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**BID: RT233-2017**

**SUPPLY AND DELIVERY OF WHEELCHAIRS, SEATING SYSTEMS,  
POSITIONERS AND COMMODES TO THE STATE  
FOR THE PERIOD ENDING 30 NOVEMBER 2022**

**CLOSING DATE AND TIME OF BID:**

**7 July 2017 at 11h00**

**BID VALIDITY PERIOD: 120 DAYS**

**NATIONAL TREASURY**

**TRANSVERSAL CONTRACTING**

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## ABBREVIATIONS

BAC	: Bid Adjudication Committee
B-BBEE	: Broad-Based Black Economic Empowerment
CPA	: Contract Price Adjustment
OCPO	: Office of the Chief Procurement Officer
QC	: Quality Control
SABS	: South African Bureau of Standards
SANAS	: South African National Accreditation System
SBD	: Standard Bidding Document
STATS SA	: Statistics South Africa
TCBD	: Transversal Contract Bidding Document
VAT	: Value- Added Tax
SABS	: South African Bureau of Standards



### BID DOCUMENT CHECK LIST

NO.	DOCUMENT NAME	YES	NO
1	SBD 1 Invitation to bid		
2	Central Supplier Database Sheet		
3	SBD 4 Declaration of interest		
4	SBD5: The National Industrial Participation Programme		
5	SBD 6(1) Preference Points Claimed (BBBEE)		
6	SBD 8 Declaration of Past SCM Practices		
7	SBD 9 Certificate of Independent Bid Determination		
8	TCBD 1 Authorisation Declaration		
9	Special Conditions of Contract		
10	Pricing Schedule		
11	Test Reports		
12	Company Profile		
13	Financial Statements		
14	Shareholding Portfolio		
15	Local Economic Development Strategy Plan		
16	Capacity and Capability related documents		
17	Other required documents		



## **SECTION A**

### **1 LEGISLATIVE AND REGULATORY FRAMEWORK**

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

The evaluation process will be conducted in phases as follows:

<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>	<b>Phase IV</b>	<b>Phase V</b>
<b>Mandatory and other bid requirements</b>	<b>Capacity and Capability</b>	<b>Technical Compliance</b>	<b>PPPFA Pre-Qualification Requirements</b>	<b>Price and B-BBEE</b>
Compliance with mandatory and other bid requirements	Bids will be assessed to verify bidders capability and ability to execute the contract	Compliance to technical requirements (sample submission)	Bids will be assessed if they meet the pre-determined qualification criteria	Bids evaluated in terms of the 90/10 preference system

#### **2.1 PHASE I: MANDATORY REQUIREMENTS:**

Bidders' must submit all required documents indicated hereunder with the bid documents at the closing date and time of the bid. During this evaluation phase, bidder's responses will be evaluated based on the documents submitted under mandatory requirements. This phase is not scored and bidders who fail to comply with all the mandatory criteria will be disqualified.



**2.1.1 SERVICE PROVIDER PROFILE**

The bidder shall submit a company profile which includes but not limited to the following:

- a) Business structure and strategies
- b) Company customer market

Type of business- bidder must indicate if they are a direct importer/manufacture/ assembler or a distributor

- c) Company business; products and or services which the company is trading
- d) Risk management strategy to mitigate against any supply risk that might arise for the duration of the contract.
- e) **Footprint:** Bidders must submit proof of address such as a copy of municipal rates and taxes, not older than 3 months

**2.1.2 COMPANY FINANCIAL STATEMENTS**

The bidder shall submit a copy of the bidder's latest available audited financial statements, alternatively submit a confirmation from the bidder's auditors that the bidder is a going concern, with the bid documents at the closing date and time of the bid.

**2.1.3 SHAREHOLDING PORTFOLIO**

The bidder shall submit valid proof of registration of the company with CIPRO/CIPC with the bid documents at the closing date and time of the bid. If by law registration with CIPRO/CIPC is not required, proof of ownership/shareholding must be provided.

