SPECIAL CONDITIONS OF CONTRACT

RT72-2023

THE APPOINTMENT OF A SERVICE PROVIDER TO SUPPLY AND DELIVER MEDICAL OXYGEN TO HOME PATIENTS ON BEHALF OF THE STATE FOR THE PERIOD 60 MONTHS

60 MONTHS

NON-COMPULSORY BRIEFING SESSION TO BE HELD ON THE 17 JANUARY 2023 ON MICROSOFT TEAMS

CLOSING DATE AND TIME OF BID

24 JANUARY 2023 AT 11H00

BID VALIDITY PERIOD: 180 DAYS

National Treasury

Transversal Contracting

Table of Contents

LIST OF ABBREVIATIONS 3

LIST OF ANNEXURES 3

LIST OF TABLES 4

SECTION A: INTRODUCTION AND TERMS OF REFERENCE 7

1. DESCRIPTION AND FORMAT OF THE BID 7
2. LEGISLATIVE AND REGULATORY FRAMEWORK 7
3. DURATION OF TRANSVERSAL CONTRACT 7
4. BRIEFING SESSION 8
5. TERMS OF REFERENCE 8

SECTION B: CONDITIONS OF BID 22

6. PART 1: EVALUATION CRITERIA 22
7. PART 2: RECOMMENDATION AND APPOINTMENT OF BIDDERS 39
8. PART 3: ADDITIONAL BID REQUIREMENTS 36

SECTION C: CONDITIONS OF CONTRACT 41

9. CONCLUSION OF CONTRACT 41
10. PARTICIPATING STATE INSTITUTIONS/DEPARTMENTS 41
11. POST AWARD PARTICIPATION 41
12. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES 42
13. CONTRACT PRICE ADJUSTMENT 43
14. DELIVERY AND QUANTITIES 47
15. PLACEMENT OF ORDERS AND PAYMENTS 48
16. CONTINUITY OF SUPPLY 48
17. SHELF LIFE ..... **Error! Bookmark not defined.**
18. PACKAGING AND LABELLING ..... **Error! Bookmark not defined.**
19. PRODUCT ADHERANCE / BRAND CHANGE 48
20. MERGERS, TAKE OVERS AND CHANGES IN SUPPLIER DETAILS ..... **Error! Bookmark not defined.**
21. POST AWARD PRODUCT COMPLIANCE PROCEDURES 49
22. REGISTRATION ON DATABASES OF PARTICIPATING AUTHORITIES 50
23. MONITORING ..... **Error! Bookmark not defined.**
24. TERMINATION 50

 Initials_____

LIST OF ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
CPA	Contract Price Adjustment
CSD	Central Supplier Database
CPI	Consumer Price Index
IVD	In Vitro Diagnostic
NT	National Treasury
PPR 2017	Preferential Procurement Regulations 2017
RoE	Rate of Exchange
SABS	South African Bureau of Standards
SAHPRA	South African Health Product Regulatory Authority
SANAS	South African National Accreditation System
SARB	South African Reserve Bank
SARS	South African Revenue Service
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
STATS SA	Statistics South Africa
TC	Transversal Contracting
TCD	Transversal Contracting Document
TIC	Tender Information Centre
VAT	Value Added Tax
ZAR	Rand

LIST OF ANNEXURES

Annexure A : Pricing Schedule

Annexure B : Cost Breakdown

Annexure C : Sub-Contracting Information

Annexure D : Company Experience

Annexure E : Capacity and Capability

Initials_____

LIST OF TABLES

Table 1: Bid Document Checklist and Returnable 5

Table 2: Summary of Technical Specifications Categories ..... **Error! Bookmark not defined.**

Table 3: Evaluation Criteria 22

Table 4: Designated Item Thresholds ..... **Error! Bookmark not defined.**

Table 5: Preference Point System 34

Table 6: Example of Cost Breakdown 35

Table 7: Contract Price Adjustment Formula 43

Table 8 - Contract Price Adjustment Cost Components 44

Table 9: Applicable Indices/References 45

Table 10: Price Adjustment Period 46

Table 11: CPA Rate of Exchange 46

Table 12: Rate of Exchange Average Periods 47

Table 13: Labelling details ..... **Error! Bookmark not defined.**

Initials_____

Table 1: Bid Document Checklist and Returnable

#	Document Name[1]	Included in the published bid document?	To be returned by bidder?	Bidder may tick Yes if document is submitted
PHASE 1: PRE-QUALIFICATION CRITERIA				
1.	Valid B-BBEE status level contributor verification certificate issued by SANAS accredited institution OR valid sworn-affidavit OR valid B-BBEE affidavits issued by CIPC.	No	Yes	
PHASE 2: ADMINISTRATION REQUIREMENTS				
2.	SBD 1 – Invitation to Bid	Yes	Yes	
3.	Proof of authority to sign the bid	No	Yes	
4.	SBD 4 – Declaration by bidder	Yes	Yes	
5.	SBD 5 – National Industrial Participation Programme	Yes	Yes	
6.	SBD 6.1 – Preference Points Claim Form	Yes	Yes	
7.	Written confirmation for disclosing tax status by SARS	No	Yes	
8.	CSD full report and not summarized	No	Yes	
PHASE 3: MANDATORY REQUIREMENTS				
9.	Annexure A: Pricing Schedule	Yes	Yes	
10.	Annexure C: Sub-Contracting Summary information and Supporting Documents	Yes	Yes	
PHASE 4: FUNCTIONALITY REQUIREMENTS				
11.	Company Experience (including Annexure D)	No	Yes	
12.	Reference Letters	No	Yes	
13.	Capacity and Capability (Including Annexure E)	No	Yes	
14.	Operational Strategy	No	Yes	
15.	Risk Management Strategy	No	Yes	
PHASE 4: TECHNICAL COMPLIANCE				
16.	SAHPRA License – Pharmaceutical – Establishment	No	Yes	
17.	SAHPRA License – Pharmaceutical – Product	No	Yes	
18.	SAHPRA License – Medical Devices and IVD - Establishment	No	Yes	
19.	TCD 13 Authorization Declaration	Yes	Yes	

[1] Table 1 is provided as guidance to assist bidders with documents that must be returned with the bid. The list is not exhaustive, and it is the responsibility of the bidder to provide all required documents as per the provision of each clause in this bid

Initials_____

#	Document Name[1]	Included in the published bid document?	To be returned by bidder?	Bidder may tick Yes if document is submitted
20.	TCD 13.1 List of items	Yes	Yes	
21.	Letter of undertaking (as per TCD 13.2 template)	Yes	Yes	
22.	Quality assurance certificate	No	Yes	
23.	CE/ FDA or Test Report(s) or Proof of submission	No	Yes	
PHASE 3: PRICE & B-BBEE				
24.	Annexure A: Pricing Schedule	Yes	Yes	
25.	Annexure B - Cost Breakdown	Yes	Yes	
26.	TCD 14: Historical Currency Exchange Rate	Yes	No	
OTHER DOCUMENTS REQUIRED				
27.	Company Profile	No	Yes	
28.	CIPC Company Registration Documents	No	Yes	
29.	Special Conditions of Contract	Yes	Yes	
30.	General Condition of Contract	Yes	Yes	

Initials_____

SECTION A: INTRODUCTION AND TERMS OF REFERENCE

1. DESCRIPTION AND FORMAT OF THE BID

1.1 This bid is for the appointment of a service provider to supply and deliver medical oxygen to home patients on behalf of the state for the period 60 months

1.2 This bid document is structured as follows:

1.2.1	Section A	:	Introduction and Terms of Reference
1.2.2	Section B	:	Conditions of Bid
1.2.2.1	Part 1	:	Evaluation Criteria
1.2.2.2	Part 2	:	Additional Bid Requirements
1.2.2.3	Part 3	:	Recommendations
1.2.3	Section C	:	Conditions of Contract

2. LEGISLATIVE AND REGULATORY FRAMEWORK

2.1 This bid and all contracts emanating there from will be subject to 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) (PFMA) as well as the Preferential Procurement Policy Framework Act 2000 (PPPFA) with its latest 2017 regulations

2.2 The Special Conditions of Contract (SCC) are supplementary to that of General Conditions of Contract (GCC). However, where the Special Conditions of Contract conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.

2.3 **Applicable legislation Specific to Medical Oxygen**

2.3.1 Medicines and Related Substances Amendment Act, No 72 of 2008 (Amendment Act) read together with a further Amendment Act, Medicines and Related Substances Act No. 14 of 2015 and it's Regulations and Guidelines;

2.3.2 Hazardous Substances Act No. 15 of 1973; and

2.3.3 Occupational Health and Safety Act No.85 of 1993.

3. DURATION OF TRANSVERSAL CONTRACT

3.1 The transversal contract shall be for a period of 60 months.

 Initials_____

4. BRIEFING SESSION

4.1 A non-compulsory virtual briefing session will be held as follows:

Venue : Virtual Microsoft Teams meeting.

Please click on this link: RT72-2023 Briefing Session Link

Date : 17 January 2023

Time : 13h00 to 14h30

4.2 The bid information session is not compulsory but will provide bidders with an opportunity to obtain clarity on certain aspects of the procurement process as set out in this bid document.

4.3 The National Treasury reserves the right to answer questions at the briefing session and/or to respond formally after the briefing session.

5. TERMS OF REFERENCE

5.1 INTRODUCTION

5.1.1 Long Term Domiciliary Oxygen Therapy (LTDOT) is the administration of long term home-based supplemental oxygen to terminally ill patients who receive palliative care for a life-limiting and life-threatening illness and patients with chronic arterial hypoxemia. Chronic lung conditions that may present with hypoxemia include but are not limited to metastatic cancer, bronchiectasis, occupational lung diseases, genetic diseases, severe tuberculosis, and lung conditions related to prematurity.

