



Special Requirements and Conditions of Contract

RT11-2011R

SUPPLY AND DELIVERY OF ANIMAL FEED TO THE STATE

FOR THE PERIOD ENDING 30 APRIL 2013

National Treasury

Contract Management

C o n t r a c t M a n a g e m e n t
R A T I O N S



SUPPLY AND DELIVERY OF ANIMAL FEED TO THE STATE

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1. SPECIAL CONDITONS OF CONTRACT

This bid and all contracts emanating there from will be subject to the General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999). The Special Conditions of Contract are supplementary to that of the General Conditions of Contract. Where, however, the Special Conditions of Contract are in conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.

2. EVALUATION CRITERIA

- a. In terms of regulation 4 of the Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the State on the 90/10-preference point system in terms of which points are awarded to bidders on the basis of:

- The bid price (maximum 90 points)
- Historically disadvantaged individuals as well as specific goals (maximum 10 points)

- b. The following formula will be used to calculate the points for price:

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

Where

P_s = Points scored for price of bid under consideration

P_t = Rand value of bid under consideration

P_{\min} = Rand value of lowest acceptable bid

- c. A maximum of 10 points may be awarded to a bidder for being a historically disadvantaged individual and/or subcontracting with a historically disadvantaged individual and/or achieving any of the specified goals stipulated in regulation 17 of the Preferential Procurement regulations. For this bid the maximum number of points that could be allocated to a bidder is indicated in paragraph 2.1. The State reserves the right to arrange contracts with more than one contractor.

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- d. It is the Government's intention to promote the following goals with this bid, and the points to be allocated are indicated against each goal:

2.1 POINTS

GOALS	POINTS
Preference points for equity ownership by historically disadvantaged Individuals who, due to the apartheid policy that had been in place had no franchise in national elections prior to the introduction of the Constitution of the RSA, 1983 (Act 110 of 1983) or the Constitution of the RSA, 1993 (Act 200 of 1993), ("the Interim Constitution")	7
Preference points for the promotion of small businesses	3

- The points scored by a bidder in respect of the goals indicated above will be added to the points scored for price.
- Bidders are requested to complete the various preference claim forms in order to claim preference points.
- Only a bidder who has completed and signed the declaration part of the preference claim form will be considered for preference points.
- Contract Management may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- Points scored will be rounded off to the nearest 2 decimals.
- In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of points for the specified goals. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

2.2 PRODUCT RANGES GROUPED AS SETS

- a. The following items are grouped together and shall be evaluated and accepted as such.
- Growing pigs:
Creep
Weaner
Grower
Finisher
 - Breeding pigs:
Lactating
Dry sow
Boars
 - Chicken - Broiler:
Starter
Grower
Finisher
- b. Bidders are requested to offer prices for all units of measure specified in the above ranges.
- c. Bidders must take note that the allocation of points will be per category (group award).
- d. Non-compliance with the abovementioned special condition will invalidate the bid for the item/s concerned.

3. PARTICIPATING DEPARTMENTS

Departments who indicated participation in this contract are:

- a. Department of Agriculture, Forestry and Fisheries
- b. Department of Correctional Services;
- c. Department of Defence and Military Veterans; and
- d. South African Police Service.

4. CONTRACT PERIOD

The contract period shall be for a period of two years commencing 1 May 2011 to 30 April 2013.

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5. MANDATORY REQUIREMENTS

- a. Tax clearance certificate as per paragraph 8.
- b. Supplier's letter as per paragraph 9.
- c. A valid product registration renewal issued by the Department of Agriculture, Forestry and Fisheries must be submitted on or before the closing date and time of bid as per paragraph 9d.
- d. A certificate of chemical composition analysis, or proof of submission of sample for testing, where applicable, as per paragraph 14.1.b.

6. RESPONSE FIELDS

It is imperative that bidders submit responsive bids by completing all the mandatory response fields and item questionnaires for the individual items. In this regard bidder's attention is drawn to the response field and price structure explanations and examples supplied in the bid document.

Failure to submit a responsive bid may invalidate the bid.

7. VALUE ADDED TAX

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

8. TAX CLEARANCE CERTIFICATE

An original and valid Tax Clearance Certificate issued by the South African Revenue Services certifying that the taxes of the bidder are in order must be submitted at the closing date and time of bid. Failure to comply with this condition will invalidate the bid.

