment	8 Jan 2016	Nov 2015	1 February 2016	31 July 2016
4th Adjustment	7 Jul 2016	May 2016	1 August 2016	31 January 2017

[1] *In the absence of a labour agreement, the labour cost component will be adjusted with SEIFSA index for Actual Wage rates.*

5th Adjustment	6 Jan 2017	Nov 2016	1 February 2017	31 July 2017
6th Adjustment	7 July 2017	May 2017	1 August 2017	30 November 2017

17.3 ***General***

17.3.1 Unless prior approval has been obtained from Transversal Contracting, Office of the Chief Procurement Officer, National Treasury; no adjustment in contract prices will be made.

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

17.3.3 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.

17.3.4 In the event where the supplier's CPA application, based on the above formula and parameters, differs from Transversal Contracting, Office of the Chief Procurement Officer, National Treasury`s verification, Transversal Contracting, Office of the Chief Procurement Officer, National Treasury will consult with the supplier to resolve the differences.

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

17.3.6 An electronic price adjustment calculator will be available on request from Transversal Contracting, Office of the Chief Procurement Officer, National Treasury.

18 PRE-AWARD PRODUCT COMPLIANCE PROCEDURES

The following pre-award product compliance procedures will apply:

18.1 ***Specifications / Standards***

18.1.1 All the relevant products (as indicated in the item descriptions) must comply with the following standards / specifications:

- SANS 1528-3 – Storage Units
- CKS 370 – Adjustable Steel Shelving

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

19 DELIVERY AND QUANTITIES

19.1 Delivery Basis

19.1.1 Firm lead times for delivery and installation must be quoted for the duration of the contract period.

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

19.2 Quantities

19.2.1 No quantities are 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.

SECTION C

20 ROLES AND RESPONSIBILITIES

20.1 Contract Administration

20.1.1 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:

The Chief Directorate: Transversal Contracting, Office of the Chief Procurement Officer, National Treasury, Private Bag X115, Pretoria, 0001

20.1.2 Contractors must advise the Chief Directorate: Transversal Contracting, Office of the Chief Procurement Officer, 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.

20.2 Supplier Performance Management

20.2.1 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, Transversal Contracting, Office of the Chief Procurement Officer, National Treasury must be informed for corrective action.

20.3 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.

21 ORDERS AND DELIVERY

21.1 Orders

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

21.1.2 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).

21.1.3 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.

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

21.2 ***Delivery Adherence***

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

21.2.2 All deliveries or installations must be accompanied by a delivery note stating the official order number against which the delivery or installation has been performed.

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

21.2.4 Deliveries and installations not complying with the order forms will be removed by the contractor at the contractor's expense.

21.2.5 Where applicable, all equipment is to be supplied with Operating Manuals/Information Brochures in at least the English Language.

22 SECURITY AND CONFIDENTIALITY OF INFORMATION

22.1 All successful contractors may be subject to a National Intelligence Agency (NIA) clearance process which will be facilitated by the National Treasury.

22.2 The state may enforce section 23 (termination for default) of the General Condition of Contract in a case were the contractor's clearance has a negative outcome.

22.3 The contractor will regard all information which he/she obtains or is entrusted with concerning the participating department or its members whilst executing the contract, as confidential, secret or top secret.

22.4 The contractor, his /her employees, sub-contractor's or agents may not make any such

information obtained or entrusted with known to any other person or to the media.

23 POST AWARD REPORTING

23.1 Historical Data

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

23.1.1 Transversal Contracting, Office of the Chief Procurement Officer, National Treasury: Mthokozisi Ngcobo (mthokozisi.ngcobo@treasury.gov.za)

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

Period	Dates at which reports must be submitted
1	12 June 2015
2	11 December 2015
3	10 June 2016
4	9 December 2016
5	9 June 2017
6	10 November 2016

END