5.2 SCOPE OF SERVICE

5.2.1 The appointed service provider is expected to provide:

5.2.1.1 A comprehensive all-inclusive package for the administration and management of Long-Term Domiciliary Oxygen Therapy (LTDOT) services is required for various users within the State. The all-inclusive package includes the following:

5.2.1.2 The supply and delivery of oxygen to patients who qualify for Long Term Domiciliary Oxygen Therapy (LTDOT).

5.2.1.3 It would be required of the successful bidder be able to provide a cylinder, concentrator and a portable oxygen concentrating device (for learners who are enrolled in a full-time study at an accredited educational institution) as well as services provided by registered professional nurses. The three distinct supply regimens are as follows:

a) By way of Compressed Medical Oxygen contained in High Pressure Cylinders with an Oxygen Conserving Device complete with a regulator and the necessary ancillary equipment for patients without electricity; (In general referred to as Cylinder Supplied Service) or

 Initials_____

b) By way of an Oxygen Concentrator Machine plus a suitable sized back-up Compressed High Pressure Medical Oxygen cylinder complete with a regulator and flow meter, as well as the necessary ancillary equipment. (In general, referred to as Concentrator Supplied Service).

c) This machine must have a facility which allows patients not diagnosed with COPD to use it as a nebuliser.

d) By way of a mobile oxygen concentrating device with a minimum battery life of 5 hours, an additional back-up battery with a battery life span of 3 hours; a charger and a carry bag. These items should be supplied as a package and should not weight more than 3.5 Kilograms.

5.2.1.4 A monthly visit by a professional nurse for the first three months, thereafter once every three (3) months or as required.

5.2.1.5 Training as specified

5.2.1.6 24 hours emergency services.

5.2.2 **Estimated Number of Active Patient**

5.2.2.1 The following statistics here under is the number of active patients for each province currently being serviced on the RT72-2018 transversal contract. This total number of patients will be used as an estimated number of patients for the RT72-2023 bid and also during the price evaluation. The number of patients may increase/decrease at any point in time during the transversal contract for RT72-2023.

#	Patient Count by Province	Active Patient Data 2022
1	Eastern Cape	160
2	Free State	455
3	Gauteng	2044
4	Kwa-Zulu Natal	770
5	Limpopo	80
6	Mpumalanga	313
7	Northern Cape	298
8	North-West	558
9	Western Cape	546
10	Total	**5224**

5.2.3 **Patient Criteria**

5.2.3.1 The primary beneficiaries are adult and paediatric state patients in all 9 provinces adhering to the following:

a) Terminally ill patients who receive palliative care for a life-limiting and life-threatening illness may also qualify.

 Initials_____

b) Patients diagnosed with end stage cancer or non-malignant chronic illness (HIV, TB, cardiorespiratory disease)

c) Patients confirmed as being in the last six months of life and are unable to go to a specialist and / or pulmonology clinic for a formal assessment

d) Patients diagnosed with intractable dyspnoea with hypoxemia (SpO2 < 90%) and have not responded to other pharmacological or non-pharmacological measures and where all reversible causes of dyspnoea have been excluded or treated. Treatment should be terminated at the discretion of the prescribing specialist if deemed to be not effective in relieving dyspnoea

5.2.3.2 Patients with chronic arterial hypoxemia irrespective of their diagnosis where treatment is deemed to be clinically beneficial

a) Adult patients with non-reversible pulmonary illness for three or more months despite optimal non-drug and drug treatment.

b) Children with chronic hypoxemia secondary to chronic lung diseases that are related to prematurity, congenital lung and airway malformations or genetic disorders.

c) Patients diagnosed with Chronic Obstructive Pulmonary Disease (COPD) must have proven hypoxemia at rest and with oxygen requirement for 15 hours or more per day at the lowest flow rate to have clinical significance to the management of their condition

5.2.3.3 In case of non-South African citizens, the following should be submitted:

a) A valid prescription approved by the appropriate district

b) a motivational letter from the prescribing pulmonologist or designated physician specialist

c) a copy of the patient's identity document or passport

d) proof of residence (municipal account or affidavit from the patient's landlord)

e) an affidavit in which the patient declares that he/she will not leave the country with the equipment

f) a contract signed by the patient in which the patient declares that the address he/she has given is correct and that he/she will inform the facility manager and service provider if he/she is relocating or leaving the country

5.2.3.4 Only non-smokers will be eligible for the service because smoking reduces the efficacy of treatment. Also smoking whilst on the treatment is a danger to the patient's safety and the safety of others due to the flammability of oxygen.

a) This contract excludes Continuous Positive Airway Pressure (CPAP) to treat Obstructive Sleep Apnea

 Initials_____

b) Long term oxygen treatment must be prescribed by a pulmonologist or designated physician specialist and in rural areas by a designated trained physician employed by the Department of Health. Long term oxygen treatment for palliative patients must be prescribed by a suitably qualified specialist, e.g., family physician

c) Prescriptions must be issued on an official standardised form with the provincial logo on it. A prescription is valid for a maximum period of 12 months. The prescription must be in the patient's name and is part of the patient's medical record and not the possession of the contractor.

d) An appropriate source of oxygen (cylinder or concentrator) must be determined according to the individual needs and circumstances of the patient.

e) Patients who are learners enrolled in a full-time study at an accredited educational institution and who have conditions that require supplementary oxygen for 15 hours or more per day will qualify to be considered for portable oxygen in addition to the oxygen supplied at home.

f) Patients, families, and caregivers should be adequately counselled and educated regarding all aspects of long-term domiciliary oxygen therapy.

5.2.4 Equipment Criteria

5.2.4.1 All equipment supplied by the contractor will remain the property of the contractor and the following must be complied to:

a) During the period that the equipment is in transit or in the possession of the contractor, up to and including the date of acceptance by the patient, the contractor shall be responsible for all risks of loss or damage to the equipment.

b) The cost of loss and damages through negligence by the patient (other than wear and tear) will be charged to the relevant patient's then ruling rate for such repair.

c) Equipment supplied to patients may not differ from the equipment (make and model) offered and specified in this bid.

d) All equipment must be insured by the service provider for loss and damage

e) In the case where equipment has been discontinued and replaced with a new model, contractors are required to submit letters from manufacturers/suppliers stating the changes and approval is to be obtained from National Treasury and the National Department of Health for the execution of such changes

f) Furthermore, the price of the new model should not differ from the current applicable price for the original model.

g) The new model must adhere to the minimum specification for the item category.

 Initials_____

h) Contractors are not to deliver new equipment models prior to approval of models change by the National Treasury.

i) Bidders must include a catalogue or photographs of all equipment which are considered compliant with their bid offer.

5.2.4.2 **Initial Delivery of Equipment**

a) The initial delivery of equipment to the patient must be made within 24 hours after the contractor receives the instruction.

b) With the initial delivery a competent person must train the patient and family or caregiver in the basic operation as well as safety aspects of the equipment in order to enable the patient to immediately commence with treatment.

c) The Contractor is responsible for ensuring that the equipment supplied is suitable to meet the needs of the patient.

d) The contractor must ensure that all equipment supplied is functioning as required so that patient can begin with the treatment immediately.

5.2.4.3 **Replacement**

a) Replacement of consumable items must be done as and when required at no additional cost to the state.

b) In the case of failure of equipment, replacement of equipment must be delivered to the patient within 5 hours.

5.2.4.4 **Maintenance and Repairs**

a) All equipment supplied must be serviced, maintained, and repaired by the original manufacturer or an officially appointed and accredited distributor's service centers. State Departments retain the right at any time to call for substantiating documentation in this regard.

b) It is required that sufficient spare parts be held in stock to ensure that equipment supplied in terms of the contract, are kept in acceptable working condition for the duration of the contract.

5.3 **TECHNICAL SPECIFICATIONS**

5.3.1 The following specifications are applicable to medical oxygen, gas cylinders and oxygen-conserving devices, oxygen concentrators and ancillary equipment.

5.3.1.1 **Medical Oxygen**

a) Medical oxygen must comply with the clinical and physical requirements as described in the latest issue of SANS 532 and must be registered with the South African Health Products

 Initials_____

Regulatory authority (SAHPRA). Bidders must take note that a pending application for registration is not acceptable.

5.3.1.2 **Medical Gas Cylinders and Oxygen-Conserving Device**

a) Compressed Medical Oxygen may be supplied in a cylinder of which the actual outside diameter and measurements are equal to the 4, 5 to 5kg cylinders content size. The cylinders must have flat bottoms and must be appropriately secured in an oxygen trolley.

b) Cylinders for adults must be fitted with an oxygen conserving device. Cylinders for children should be either used as free-flow oxygen or with an oxygen conserving device as specified in the prescription.

5.3.1.3 **Ancillary Equipment for Cylinder Supplied Service**

a) Must be supplied with: Soft 2 metre Nasal Cannula (Hudson Softech or similar or equal)

5.3.1.4 **Back-Up Cylinder for Concentrator Supplied Service**

a) Compressed Medical Oxygen for back-up purposes must be supplied in a cylinder of which the actual outside diameter and measurements are equal to the 1, 80 to 2kg cylinder content size. The actual size of the cylinder must be small enough for easy handling.

b) The back-up cylinders must have flat bottoms.

c) Provide oxygen for a minimum of 8 hours at 2 L/min

d) It must be fitted with a regulator and flow meter (not an oxygen conserving device)

5.3.1.5 **Ancillary Equipment for Back-Up Cylinder**

a) Must be supplied with: Soft 2 metre Nasal Cannula (Hudson Softech or similar or equal)

5.3.1.6 **Adult Oxygen-Conserving Device**

a) Cylinders must be fitted with an oxygen conserving device where Cylinder supplied Service is provided.

b) Supply of batteries (including replacements) must be included in the all-inclusive price

c) Oxygen conserving efficiency of the device offered must be indicated.