9. DOCUMENTATION OF UNDERTAKING AND LEGISLATIVE REQUIREMENT

- a. In the event of the bidder not being the actual manufacturer and will be sourcing the product(s) from another company, a letter from that company(ies)/ supplier(s) confirming firm supply arrangement(s) including lead times in this regard, **must** accompany your bid at closing date and time
- b. The said company/manufacturer/supplier issuing such a letter must confirm that it has familiarised itself with the item description/specification and bid conditions and if the bid

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consist of more than one item, it should be clearly indicated in respect of which item(s) the supportive letter has been issued.

- c. It must be indicated in the letter that all the terms and conditions are mutually agreed upon.
- d. Items offered must comply with the regulations issued in terms of Section 23 of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act (Act No. 36 of 1947), as amended, and all further regulations issued in terms of the said act. The items must be registered and the registration numbers must be filled in the space provided in the bid.
- e. Bidders must submit copies of valid product registration renewals issued by the Department of Agriculture for the items offered on or before the closing date and time of bid.
- f. Non-compliance with the above-mentioned special conditions will invalidate the bid for such item/s offered.
- g. Successful bidders must ensure that valid products certificates are available for scrutiny throughout the contract period, for item/s awarded items awarded to them. Failure to do so will result in the cancellation of such item/s awarded to them.

10. CONTRACT ADMINISTRATION

- a. Successful bidders must advise the Chief Directorate: Contract Management, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the contract. Full particulars of such circumstances as well as the period of delay must be furnished.
- b. The administration and facilitation of the contract will be the responsibility of Contract Management, National Treasury and all correspondence in this regard must be directed to the following address:

The Chief Directorate: Contract Management, National Treasury, Private Bag X115
Pretoria, 0001

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

11. PRE AWARD SUPPLIER DUE DILIGENCE

The State reserves the right to conduct supplier due diligence prior to final award.

12. COUNTER CONDITIONS

Bidders' attention is drawn to the fact that amendments to any of the Special Conditions by bidders will result in the invalidation of such bids.

13. FRONTING

- a. The National Treasury supports the spirit of broad based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and in an honest, fair, equitable, transparent and legally compliant manner. Against this background the National Treasury condemn any form of fronting.
- b. The National Treasury, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in bid documents. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade and Industry, be established during such enquiry/investigation, the onus will be on the bidder/contractor to prove that fronting does not exist. Failure to do so within a period of 14 days from date of notification may invalidate the bid/contract and may also result in the restriction of the bidder/contractor to conduct business with the public sector for a period not exceeding ten years, in addition to any other remedies the National Treasury may have against the bidder/contractor concerned.



14. PRODUCT COMPLIANCE

14.1 PRODUCT FORMULATION AND CHEMICAL ANALYSIS FOR DOG FEED AND HORSE FEED

- a. Dog food manufacturers/suppliers are requested to submit their feed formulations to the Department of Agriculture, Forestry and Fisheries for confidential processing on or before the closing date of the bid (particulars provided on paragraph 19).
- b. A certified copy of the certificate of analysis (not older than 12 months) for chemical composition of the product (i.e. dog feed and/or horse feed) or proof of submission of sample for testing must be submitted. The analyses should have been performed by an institution that is accredited by SANAS to conduct such analysis. The required document/s must be submitted on or before the closing date and time of bid.
- c. Failure to comply with the above conditions will invalidate the bid for the item/s concerned.
- d. Cost of complying with requirements in paragraph 14.1.b shall be for the bidder's own account.

14.2 POST AWARD QUALITY CONTROL ON ANIMAL FEED

- a. To ensure quality control the State reserves the right to, at any time during the contract period of two (2) years, take samples of each ration for evaluation (i.e. chemical tests) at an SANAS accredited institution that both parties will have agreed upon.
- b. Should the products fail the tests, the contractor will be liable for testing costs and will be requested to submit another set of samples for another test.
- c. Should the products again fail the test, the contractor will again be liable for testing costs and the contract will be terminated with immediate effect.
- d. In the case where products comply, the requesting department will be liable for testing costs.

15. PRICE QUALIFICATION AND CONTRACT PRICE ADJUSTMENT PROCEDURE

15.1 Pricing Structure

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

15.2 Price Adjustments

- Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.
- The following price adjustment formula will be applicable for calculating contract price adjustments (CPA).