5.3.1.7 **Oxygen Concentrators and Ancillary Equipment**

a) The machine must be mounted on swivel castors

b) The machine must have handles to facilitate easy movement

c) Maximum weight of machine not to exceed 26 kg(In case of machine with the capacity to provide up to 5 litres per minute oxygen) or 30 kg (In the case of machine with capacity to provide up to

 Initials_____

10 litres per minute oxygen)

d) Batteries (if required), and replacement thereof must be included in the all-inclusive price quoted

e) The unit must have an external disposable humidifier with 4 psi pressure relief valve.

f) The machine must have air entrance and exit openings situated in such a manner that air circulation is not impaired/ ruined when unit is placed near a wall or other solid object

g) The machine must have a facility, to use a nebulizer.

   i) Contractor cannot accept a prescription for nebulizing for patients diagnosed with COPD.

   ii) In the event of abuse by COPD diagnosed patients in this regard, this abuse must be reported in the compliance report.

h) The machine must have an efficient air filtration system which includes a bacterial filter.

i) It must be possible to connect the unit's oxygen outlet to dry connector/tubing and Humidifier.

j) The machine must have a ball type flow meter that is positioned so that it is protected against mechanical damage and can be read from a wide angle.

k) The machine must have a tamper-proof hour meter reflecting total number of operating hours of machine and the meter must not be adjustable by the patient.

l) The machine must have an on/off switch with an electrical power breaker/fuse and the switch must clearly indicate when machine is switched on.

m) Power requirements. The machine must operate on the following electrical current:

   i) 220 to 240 volts AC

   ii) 50 Hz

   iii) Single phase

n) n) The unit must be fitted with a power cord of at least 3 meters long, fitted with a standard (South Africa) 3 prong 15-amp plugs.

o) The unit must conform to SA Electrical and Safety standards and must be suppressed to prevent disturbance and interference with radio and electromagnetic waves

p) The maximum power consumption of the motor must be 450 watts

q) The unit must have a capacity of at least 5 litres per minute or 10 litres per minute in the case of a valid prescription for high-flow oxygen.

r) Oxygen concentration. The machine must provide the following oxygen concentrations:

 Initials_____

i) 90% (± 3%) at 8 LPM

ii) 92% (± 4%) at 5 LPM

iii) 94% (± 3%) at 2 LPM

s) The machine must be fitted with the following audible alarms

i) Power break

ii) Rise in concentrator air pressure

iii) Fall in concentrator air pressure

t) Maximum noise level at a distance of 1 metre when operating at a rate of 5 LPM must not exceed 45 dB

u) The following must be supplied as required for cylinder supplied service:

i) Full Face Masks (Hudson Cat. No 1041 and or Cat. No. 1042 or similar or equal) with 2 metre tubing for patients who cannot use a nasal cannula.

ii) Nasal Cannula (Hudson Softech or similar or equal)

iii) Disposable Humidifier with 4 psi pressure relive valve (Hudson Cat. No 3230 or similar or equal) with nipple and nut (dry connector- to be used in emergency in case of faulty humidifier)

iv) Plastic delivery tubes – 15 meters (Hudson or similar or equal) with a swivel twist and pull connector.

v) Initial as well as replacements must be included in the all-inclusive price

5.3.1.8 Portable Oxygen Concentrating Device

a) A portable oxygen package should be supplied to learners who are enrolled in a full-time study at an accredited educational institution. This package should include a concentrating device with a battery life of 5 hours.

i) A concentrating device with a battery life of 5 hours.

ii) An additional battery with a battery life of 3 hours

iii) A charger that can be used for items (a) and (b)

iv) A carry bags

b) The combination of items (a) to (e) must provide a total of 8 hours portable oxygen at a flow rate of up to and including 5 litres per minute. The combined weight of items (a) to (e) should not be more than 3.5 Kilograms

 Initials_____

5.4 **SERVICE CRITERIA**

5.4.1 **Nursing Credentials**

5.4.1.1 Only suitable qualified professional registered nurses (Registered with South African Nursing Council) with a minimum qualification of General Nursing and additional applicable training in Long Term Domiciliary Oxygen Therapy must be utilised for these services.

5.4.1.2 According to the government's legal framework no government-employee (including registered nurses) can be recruited /enlisted to provide services on behalf of the contractor while still employed by the government.

5.4.1.3 It is required that the bidder submit a list of professional nurse's names and valid registration certificates to a Long-Term Domiciliary Oxygen Therapy coordinator within 3 months after the contract has been awarded.

5.4.2 **Nursing Visits**

5.4.2.1 Within five (5) days after the initial delivery of equipment the nurse must visit the patient.

5.4.2.2 The nurse must visit the patient on a monthly basis for the first three months and once every three (3) months thereafter, or if required by the patient.

5.4.2.3 At each visit the nurse will assess the patient's condition, propose any necessary changes to the treatment and review the continuing need for oxygen therapy. The prescribing doctor must confirm any changes.

5.4.3 **Service Delivery**

5.4.3.1 The nurse must provide the patient and family or caregiver with comprehensive education regarding the Long-Term Domiciliary Oxygen Therapy during the first visit

5.4.3.2 With each visit the nurse must do the following:

a) Full assessment of the patient (including O2 saturation).

b) Assessment of patient compliance e.g., the patient is not smoking.

c) Inspection and routine non-technical maintenance of equipment (e.g., replacement of filters, ancillary equipment etc.).

d) Education of patient and caregivers; and

e) Official acknowledgement of visit by patient (signature, time, and date on visit report)

5.4.4 **Training**

 Initials_____

5.4.4.1 Training of contractor's personnel, the following must be available for perusal:

5.4.4.2 Proof of training of; person doing initial delivering of equipment, registered nurses, call centre staff and technicians.

5.4.4.3 Training programme of the above-mentioned categories must also be available for perusal upon request.

5.4.4.4 Training of patients and family or caregivers: The contractor is required to provide appropriate training in the language understood by the patient and caregivers on the use of oxygen equipment provided, installed or other settings and with regards to the following:

a) Written instruction supported by appropriate training in the use of oxygen equipment including basic user maintenance.

b) Knowledge of safety aspects particularly the dangers of smoking and the potential hazards presented by open and gas fire. Information on ordering supplies and arrangements for contacting the contractor in an emergency (e.g., machine failure)

c) The importance of healthy lifestyle and compliance behaviour

d) Information on 24 hour/7days a week free phone contact number

5.5 **PROVISION OF LTDOT MANAGEMENT**

5.5.1 The applicable State Department will arrange for patients to be assessed in terms of the internal policies. Should such patient be required to be treated as part of LTDOT, the responsible State Department will supply the appointed Service Provider with the necessary official written instruction/order/prescription to commence with LTDOT.

5.5.2 Only the authorised pulmonologists, designated physicians and in rural areas by trained physicians of the specific Provincial Department of Health are allowed to diagnose and prescribe Long Term Domiciliary Oxygen Therapy (LTDOT) on the official prescription form.

5.5.3 The instruction/order/prescription will be forwarded by the designated person as defined in the provincial Long Term Domiciliary (LTDOT) policy to the appointed supplier via fax, e-mail and original delivered by hand or post.

5.5.4 As this service entails long-term treatment, an issued prescription/script will be deemed to be valid for a maximum of 12 full calendar months from the date of issue. In other words, a patient may be supplied these services continuously for up to full 12 consecutive calendar months based on the issued written prescription.

5.5.5 In order to maintain continuity, the contractor should inform the provincial coordinator/ representative two (2) months before prescriptions need to be renewed.

5.5.6 An all-inclusive package service is required, and the contractor must ensure that:

a) Adequate numbers of Medical Oxygen Cylinders, Portable Devices, Concentrator Machines, Oxygen Conserving Devices as well as all the required accessories are available at all times.

b) All equipment must be connected immediately after delivery and must function in order for patients to commence with the prescribed LTDOT without delay.

c) With the initial delivery, a competent person must train the patient with the basic operation as well as safety aspects of the equipment in order to enable the patient to immediately commence with treatment.

5.5.6.2 Should a patient die or no longer require this service, the designated person as defined in the provincial Long Tern Domiciliary Therapy policy will be informed accordingly by the contractor and the service will be discontinued to such patient. As part of good housekeeping, the designated person as defined in the provincial Long Term Domiciliary Therapy policy (LTDOT) will issue the contractor a written instruction to discontinue the service as well as billing as indicated in paragraph

5.5.6.3 The contractor will however be entitled to implement the monthly charges (if any) for the verified patient by provincial coordination as active before end of the month of the applicable calendar month.

5.5.6.4 The contractor must have systems in place to ensure the continuous rendering of services to patients visiting outside their province.

5.5.6.5 The patient, family or caregiver must be educated on this matter to ensure that the patient does not experience any undue distress

5.6 **IMPLEMENTATION PLAN**

5.6.1 The service will start on the first day of the contract period; all newly diagnosed patients will be the responsibility of the incoming contractor.

5.6.2 The data-distributing procedure is as follows:

a) Within one (1) week after the successful contractor has been officially notified the contractor will receive a list with all the contact details from the department of defence and all nine (9) provincial Long Term Domiciliary Oxygen Therapy coordinators/representatives.

b) Within one (1) month after the commencing of this contract each provincial coordinator/representative will ensure that the incoming contractor has received a complete database of all the outgoing contractor's current patients.

c) It is the responsibility of each provincial coordinator/representative to ensure that the database has all the contact details (including telephone numbers and physical addresses) of all the patients. In case of incomplete information, the provincial coordinator/representative must

approach the outgoing contractor to obtain the information.

5.6.3 The provincial coordinator/representative responsible for the Long-Term Domiciliary Oxygen Therapy programme in each province and the Department of Defence will coordinate the whole take-over process of current patients who are on the database of the outgoing contractor.

a) The provincial coordinator/representative must compile a weekly roster with the assistance of the outgoing contractor indicating which patients will be transferred in a specific week.

b) The provincial coordinator/representative will be responsible that the outgoing contractor receives a stop script/order for each patient at takeover.

c) The incoming contractor must obtain a written, signed acknowledgement of the date, time, completeness and working order of equipment from each patient with take-over and a copy must be given to the provincial coordinator/representative within one (1) month after take-over took place.

d) The take-over period must not exceed three (3) months from the first day of the contract period.

5.6.4 Should the current contractor be the unsuccessful bidder, the contractor should continue to render the all-inclusive package service for the duration of the handover period of three (3) months at the same terms and conditions of the contract.

5.7 **REPORTING REQUIREMENTS**

5.7.1 The contractor must make available an on-line facility for the provinces and National Department of Health to access basic patient information via the Internet and the state will not bear any additional cost.

5.7.2 All records must be computerized and accessible by the Call Centre personnel.

5.7.3 It is the responsibility of the Contractor to supply accurate and relevant management information on a continuous basis to both the provinces and National Department of Health.

5.7.4 The contractor is required to put in place a formal record and review system covering all aspects of the initial installation of any oxygen equipment, including arrangements for each installation to be signed off by the contractor and the patient or carer.

5.7.5 The user departments / provinces should agree with the information loaded on the Systems

5.7.6 In the event of termination or breach of contract, the Contractor shall provide the original instruction/order/prescription of all patients and its entire database containing the up-to-date information in respect of the State's Long Term Domiciliary Oxygen Therapy contract, in any compatible electronic format (e.g., Ms Word, Ms Excel and Ms Access) within 24 (twenty-four) hours of such termination or breach, to the State. The cost of such transfer of information will be for the account of the Contractor

5.8 **VISIT REPORTS AND COMPLIANCE.**

5.8.1 For each visit by the registered nurse a patient compliance report must be completed

5.8.2 The report must be signed by the patient as an official acknowledgement of the visit. The time and date of the visit must be indicated on the report.

5.8.3 A copy of this report must be attached to the monthly claim form and sent to the provincial coordinator/representative of the Long-Term Domiciliary Oxygen Therapy programme on a monthly basis.

5.8.4 No payments can be made without proof of visit/patient compliance report.

5.8.5 In the event of visits not being conducted for that specific month (due to 3-monthly visits) the contractor must indicate it on the claim form that must be approved by the relevant paying officer.

5.8.6 Additional required visits by the nurse being of her/his own doing, or on request of the patient/caregiver is part of the all-inclusive package.

5.9 **PROGRESS REPORTING AND MEETINGS**

5.9.1 The provincial coordinator/representative of each province must schedule at least three meetings in twelve months with the contractor.

5.9.2 The contractor must compile a provincial progress report that must include:

a) Updated list of patients as per provided template

b) List of deceased patients

c) List of missing patients

d) List of patients refusing treatment

e) List of patients discharged (stop scripts)

f) List of back-up cylinders refills

g) List of lost machines

h) List of patients with prescriptions due for renewal

i) Financial report indicating outstanding balances and payments

j) achievements and challenges

k) Other aspects that need to be brought to the attention of National Department of Health.

5.9.2.2 The provincial progress report must be sent electronically to the provincial coordinator at least two weeks prior to these meetings. The provincial progress reports must be approved and co-signed by the provincial coordinator/representative as a true reflection of the programme in the province.

 Initials_____

5.9.2.3 For any other issues, meetings may be scheduled between the contractor and the relevant State Departments as and when required.

5.10 **COPYRIGHT AND OWNERSHIP OF DATA**

5.10.1 On commencement of the contract, the provincial coordinators shall arrange with the current Contractor to hand-over the instructions/orders/prescriptions of all current patients and to electronically transfer the data base information to the new Contractor within one (1) month.

5.10.2 The State is, and remains, the sole owner of all data generated during the execution of this contract. The Contractor shall provide the data to third party only upon written request in paper and/or electronic format, upon approval from the National Treasury.

5.10.3 All documents produced by the Contractor, including its employees and agents, in the fulfilment of the terms of this contract shall be and remain the sole property of the State and all copyrights and ownership of documents shall vest with the State

5.11 **CUSTOMER SUPPORT SERVICES**

5.11.1 A call centre facility must be established by the bidder at no additional cost to the State for the logging of claims and the answering and resolution of queries. The call centre facility needs to fulfil at least the following:

a) Operated 24 hours a day, 7 days a week

b) Toll free dedicated telephone line must be made available to all end users for ease of communication for any requirement

c) Call logging and recording facilities.

d) Incoming calls must wait no longer than 30 (thirty) seconds before being attended to by an operator.

e) Call centre operators must at least be conversant in English, Zulu, Afrikaans and Sotho.

f) Patient/carer logging a call must be afforded opportunity to log a call in one of those four languages.

g) Internal quality control monitoring system must be in place in order to assess timeous completion of reaction to call.

h) Capable of generating electronic call centre reports.

i) Continuous follow-up communication with individual until successfully resolved.

j) In this regard, bidders are required to submit documentary evidence indicating their call centre structure and strategy

 Initials_____

SECTION B: CONDITIONS OF BID

6. PART 1: EVALUATION CRITERIA

6.1 The details of the evaluation phases are outlined below:

Table 2: Evaluation Criteria

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
Pre-Qualification Criteria	Administration Requirements	Mandatory and other bid requirements	Functional Evaluations	Technical Compliance	Price and B-BBEE
Bidders will be assessed if they are B-BBEE Level 1 to 8 compliant	Compliance to the Administration documents requirements	Compliance with mandatory and other bid requirements	Compliance to functional evaluation requirements	Compliance to the item technical specifications	Bids evaluated in terms of the 90/10 preference system

6.1.1 The State may conduct due diligence during any of the evaluation phases to confirm the information submitted by the bidder and any misrepresentation by the bidder may disqualify the bid thereof.

6.2 PHASE 1: PRE-QUALIFICATION EVAUATION CRITERIA

6.2.1 It is a condition of this bid that only the bidders having a B-BBEE status level contributor 1 to 8 may respond to this bid:

6.2.2 Bidders are required to submit proof of B-BBEE status level of contributor. Proof includes valid B-BBEE status level verification certificates or certified copies thereof or a sworn affidavit signed by the EME/QSE representative and attested by Commissioner of oaths, or BBBEE affidavit issued by Companies and Intellectual Property Commission (CIPC).

6.2.3 A trust, consortium, or joint venture (including unincorporated consortia and joint ventures) must submit a consolidated B-BBEE status level verification certificate. Bidders who submit individual BBBEE certificates or affidavits will be disqualified.

6.2.4 Non-compliance with the requirement for pre-qualification will invalidate the bid.

 Initials_____

6.3 PHASE 2: ADMINISTRATION AND LEGISLATION REQUIREMENTS EVALUATION

6.3.1 Bidders are required to submit the legislative documents to comply to the policy to guide uniformity in procurement reform processes in Government as per section 2 of Practice Note No SCM 1 of 2003 regarding bid documentation for supply chain management. It is also a requirement for bidders to submit the other documents as detailed below.

6.3.1.1 **SBD 1 –** Invitation form to bid.

6.3.1.2 **Proof of Authority –** This is a company resolution for the capacity under which this bid is signed as per SBD 1

6.3.1.3 **SBD 4 –** Bidders Disclosure

6.3.1.4 **SBD 5 –** The National Industrial Participation Programme

6.3.1.5 **SBD 6.1 –** Preference points claim form.

6.3.1.6 **Central Supplier Database –** A full Central Supplier Database report and not summarized must be submitted preferably the document must be downloaded at the last week prior to closing date and time of bid.

6.3.1.7 **Written Confirmation to disclose tax status –** 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.

6.4 PHASE 3: MANDATORY REQUIREMENTS EVALUATION

6.4.1 During this phase bidders' response will be evaluated based on the mandatory requirement. These are the documents to be submitted for evaluation. Bidders' must submit all required documents indicated with the bid document at the closing date and time of the bid. Bidders who fail to comply with all the mandatory criteria will be disqualified.

6.4.2 **Pricing Structure and Schedule**

6.4.2.1 The pricing schedule (see Annexure A) 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. All pricing offered must be on a national level.

6.4.2.2 Bidders are required to complete a mandatory Pricing Schedule Annexure A as a response on how much the items offered will be charged. No submission of the Pricing Schedule will invalidate the bid response.

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

 Initials_____

6.4.3 **Sub-Contracting**

6.4.3.1 The successful bidder must subcontract a minimum of 30% of the value of the contract to an EME or QSE as defined on paragraph 1 of PPPFA revised regulation which is at least 51% owned by black people as indicated on paragraph 9 of the PPPFA regulations.

6.4.3.2 The above clause is not applicable to bidders which are EME or QSE as defined on paragraph 1 of PPPFA Regulation which are at least 51% is owned by black people.

6.4.3.3 All sub-contracted suppliers must have been registered on Central Supplier Database by the closing date and time of bid. A list of all suppliers registered on a database approved by National Treasury to provide the required goods or services in respect of the applicable designated group will be provided on request.

6.4.3.4 With the above, Bidders are required to submit the following documentation which provide details of the potential sub-contracting companies:

a) A completed **Annexure C** which provides for a summary list of sub-contracting companies and the activities to be performed by the sub-contracted company

b) Valid B-BBEE certificate issued by a SANAS accredited institution or CIPC, or a valid sworn affidavit for each sub-contracting company

c) CSD full report

d) Agreement between the bidder and the sub-Contracting company.

6.4.3.5 During the course of the transversal contract period, bidders are required to inform and get approval from National Treasury with regards to any changes with the sub-contracting company agreement.

 Initials_____

6.5 PHASE 4: FUNCTIONALITY EVALUATION REQUIREMENTS

6.5.1 During this phase bidders' response will be evaluated for functionality based on achieving a minimum total score of 66% for the functional requirements. Only bidders who have complied with mandatory requirements will be evaluated for functionality.