$Pa = (1 - V)Pt \left(D1 \frac{R1t}{R1o} + D2 \frac{R2t}{R2o} + D3 \frac{R3t}{R3o} + + Dn \frac{Rnt}{Rno} \right) + VPt$		
Pa	=	The new adjusted price to be calculated
V	=	Fixed portion of the bid price (15% or 0.15)
Pt	=	Original bid price. Note that Pt must always be the original bid price and not an adjusted price
(1-V)Pt	=	Adjustable portion of the bid price (85% or 0.85).
D1 – Dn	=	Each factor (or percentage) of the bid price, e.g., material, labour, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%).
R1t – Rnt	=	End Index. Index figure obtained from the index at the end of each adjustment period.
R1o–Rno	=	Base Index. Index figure at the time of bidding.
VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment.

15.3 Formula component definitions

15.3.1 Adjustable amount

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

15.3.2 Fixed portion

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

15.3.3 Cost components and proportions

- a. 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.
- b. 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.
- c. 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.

15.3.4 Applicable indices/references

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



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Cost component	Index Publication	Index Reference
D1 – Raw material	Please indicate (except maize) ¹	Documentary evidence to accompany claim.
D2 - Labour	Stats SA, statistical release, PO141 (CPI publication) OR Labour agreement ³	Table E – all items OR Labour agreement to be provided
D3 – Transport	Stats SA, statistical release, PO141 (CPI publication)	Table E – transport – other running costs
D4 – Other	Safex Index (Maize) ²	
TOTAL		

15.3.5 Base Index Date

The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid the base index date is December 2010.

15.3.6 End Index Date

The end index dates are the dates at predetermined points in time during the contract period. In this bid the end indices are defined in the next paragraph (Par. 15.3.7 – Price Adjustment Periods).

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¹ In cases where the 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 escalation period.

² Same as footnote 1.

³ In the absence of a labour agreement, the labour cost component will be adjusted with CPI inflation

**15.3.7 Price Adjustment Periods**

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

Adjustment	CPA application to reach the office at the following dates	End Index Date	Dates <i>from</i> which adjusted prices will become effective	Dates <i>until</i> which adjusted prices will be effective
1 st Adjustment	1 June 2011	May 2011	1 July 2011	31 December 2011
2 nd Adjustment	1 December 2011	November 2011	1 January 2012	30 June 2012
3 rd Adjustment	1 June 2012	May 2012	1 July 2012	31 December 2012
4 th Adjustment	1 December 2012	November 2012	1 January 2013	30 April 2013

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

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

- The formula described in par.15.2 will be used and ONLY the imported cost component of the bid price (D1) will be adjusted taking into account the base RoE rate and the average RoE rate over the period under review indicated in paragraph (f) below.
- In the event where the RoE adjustment goes hand in hand with a material price increase, the material 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 (d) below for the later invoice.
- The imported cost component (D1) will be adjusted together with all the other cost components indicated in paragraph 15.3.4 above and at the predetermined dates indicated in paragraph 15.3.7 above.
- Rate(s) of exchange to be used in this bid in the conversion of the price of the item(s) to South African currency.

Currency	Rates of exchange 6 month average as on 7 January 2011 (2 June 2010 – 3 December 2010)
US Dollar	7.0812
Pound Sterling	10.9798
Euro	9.2568
Yen	11.5137

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- e. Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period 2 June 2010 to 3 December 2010 using the Reserve Bank published rates for the specific currency. Visit www.reservebank.co.za to obtain the relevant rates. Please refer to Form 34 for instructions on how to download information from the Reserve Bank website.
- f. Contract price adjustments due to rate of exchange variations are based on average exchange rates as published by the Reserve Bank for the periods indicated hereunder:

Adjustment	Average exchange rates for the period:
1 st Adjustment	4 December 2010 to 25 May 2011
2 nd Adjustment	26 May 2011 – to 25 November 2011
3 rd Adjustment	26 November 2011 to 25 May 2012
4 th Adjustment	26 May 2012 to 25 November 2012

15.5 General

- a. Unless prior approval has been obtained from Contract Management, no adjustment in contract prices will be made.
- b. Applications for price adjustment must be accompanied by documentary evidence in support of any adjustment.
- c. CPA applications will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.
- d. In the event where the supplier's CPA application, based on the above formula and parameters, differs from Contract Management's verification, Contract Management will consult with the supplier to resolve the differences.
- e. Bidders are referred to paragraph 12 of the Special Conditions regarding counter offers.
- f. An electronic price adjustment calculator will be available on request from Contract Management.