6.5.2 Bidders must, as part of their bid documents, submit supportive documentation for all functional requirements as indicated hereunder. The Bid Evaluation Committee (BEC) responsible for scoring the respective bids will evaluate and score all bids based on their submissions and the information provided.

6.5.3 The value scored for each criterion will be multiplied with the specified weighting for the relevant criterion to obtain the marks scored for each criterion. These marks will be added and expressed as a fraction of the best possible score for all criteria.

6.5.4 Bidders who have achieved the minimum qualifying score of 66% for functionality will be evaluated further to Phase 5 of the evaluation.

6.5.5 Functionality will be evaluated based on the responses and supporting documentation supplied by the bidder.

6.5.6 **The weights are as follows:**

Table 3: Scoring Weights

No	Functional Requirements	Weighting
1.	Company Experience	10
2.	Reference Letters	20
3.	Operational Strategy	30
4.	Capacity and Capability	30
5.	Risk Management Strategy	10
	Total	**100**

6.5.7 Each BEC member will rate each individual criterion on the score sheet using the value scale. The scores for functionality will be calculated as follows:

Table 4: Value Scale

Performance	Description	Score
Very good	Response addresses and exceeds the functionality requirements	3
Compliant	Response addresses all functionality requirements	2

 Initials_____

Partially compliant	Response partially addresses the functionality requirements	1
Inadequate	Response did not address the functionality requirements	0

6.5.8 **Company Previous Work Experience (10 points)**

6.5.8.1 Bidders to provide a comprehensive illustration of the company experience in providing home oxygen to public patients and private patient by completing and submitting **Annexure D.** The Annexure D must be submitted together with the supporting documents as follows:

a) Contract appointment letters or a copy of contract agreements from at least three of the customers listed on **Annexure D.**

b) Information with regards to the contract value and periods must also be completed on Annexure D provided.

c) A company profile which indicates the date in which the company entered this industry and total number of patients have serviced annually for the past 5 years.

6.5.8.2 An incomplete form will be dis-regarded, and no points will be allocated for the information which is not submitted. The scoring will be as follows:

Table 5: Company Previous Work Experience Scoring Scale

Performance	Description	Score
Very good	5 and above customer demonstration with all supporting documentation	3
Compliant	3 - 4 customer demonstration with all supporting documentation	2
Requires attention	2 customer demonstration with all supporting documentation	1
Inadequate	1 customer demonstration with supporting documentation or no customer demonstration	0

6.5.9 **Reference Letters (20 points):**

6.5.9.1 Bidders must submit reference letters to demonstrate the quality of the services provided to the customers of the bidder in undertaking projects of this nature in the home patient medical oxygen industry. Bidders are therefore required to submit a minimum of THREE (3) reference letters.

6.5.9.2 Letters must be from the previous clients serviced in the last 24 months, ONLY from a health institution in the private or public sector that issued the prescriptions for the patients to receive the medical oxygen. Reference letters from a patients will not be accepted.

6.5.9.3 The letters must include the following information:

 Initials_____

a) Number of patients services from the health institution

b) Quality of the service received from the bidder

c) Type of contract agreement with bidder

d) Contract period

e) Total Contract value/ annual historic spent by the customer

6.5.9.4 The letter must be on the letter of the client, signed, dated, and have the valid contactable details such as name of institution/ company, physical address, email, cell/telephone number.

6.5.9.5 The letters must be from some of the customers demonstrated on Previous Work experience indicated in paragraph **Error! Reference source not found.**(a) above. Each reference letter must be accompanied by at least **a copy of at least two patients' prescription** issued by the relevant health institution, **and an invoice** from and to the relevant customer.

6.5.9.6 The scoring will be as follows:

Table 6: Reference Letter Scoring Scale

Performance	Description	Score
Very good	4 and more valid letters with supporting documents	3
Compliant	2 -3 valid letters with supporting documents	2
Requires attention	1 valid letter with supporting documents	1
Inadequate	No letters submitted and or letter(s) with no supporting documents	0

6.5.10 **Capacity and Capability (30 Points)**

6.5.10.1 Bidders must demonstrate that they have the necessary capacity to undertake a project of this nature. Bidders are required to have a geographical footprint to be able to service the end-users in various Provinces in South Africa. In this regard, bidders are required to submit the following:

a) **Geographical locations** of Head office, Manufacturing and Re-filing stations of the Medical Oxygen facilities

i) Bidders must submit a completed form **Annexure E,** and submit proof of residency such as lease agreements and or municipal utility account for its **Head office, Manufacturing facilities, and Re-filing stations facilities**

ii) The proof of residency must in the bidder's name/ or sub-contracting service provider. The bidder must indicate on Annexure E, which facility will each province be serviced.

 Initials_____

b) **Customer Support Service –** Bidder must submit documentary proof of the call centre existence such as:

i) The dedicated telephone number and other contact
ii) Team members dedicated to work on the call centre
iii) System used to operate and to issue analysis reports
iv) Proof of address where the call centre is located

c) **System available to monitor cylinder oxygen levels:** Bidder is required to submit documentary evidence to proof existence of the oxygen level cylinder system available which will assist the patients in tracking the oxygen level. Bidders may be required to demonstrate live the existed system to the evaluation team. A life demonstration may be required during due diligence to proof physical existence of the system. Communication will be sent to the relevant bidders in this regard.

6.5.10.2 The scoring will be as follows:

Table 7: Capacity and Capability Scoring Scale

Performance	Description	Score
Very good	Geographical locations and supporting documents for all the provinces. The bidder has a Call Center facility already in existence and operational, and systems already available and operational.	3
Compliant	Geographical locations and supporting documents for the 70% of the provinces. The bidder has a Call Center facility established, in progress to be commissioned, Telemetry systems available but in progress to be implemented.	2
Requires attention	Geographical locations and supporting documents for less than the provinces. The bidder has a Call Center facility and Telemetry systems still in design stage.	1
Inadequate	No supporting documents for geographical locations, no call center information, and no telemetry system information	0

6.5.11 **Operational Strategy Plan (30 points)**

6.5.11.1 Bidders must include a full operational strategy/work methodology demonstrating the ability to carry out the requirements of the bid in terms of supply gases. The work methodology must include all element in the terms of reference indicated in paragraph Error! Reference source not found. **above**. In addition, the following information must also be included in the work methodology approach

a) Number of nurses allocated for each province, qualifications, and registration number with South African Nursing Council
b) Number of cylinders available per size and to be allocated for each province for medical oxygen

 Initials_____

c) Concentrator brand/model name, manufacture details

d) List of accessories required to administer the medical oxygen

e) Delivery lead-times to deliver the equipments and cylinder refill

f) Quality assurance process,

Table 8 - Operational Strategy Scoring Scale

Performance	Description	Score
Very good	Operational plans adequately addressing 100% aspect of the requirements	**3**
Compliant	Operational plans adequately addressing more than 70% of the requirements	**2**
Partially compliant	Operational plans adequately addressing more than 50% of the requirements	**1**
Inadequate	Operational plans adequately addressing less than 50% of the requirements	**0**

6.5.12 **Risk Management (10 Points)**

6.5.12.1 Bidders must include a risk management strategy to mitigate against any supply risk, product availability, and insurance and security of their personnel when delivering the equipments and seeing patients. Bidders are required to submit risk management plans which seek to address the following:

a) Emergency callouts

b) Insurance coverage of the equipments in case of theft from patient's residency

c) Concentrator equipments and cylinder control

d) Patients' movements across provinces, and in a case of relocating to a different country

Table 9 - Risk Management Plan Scoring Scale

Performance	Description	Score
Very good	Comprehensive plans covering more than 5 points indicated	3
Compliant	Comprehensive plans covering only 5 points indicated	2
Partially compliant	Comprehensive plans covering less than 5 points indicated	1
Inadequate	Comprehensive plans covering less than 3 points indicated	0

Initials_____

6.6 PHASE 4: TECHNICAL SPECIFICATION COMPLIANCE

6.6.1 During this phase bidders' response will be evaluated based on technical requirements including meeting the local production and content threshold. Non-compliance to all the evaluation requirements below will result in disqualification of line-item being evaluated.

6.6.2 Standards/Specifications

6.6.2.1 Items must comply with the terms of reference indicated on paragraph 5 and specification on Annexure A of the bid document of each item. Non-compliance to the terms of reference and specification on Annexure A will invalidate the items which the compliance is not adhered to.

6.6.2.2 In case of deviation from the technical specification, the State may consider products which has a reasonable deviation of at least 10% in terms of sizes for items indicated on the technical specification This is subject to the deviation not causing any clinically and functional harm to the target population and users that the product is aimed at and that the functional output of the item technical specification is achieved. This will therefore be decided upon based on the clinical judgement and expertise of the Bid Evaluation Committee.

6.6.3 South African Health Products Regulatory Authority (SAHPRA) Requirement

6.6.3.1 The medical Oxygen is classified as medicines, and the equipment and cylinders are classified as medical device In Vitro Diagnostic (IVD).

6.6.3.2 In this regard, bidders are required to adhere to Medicines and Related Substances Amendment Act, No. 72 of 2008 (Amendment Act) read together with a further Amendment Act, Medicines, and Related Substances Act No. 14 of 2015 and its Regulations on Medical Devices and IVD. Non-compliance with these conditions may invalidate the bid.

6.6.3.3 For the medical gases, bidders must be registered in terms of section 15 of the Medicines and Related Substances Act, Act 101 of 1965 as amended and must submit a certified copy of a valid registration certificate, issued in terms of the said Act, at the closing date and time of the bid for each product offered and must comply with the conditions under which the medical gas is registered.

6.6.3.4 Manufacturers, distributors, and wholesalers, as referred to Section 22C(1)(b) of the original Medicines and Related Substances Act, 1965 (Act No. 101 of 1965), must obtain a licence for the manufacturing, importing, exporting, distribution, and wholesaling of medical devices and IVDs, as issued by SAHPRA.

6.6.3.5 Bidders must submit with the bid, on or before the closing date and time of bid the following licences:

a) Licence for an establishment as a manufacturer/ distributor/ or wholesaler for the pharmaceutical products who is supplying the medical oxygen. The holder of the licence must be the bidder or the third-party supplying the medical oxygen to the patient on behalf of the bidder. (Letter of

 Initials_____

undertaking/ or subcontracting letter must be submitted in this case)

b) Licence for each medical gas registered as a pharmaceutical product. The holder of the licence must be the bidder or the third-party supplying the medical oxygen to the patient on behalf of the bidder. (Letter of undertaking/ or subcontracting letter must be submitted in this case)

c) Licence as an establishment as a manufacturer/distributor/ or wholesaler of medical devices and IVD. The holder of the licence must be the bidder or the third-party supplying the medical devices to the patient on behalf of the bidder. (Letter of undertaking/ or subcontracting letter must be submitted in this case)

6.6.4 **Authorization Declaration**

6.6.4.1 All bidders must complete the Authorisation Declaration (TCD 13 and 13.1) for all relevant goods or services.

6.6.4.2 Any bidder who is sourcing goods or services from a third party must submit a valid Third-Party Undertaking (template provided as TCD 13.2) in full for all relevant goods or services.

6.6.4.3 Bidders must submit the letter of undertaking also from the sub-contracting companies.

6.6.4.4 The letters must include but not limited to the following:

a) Items description and brand/model name to be supplied to the bidder/ or on behalf of the bidder to the patient

b) Services to be rendered on behalf of the bidder

c) Letter must be on the original manufacturer's and or third-party undertaking letter head, dated and signed,

d) Have contact person's name, physical and postal address, telephone, and email details, and

e) Letter must not be older than 30 days at the closing date and time of bid

f) All information on the letter must be in English.

6.6.4.5 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.

6.6.4.6 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.

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

 Initials_____

6.6.5 **Quality Assurance Requirements**

6.6.5.1 The bidder must submit the following certificates:

a) A good manufacturing practice issued according to the Medicines and Related Substances Act, 1965 (Act No. 101 of 1965

b) An ISO 9001 from manufactures of concentrators/ equipment accessories

6.6.5.2 All machines must adhere to the compulsory specification for electrical and electronic apparatus as stipulated in the Standards Act, 1993 as per Regulation R 1792 as published in the Government Gazette Not. 5794 of 8 November 1996.

6.6.5.3 With respect to the products offered, the manufacturing facility is required to be in compliance with the Quality Management System, ISO 9002-for Manufacturing.

6.6.6 **Test Reports from SANAS Accredited Institutions**

6.6.6.1 It is a requirement that a concentrator machine must conform to specific specifications, a valid CE or FDA certificate, or from a testing agent accredited or recognised by the South African National Accreditation Standards (SANAS) proving compliance, must be submitted with the bid document at closing date and time. This test report must not be older than 24 months at the closing date and time of the bid. The cost of obtaining such a test report or certificates will be at the bidder's expense.

6.6.6.2 Where the item technical specification indicates a SANS standard, bidders are required to submit a test report issued by a SANAS accredited institutions or to proof compliance with the relevant standard indicated on the item technical specification. Failure to submit a compliant test report will results to disqualification for the relevant item.

6.6.6.3 The procedures for sampling frame guidelines and testing for product compliance may differ and should be obtained from the relevant testing institution prior to submission of samples. The cost of compliance testing will be for the account of the prospective bidder.

6.6.6.4 In the event that a test report cannot be obtained from the testing institution prior to the closing date and time of the bid, the bidder must submit proof issued by the SANAS accredited institution that the sample had been submitted for testing on or before the closing date and time of the bid.

6.6.6.5 Where a bidder has submitted a letter from a SANAS accredited institution, bidders are required to submit the test report as soon as it is issued by the relevant institution. It is the responsibility of the bidder to ensure that the test reports are submitted to National Treasury as soon as the test report is issued.

6.6.6.6 In an event where a bidder has submitted a letter from a SANAS accredited institution confirming that

samples have submitted for testing, by submitting this bid, bidders are giving a consent to National Treasury to engage with a SANAS accredited institution to verify that bidders have submitted the samples for testing and National Treasury may request such test reports directly from a SANAS accredited institution.

6.6.6.7 Bids not supported by test reports will be disregarded in respect of the item (s) for which test reports are not submitted during evaluation including bidders who failed to submit the test report immediately after it has been issued by the testing institution.

6.6.6.8 For more information to obtain the relevant standards, bidders must enquire at South African Bureau of Standards (SABS) office's countrywide for the relevant standards specifications for SANS, SABS, ISO AND CKS. Obtaining any standards/specifications will be the responsibility and for the account of the prospective bidder. To purchase standards, obtain quotes or enquire about the availability of eStandards, please contact SABS Standards Sales as follows:

Physical Address: 1 Dr Lategan Road, Groenkloof, Pretoria, **Contact person:** Ms Wilheminah Moshobane, Tel: 012 428 6057/6694, **E-mail:** wilheminah.moshobanei@sabs.co.za, **Website:** www.sabs.co.za and follow the "Search/Buy Standards" link

6.7 PHASE 5: PRICE AND B-BBEE

6.7.1 Pricing Schedule and structure requirements

6.7.1.1 Prices quoted must be furnished on the basis of "delivered to State facility" country-wide inclusive of VAT.

6.7.1.2 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. Bidders are required to complete a mandatory Pricing Schedule as a response on how much the items offered will be charged.

6.7.1.3 Due diligence on market related pricing reasonability may be conducted. The State reserve the right to disqualify bid offers in which are under quoted and or are above market value. In this case, the bidder may be required to submit supporting documentations to the State to proof that the pricing is not under quoted or above market value.

6.7.1.4 Conditional discounts offered will not be taken into consideration during evaluation.

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

6.7.1.6 The Pricing Schedule (**see Annexure A attached**) must be submitted in two forms, as hardcopy which must be included in the bid document and in an excel spreadsheet saved in a USB/memory stick at the closing date and time of bid. Both the hard copy and the excel version must be the same (replica).

 Initials_____

6.7.2 **Preferential Point System**

6.7.2.1 The pricing evaluation will be in terms 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 based on:

a) The bid price (Maximum of 90 points)

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

6.7.2.2 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

6.7.2.3 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:

Table 10: Preference Point System

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

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

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

6.7.2.6 Only bidders who have completed and signed the declaration part of the preference claim form and who have submitted a B-BBEE status level verification documents will be considered for preference points.

6.7.2.7 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.

6.7.2.8 Failure on the part of the bidder to claim points for B-BBEE status level of contribution will give the bidder a score of zero (0).

 Initials_____

6.7.2.9 The points scored will be rounded off to the nearest two (2) decimals.

6.7.2.10 If two (2) or more bids have scored equal total points, the award will be to the bidder scoring the highest number of preference points for B-BBEE.

6.7.2.11 Should two (2) or more bids be equal in all respects, the award shall be decided by the drawing of lots.

6.7.3 **Applicable Taxes**

a) All bid prices must be inclusive of all applicable taxes.

b) All bid prices must be inclusive of fifteen percent (15%) Value Added Tax.

c) Failure to comply with this condition may invalidate the bid.

6.7.4 **Cost Breakdown**

6.7.4.1 Bidders are requested to submit the cost breakdown of their pricing for each item offered. Should the cost breakdown be the same for all items on the bid response, the bidder must indicate clearly in the bid response. The cost breakdown submitted will be utilized during the price adjustment considerations.

6.7.4.2 Bidders should itemise the cost of each item into various components which are cost-drivers. The cost needs to be broken down into direct and indirect costs. Each cost driver should be assigned a percentage of the total cost. For example:

Table 11: Example of Cost Breakdown

Cost-driver	% Total Cost
Imported raw material	30%
Local raw material	20%
Labour	15%
Transport	30%
Other (Indicate)	5%
Total price of item	**100%**

6.7.5 **TCD 14 Historical Exchange Rates**

6.7.5.1 In terms of cost price adjustment, bidders should make use of relevant currency for the items offered by calculating the average for the period **1 May 2022 to 31 October 2022** using the Reserve Bank published rates for the specific currency. Bidders are to visit https://www.resbank.co.za/ to obtain the relevant rates. Reference to **TCD 14** on the procedure to download historical exchange rates from the Reserve Bank website for instructions.

6.7.6 **Responsive Bids**

6.7.6.1 Bidders are required to submit responsive bids by completing all pricing and item information on the provided pricing schedule **(Annexure A)** for the individual items and all required forms. Non-submission of the pricing schedule **(Annexure A)** will invalidate the bid response.

 Initials_____

7. PART 2: ADDITIONAL BID REQUIREMENTS

7.1 COMPANY REGISTRATION AND ORGANOGRAM

7.1.1 Shareholding portfolio by proof of registration of the company with Companies Intellectual Property Commission (or use abbreviation if already abbreviated above – delete statement). An additional document detailing the shareholding of the bidder in an organogram format in support of the proof of company registration must be submitted.

7.1.2 If by law registration with CIPC is not required, proof of ownership/shareholding must be provided

7.2 COMPANY PROFILE

7.2.1 Bidders are requested to submit company profile which includes, but is not limited, to the following: -

7.2.1.1 Business structure and strategies; and

7.2.1.2 Details of the bidder's directors/owners (Full name and surname and ID or passport number)

7.2.1.3 Years of company existence and experience relevant to this bid.

7.3 TERMS AND CONDITIONS OF BID

7.3.1 **Counter Conditions**

7.3.1.1 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.