16. QUANTITIES, ORDERS AND DELIVERY

16.1 DELIVERY ADHERANCE

- a. Firm lead times must be quoted for the duration of the contract period.
- b. Delivery of products must be made in accordance with the instructions appearing on the official order forms emanating from the above-mentioned institutions placing the orders.
- c. All deliveries or dispatches must be accompanied by a delivery note stating the official order number against which the delivery has been affected.
- d. In respect of items awarded to them, contractors must adhere strictly to the delivery periods quoted by them in their bids.
- e. The instructions appearing on the official order form regarding the supply, dispatch and submission of invoices must be strictly adhered to.
- f. All invoices should be delivered/posted to reach the institution that placed the order timeously. The invoices should be original and accompanied by an inspection certificate and proof of delivery.
- g. Deliveries not complying with the order forms will be returned to the contractor at the contractor's expense.

16.2 QUANTITIES AND ORDERS

Estimated quantities cannot be furnished and no guarantees can be given with regard to quantities that will be ordered.

17. PACKAGING

- a. All deliveries made against this contract whether by road or rail are to be packed in containers, which will be acceptable for further dispatch by rail. Attention is drawn to the requirements of the official tariff book of Transnet.
- b. The number of "PACK" items in the commercial packing must appear on the bid documents. The packing must be uniform for the duration of the contract period, i.e.:

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- The number of “PACK” items per commercial packing.
- The number of commercial packing per carton.
- The number of cartons per bulk packing.
- The name and quantity of the contents and expiry date if applicable must appear clearly on the packing.
- All containers, packing and cartons must be clearly labelled.
- All products must be packed in acceptable containers, where applicable, specifically developed for the product.

17.1 CONTAINERS

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

18. REPORTING

18.1 HISTORICAL DATA

Historical value and volume reports are required to be submitted on a six (6) monthly basis to National Treasury: Contract Management, by all successful bidders. Electronic templates will be supplied to successful bidders.

18.2 PERFORMANCE MEASURES

The following performance measures are applicable to this contract and should be submitted on a six (6) monthly basis to Contract Management, National Treasury by all successful bidders. Electronic templates will be supplied to successful bidders.

18.2.1 SUPPLIERS MEASURES

Delivery period adherence and quality adherence

18.2.2 END USER MEASURES

- a. On time payment
- b. Actual quantities ordered vs. estimated quantities forecasted.
- c. On time order placement

Note: All reports are to be completed in six (6) monthly periods:

- 1 November 2011, 1 May 2012, 1 November 2012,

19. CONTACT DETAILS

Chief Directorate: Contract Management, National Treasury, Private Bag x 115, Pretoria, 0001

Physical address: 240 Vermeulen Street, cnr. Andries- and Vermeulen- Streets, Pretoria

Bid Enquiries:

Henriette Nel, Tel: (012) 315-5795, Fax: 086 544 8968 / (012) 315-5058,

Email: henriette.nel@treasury.gov.za

Mesele Thulare, Tel: (012) 315-5370, Fax: (012) 315-5058

Email: mesele.thulare@treasury.gov.za

Technical Specifications enquiries: Dog Feed and Horse Feed

South African Police Service

Dr. J.A. Strydom: Tel. (012) 808-1750; Cell: 082 778 9708, Fax (012) 808-8668

Dr. J. Birrell: Tel. (012) 808-8603, Cell: 082 308 7729, Fax (012) 808 2385

Technical Specifications enquiries: Other Animal Feed

Department of Correctional Services

Brigadier Frik Bell: Tel: (012) 305-8789, Cell. 082 906 2779, Fax (012) 086 533 0237

E-Mail: Frik.Bell@dcs.gov.za



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Submission of dog feed formulations:

Siyabonga Mbambo: Tel: 012 319 6728, Fax: 012 319 7179

Department of Agriculture, Forestry and Fisheries

P/Bag X 343

Pretoria

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E-mail: SiyabongaM@daff.gov.za

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