7.3.1.2 The National Treasury reserves the right to change or supplement any information or to issue any addendum to this bid before the closing date and time. The National Treasury and its officers, employees and advisors will not be liable in connection with either the exercise of, or failure to exercise this right.

7.3.1.3 If the National Treasury exercises its right to change or supplement information in terms of the above clause, it may seek amended bid documents from all bidders.

7.3.2 **Fronting**

7.3.2.1 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 does not support any form of fronting.

7.3.2.2 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 this bid document. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the

Department of Trade, Industry and Competition, be established during such enquiry / investigation, the onus will be on the bidder to prove that fronting does not exist.

7.3.2.3 Failure to do so by the bidder within a period of fourteen (14) days from date of notification by National Treasury may invalidate the bid / contract and may also result in the restriction of the bidder 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 concerned.

7.4 SUBMISSION OF BIDS

7.4.1 PHYSICAL AND HARDCOPY BID SUBMISSION

7.4.1.1 Bidders are required to submit hard copies at the National Treasury, 240 Madiba Street, TIC, Deposit the bid in the tender box.

7.4.1.2 The hard copy of the bid response will serve as the legal bid document.

7.4.1.3 Bidders' attention is drawn to the sequential submission format as per the checklist on Table 1.

7.4.1.4 Bidders must submit the bid at TIC situated at corner 240 Thabo Sehume and Madiba Streets, Pretoria in the following format:

a. One (1) original hard copy

b. One (1) memory stick or USB with all the documents on the original hard copy and an excel version of the pricing schedule. Bidders must ensure that the USB is marked with the bidder's name.

7.4.1.5 All documents on the USB submitted must be an exact copy of the hard copy documents. Any discrepancies between the USB document and the original hard copy, the hard copy will take precedence.

7.4.1.6 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.

7.4.1.7 Submit all bid queries via email to TCcontract1@treasury.gov.za.

7.5 LATE BIDS

7.5.1 Bids received after the closing date and time at the TIC will NOT be accepted for consideration and where practical, be returned unopened to the bidder.

7.6 COMMUNICATION AND CONFIDENTIALITY

7.6.1 The Chief Directorate: Transversal Contracting (TC) within the Office of the Chief Procurement Officer (OCPO) may communicate with bidders where clarity is sought after the closing date and time of the bid and prior to the award of the transversal contract, or to extend the validity period of the bid, if necessary.

 Initials_____

7.6.2 Any communication to any State 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.

7.6.3 Whilst all due care has been taken in connection with the preparation of this bid, the National Treasury makes no representations or warranties that the content in this bid or any information communicated to or provided to bidders during the bidding process is, or will be, accurate, current, or complete. The National Treasury, and its officers, employees and advisors will not be liable with respect to any information communicated which is not accurate, current, or complete.

7.6.4 If a bidder finds or reasonably believes it has found any discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury (other than minor clerical matters), the bidder must promptly notify the National Treasury in writing of such discrepancy, ambiguity, error or inconsistency in order to afford the National Treasury an opportunity to consider what corrective action is necessary (if any).

7.6.5 Any actual discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury will, if possible, be corrected and provided to all bidders without attribution to the bidder who provided the written notice.

7.6.6 All communication between the bidder and the National Treasury TC office must be done in writing as per the Contact Details below.

7.6.7 No representations made by or on behalf of the National Treasury in relation to this bid will be binding on the National Treasury unless that representation is expressly incorporated into the contract ultimately entered between the National Treasury and the successful bidder(s).

7.6.8 All persons (including all bidders) obtaining or receiving this bid and any other information in connection with this bid, or the tendering process must keep the contents of the bid and other such information confidential, and not disclose or use the information except as required for the purpose of developing a response to this bid.

7.7 CONTACT DETAILS

7.7.1 **General: -** National Treasury, Office of the Chief Procurement Officer, Chief Directorate: Transversal Contracting, Private Bag x115, Pretoria, 0001. Physical address: 240 Madiba Street, corner Thabo Sehume and Madiba Streets, Pretoria

7.7.2 **Bid Enquiries: -** All enquiries should be in writing to TCcontract1@treasury.gov.za. The closing date for receipt of all enquiries is **20 January 2023**. All enquiries beyond the closing date will not be considered.

 Initials_____

8. PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS

8.1 Once the evaluation process is complete there will be a recommendation report by the BEC to the Bid Adjudication Committee (BAC) who has the authority to either support (approve) or not support (not approve) the recommendation/s and appointment/s.

8.2 On approval of the recommendation/s and appointment/s, the successful bidder(s) will sign an appointment letter together with the master transversal agreement of this bid and unsuccessful bidder(s) will be informed accordingly. The following paragraphs will be applicable when making a recommendation:

8.3 Tax Compliance Requirements

8.3.1 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.

8.3.2 The Tax Compliance status requirements are also applicable to potential foreign bidders / individuals who wish to submit a bid.

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

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

8.4 Negotiations

8.4.1 The State reserves the right to negotiate with the shortlisted bidders prior or post award. The terms and conditions for negotiations will be communicated to the shortlisted bidders prior to invitation to negotiations. This phase is meant to ensure value for money is achieved through the measure of quality that will assess the monetary cost of the items or services against the quality and or benefits of that item or services.

8.5 Due Diligence

8.5.1 The State reserves the right to conduct 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 in whole or parts thereof.

8.5.2 The State also reserves the right to conduct any evaluation verifications prior to final award or at any time during the transversal term contract period.

8.5.3 Where applicable, the BEC reserves the right to subject item samples to applicable clinical evaluations, applications, or test at any State facility to verify compliance with the technical specifications. This will

be arranged with the bidder.

8.6 **Right of Award**

8.6.1 The State reserves its following rights -

8.6.1.1 To award the bid in part or in full,

8.6.1.2 Not to make any award in this bid or accept any bids submitted,

8.6.1.3 Request further technical information from any bidder after the closing date,

8.6.1.4 Verify information and documentation of the bidder(s),

8.6.1.5 Not to accept any of the bids submitted,

8.6.1.6 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

8.6.1.7 If an incorrect award has been made to remedy the matter in any lawful manner it may deem fit.

Initials_____

SECTION C: CONDITIONS OF CONTRACT

9. CONCLUSION OF CONTRACT

9.1 The Contract between National Treasury and the preferred bidder/s (Service Provider) 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.

9.2 The Service Provider (s) shall be appointed in terms of this bid. The following will form part of the contract documents between the Parties in as far this RT72-2023 is concerned:

9.2.1 Bid Documents

9.2.2 Letter of Appointment

9.2.3 Award Documents

9.2.4 Acknowledgement letter

9.3 In the event that there is any contradiction between the abovementioned documents, the special conditions of contract shall take precedent. For purpose of Section B, the term “service provider “shall refer to the preferred bidder appointed in terms of RT72-2023 transversal contract

10. PARTICIPATING STATE INSTITUTIONS

10.1 The following institution will be participating on the contract for RT72-2023:

10.1.1 **National Departments:** Department of Defence

10.1.2 **Provincial Departments of Health**: Eastern Cape, Free State, Gauteng, Kwa-Zulu Natal, Limpopo; Mpumalanga, Northern Cape, North-West and Western Cape.

11. POST AWARD PARTICIPATION

11.1 PFMA public institutions listed in Schedules 1, 2, 3A, 3B, 3C, 3D and Local Government may send an application to National Treasury post award to request participate on the transversal contract.

11.2 In terms of Treasury Regulation 16A6.5 Accounting Officer/Accounting Authority of National and Provincial departments, constitutional institutions and public entities listed in schedule 1, 3A and 3C to the PFMA may opt to participate in a transversal contract facilitated by the relevant treasury.

11.3 Regulation 32 of the Municipal SCM Regulations provides that a Supply Chain Management policy may allow the accounting officer to procure goods or services for a municipality or municipal entity under a contract secured by another organ of the state.

 Initials_____

12. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES

12.1 Contract Administration

12.1.1 The administration and facilitation of the transversal contract is the responsibility of the National Treasury and all correspondence in this regard must be directed to the Transversal Contracting Department via email on TCcontract1@treasury.gov.za.

12.1.2 Suppliers must advise the Chief Directorate: Transversal Contracting, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the transversal contract. Full particulars of such circumstances as well as the period of delay must be furnished.

12.2 Supplier Performance Management

12.2.1 Supplier performance management will be the responsibility of the purchasing institution and where supplier performance disputes cannot be resolved between the supplier and the relevant purchasing institution, National Treasury: Transversal Contracting must be contacted for corrective actions.

12.2.2 Supplier performance rating Form (to be provided for by National Treasury after the bid award) will be instituted, and every supplier must complete it to ensure good performance.

12.2.3 End-user State institutions are required to report to National Treasury on where supplier's performance is not satisfactory.

12.2.4 Successful suppliers will have their performance scored. National Treasury will provide a template which will be used to measure overall performance in terms of the transversal contract. Suppliers who score the unacceptable performance rating may not be awarded future contract of the same bid and may have the transversal contract terminated prior to the end of transversal contract period.

12.3 Monitoring

12.3.1 Monitoring audits may be conducted periodically and randomly by the National Treasury, Provincial Health Departments, and National Department of Health or by a service provider appointed by the State to determine continuous compliance to the products, services and terms of contract. The Participating Institutions, will monitor the performance of contracted suppliers and maintain a report for compliance to the terms of this contract as follows:

a) Compliance to delivery lead times
b) The services rendered and products supplied according to the contract
c) Compliance with reporting requirements according to reporting schedule.
d) Attendance of compulsory meeting with the participating institutions,

12.4 The state may conduct random audit(s) with or without prior appointment arrangements with the appointed Supplier(s).

 Initials_____

12.5 National Treasury will conduct meetings with the Participating Institutions and Suppliers to discuss transversal contracting issues.

12.6 The National Treasury may request Participating Institutions to impose penalties, where deemed necessary, as per Section 21 and 22 of the General Conditions of Contract.

12.7 Any change in the status in supply performance during the contract period must be reported within seven (7) days of receipt of such information to National Treasury.

12.8 Detailed reporting requirements and the schedules meetings will be communicated to successful suppliers post award.

13. CONTRACT PRICE ADJUSTMENT

13.1 Formula

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

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

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

Table 12: 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

 Initials_____

13.2 **Formula component definitions**

13.2.1 **Adjustable amount**

13.2.1.1 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.

13.2.2 **Fixed portion**

13.2.2.1 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 contract periods.

13.2.3 **Cost components and proportions**

13.2.3.1 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.

13.2.3.2 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 contract.

13.2.3.3 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 13 - Contract Price Adjustment Cost Components

Cost Component	% Contribution
D1 – Imported Raw Material / Finished product	
D2 - Local Raw Material / Finished product (if applicable)	
D3 – Labour	
D4 – Transport	
D5 – Overheads	
D6 – Other	
TOTAL (Cost components must add up to 100%)	**100**

13.2.4 **Applicable indices/references**

Initials_____

13.2.4.1 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 14: Applicable Indices/References

Cost component	Index Publication	Index Reference
D1 – Imported Finished product (if applicable);	Reserve bank ROE publication/ Supplier / Manufacturer invoice(s) and remittance advice.[2]	Documentary evidence to accompany claim and ROE
D2 - Local Finished product (if applicable):	Specify (STATS SA Index)	STATS SA Table (Specify)
D3 – Labour	STATS SA P0141 (CPI), Table E; OR Labour agreement[3]	Table E - All Items (CPI Headline) OR Labour agreement to be provided/ Regulated Pricing Adjustment
D4 – Transport	Stats SA P0141 (CPI) Table E	Transport – Other Running Cost
D5 – Overheads	Specify (STATS SA Index)	STATS SA Table (Specify)
D6 – Other	Specify (STATS SA Index)	STATS SA Table (Specify)

13.2.5 **Base index date**

13.2.5.1 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 **November 2022**

13.2.6 **End index date**

13.2.6.1 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).

13.2.7 **Price adjustment periods**

[2] *In cases where invoices are supplied as documentary evidence, it is advised that invoices closest to the Base Index date and the End Index date be submitted. It should ideally reflect the adjustment period.*

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

13.2.7.1 Price adjustment shall be applied on an annual basis at the anniversary of the transversal contract from closing date of bid.

Table 15: Price Adjustment Period

Adjustment Period	CPA application to reach the office by the following dates	End Index	Dates *from* which adjusted prices will become effective
1st Adjustment	10 November 2023	September 2023	1 January 2024
2nd Adjustment	15 November 2024	September 2024	1 January 2025

13.2.8 **Rates of exchange (RoE) – Base and average rates**

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

13.2.8.2 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 in below paragraph and the average RoE rate over the period under review indicated in below paragraph.

13.2.8.3 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 base rate for the earlier invoice and the average RoE rate for the period under review as indicated in paragraph below for the later invoice.

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

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

Table 16: CPA Rate of Exchange

Currency Name	Rates of exchange:1 May 2022 to 31 October 2022
US Dollar	
Euro	
Pound	

13.2.8.6 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period **1 May 2022 to 31 October 2022** using the Reserve Bank published rates for the specific currency. Visit www.reservebank.co.za to obtain the relevant rates. Please refer

 Initials_____

to TCBD 14 (Procedure to download historical exchange rates from the Reserve Bank website) for instructions.

13.2.8.7 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 17: Rate of Exchange Average Periods

Adjustment	Average exchange rates for the period:
1st Adjustment	1 May 2023 to 30 October 2023
2nd Adjustment	1 May 2024 to 30 October 2024
3rd Adjustment	1 May 2025 to 30 October 2025

13.2.9 **General**

13.2.9.1 Unless prior approval has been obtained from National Treasury, Transversal Contracting, no adjustment in contract prices will be made.

13.2.9.2 Application for price adjustment must be accompanied by documentary evidence in support of any adjustment.

13.2.9.3 CPA application 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.

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

13.2.9.5 Bidders are referred to the paragraph regarding counter conditions.

13.2.9.6 An electronic price adjustment calculator will be available on request from Transversal Contracting.

13.2.9.7 The State reserves the right to negotiate a price adjustment or not to grant any price adjustment.

14. DELIVERY AND QUANTITIES

14.1 **Delivery Basis**

14.1.1 Firm lead times for delivery must be quoted for the duration of the contract period. Lead times for delivery of all products on transversal contract shall not exceed eight (3) weeks. Delivery period exceeding the prescribed maximum eight (3) weeks may be cancelled without notice.

14.1.2 Lead times for delivery of all items offered on transversal contract shall not exceed three (3) weeks/ 21

 Initials_____

days

14.2 **Quantities**

14.2.1 No quantities are reflected in this bid as orders will be placed on the basis of an 'as and when required" and no guarantee is given or implied as to the actual quantity/quantities which will be procured during the transversal contract period.

14.2.2 Orders will be placed by participating institutions and they will also be responsible for the payment to Suppliers for the products delivered and/or services rendered.

15. PLACEMENT OF ORDERS AND PAYMENTS

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

16. CONTINUITY OF SUPPLY

16.1 The supplier must maintain sufficient stock to meet demand throughout the duration of the contract and inform the National Treasury at first knowledge of any circumstances that may result in interrupted supply, including but not limited to:

16.1.1 Industrial action,

16.1.2 Manufacturing pipeline

16.1.3 Any other supply challenges.

16.2 In terms of the General Conditions of Contract and Special Requirements and Conditions of Contract, the Department of Health reserves the right to purchase outside of the contract in order to meet its requirements if:

16.2.1 The contracted supplier fails to perform in terms of the contract.

16.2.2 The item(s) are urgently required and not immediately available;

16.2.3 In the case of an emergency.

17. PRODUCT ADHERANCE / BRAND CHANGE

17.1 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 to continue to supply the brand awarded throughout the contract period.

17.2 In the event that the model/brand is discontinued and or replaced with a new model, National Treasury, Transversal Contracting must be notified of such an occurrence and upon approval, an official amendment will be issued. The supplier is required to submit supporting documents from the manufacturer substantiating the changes

 Initials_____

17.3 It must be noted that the new model/ brand will be required to undergo the evaluation process prior to receiving approval of the model change issued by National Treasury. The new model must adhere to the technical specification for the item.

17.4 Furthermore, suppliers are to take note that the price of the new model should not be higher from the current contract price of the original model.

17.5 Suppliers are not allowed to deliver a new equipment models/brand other than the model/brand awarded to them prior to an approval of model/brand change from National Treasury.

17.6 National Treasury reserve the right not to approve any model change applications.

18. ASSIGNMENTS AND CESSIONS OF CONTRACTS AND CHANGES IN CONTACT DETAILS

18.1 Where a contracted supplier plans to merge with or is going to be acquired by another entity, the contracted supplier must inform National Treasury in writing 90 days prior to such event of relevant details.

18.2 **Assignments of Contract**

18.2.1 Assignment of contract refers to the transfer of rights and obligations in a contract from an assigner to an assignee. The effect of this is that the service provider appointed through a competitive bidding process transfers the contract in its entirety that is, the obligation (the responsibility of rendering the services) and the right (of receiving payment for service rendered) to a third party that did not participate in the bidding process or a bidder that participated in the bidding process but was not successful.

18.2.2 Assignment of contracts is therefore not allowed as it will be contrary to principles of section 217 of the Constitution particularly, fairness, transparency, and competitiveness.

18.3 **Cession of Contracts**

18.3.1 Cession refers to the transfer of only the rights a service provider has in terms of a contract from it to a third party. cession will be limited only to those cession agreements in favour of registered Financial Services Providers (FSP) and state institutions established for the express purpose of providing funding to businesses and entities (State Institution).

18.3.1.1 The written request for cession must be by the service provider and not a third party; and the written request by the service provider must be accompanied by the cession agreement.

18.4 **Changes in the Service Provider Contact Details**

18.5 A contracted supplier must inform the National Treasury within 7 days of any changes of address, name, and or contact details.

19. POST AWARD PRODUCT COMPLIANCE PROCEDURES

19.1 Successful bidders must ensure that the product confirms to the technical specification and its relevant quality standards throughout the contract period. Where the is a justified concern regarding the quality of the product, the State reserve the right to request the supplier (at own cost) to submit product for testing to confirm compliancy to the relevant item technical specification and requirements at the SANAS accredited institution.

19.2 The State reserve the right to conduct any sample or site inspection directly or through a third party appointed by the state.

20. REGISTRATION ON DATABASES OF PARTICIPATING INSTITUTIONS

20.1 Awarded bidders must ensure continuous compliance with all statutory requirements which may affect their complying status on Central Supplier Database managed by National Treasury.

20.2 All contracted suppliers must ensure registration on all participating institutions supplier databases within 30 days of accepting the award.

20.3 Failure to meet this requirement will result in inability to process orders and payments for goods.

21. TERMINATION

21.1 The State shall be entitled to terminate this agreement if one or more of the following occur: –

21.1.1 The Supplier decides to transfer the contract or cede the contract

21.1.2 The supplier does not honour contractual obligations including submission of information

21.1.3 The supplier is provisionally or finally liquidated, making it impossible for the supplier to perform its functions in terms of this transversal contract

21.1.4 The supplier enters into settlement arrangements with their creditors

21.1.5 The supplier commits an act of insolvency

21.1.6 In the event that the supplier is a member of an unincorporated joint venture or consortium and the membership of such joint venture or consortium changes.

21.1.7 There is a change in ownership of the supplier that has the effect that over 50% ownership of the Supplier belongs to the new owner without prior written approval of the State.

21.1.8 Overall poor performance rating during the contract period

END

 Initials_____