**2.1.4 RESPONSIVE BIDS**

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



**2.1.5 PRICING STRUCTURE AND SCHEDULE**

- 2.1.5.1 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.
- 2.1.5.2 Conditional discounts offered will not be taken into consideration during evaluation.
- 2.1.5.3 Prices quoted must be furnished on the basis of supply and delivery including vat
- 2.1.5.4 Prices submitted for this bid must be filled in on the field provided on the pricing schedules supplied with the bid. Price structures that do not comply with this requirement may invalidate the bid.
- 2.1.5.5 Bidders must submit a price list for spare parts where applicable. This will however not be evaluated as per the attached template provided

**2.1.6 AUTHORIZATION DECLARATION**

- 2.1.6.1 All bidders must complete the "Authorisation Declaration" (TCBD 1) for all relevant goods or services.
- 2.1.6.2 Any bidder who is sourcing goods or services from a third party must complete the "Authorisation Declaration" (TCBD 1) in full for all relevant goods or services.
- 2.1.6.3 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.
- 2.1.6.4 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.
- 2.1.6.5 Failure to submit a duly completed and signed Authorisation Declaration, with the required annexure(s), in accordance with the above provisions will invalidate the bid for such goods or services offered.



**2.1.7 TAX CLEARANCE COMPLIANCE**

- 2.1.7.1 The validity of the Tax Clearance Certificate issued by the South African Revenue Services certifying that the taxes of the bidder are in order, will be verified against the information recorded in the Central Supplier Database (CSD).
- 2.1.7.2 It is a condition of this bid that the tax matters of the bidder be in order at any point in time, or that satisfactory arrangements have been made with South African Revenue Service (SARS) to meet the bidder's tax obligations.
- 2.1.7.3 The Tax Compliance status requirements are also applicable to foreign bidders / individuals who wish to submit bids.
- 2.1.7.4 It is a requirement that bidders grant a written confirmation when submitting this bid that SARS may on an on-going basis during the tenure of the contract disclose the bidder's tax compliance status and by submitting this bid such confirmation is deemed to have been granted;.
- 2.1.7.5 Bidders are required to be registered on the Central Supplier Database and the National Treasury shall verify the bidder's tax compliance status through the Central Supplier Database. Where Consortia / Joint Ventures / Sub-contractors are involved, each party must be registered on the Central Supplier Database and their tax compliance status will be verified through the Central Supplier Database

**2.1.8 LOCAL ECONOMIC DEVELOPMENT**

Local economic development of firm capacity and individual skills, and economic transformation, are critical elements of sustainable economic growth. Therefore, bidders have to submit their bids at the closing date and time with documentation that clearly demonstrates their strategy and plan to support local economic development imperatives and socio-economic objectives. Such objectives include SMME development, Broad Based Black Economic Empowerment, employment creation and the support for, and participation of locally owned and operated firms in the supply chain.



**2.1.9 SUB-CONTRACTING**

2.1.9.1 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.

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

2.1.9.3 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.

2.1.9.4 The state reserves the right to remedy any adverse situation if it affects the awarding of the contract and or service delivery.

**2.2 PHASE II: CAPACITY AND CAPABILITY**

**2.2.1 Company Experience**

Bidders must illustrate experience in supplying wheelchairs and related products in the private or public sector that demonstrates working experience, contactable references (Client reference number), and contract values and periods, Physical address of premises, Date of entry into the field, Products marketed, List of customers that have bought the above products etc.

**2.2.2 Product Knowledge and Understanding**

Bidders must submit a list of their Qualified Occupational Therapists who are trained on "Wheelchair Service Delivery Programme Basic (professional) as required by National Health Guidelines

**2.2.3 Capacity**

Bidders must include a full strategy for delivery plan (logistics), post purchase support including maintenance and repairs where applicable, Bidders must demonstrate that they have the necessary capacity to undertake a project of this nature in terms of human resources with requisite skills, quality of equipment, spares and consumables, repairs and maintenance, workshop facilities, training and a list of names and profiles of current technical personnel.



In addition provide a plan to demonstrate capacity (Technical Personnel) and capability to service the States requirements.

## 2.3 PHASE III: TECHNICAL SPECIFICATION COMPLIANCE

Items must comply with specification as stated in the bid document of each item

### 2.3.1 SAMPLES SUBMITTED FOR VISUAL SCREENING

2.3.1.1 All relevant samples that must be submitted are indicated on the detailed technical specification document.

2.3.1.2 Samples indicated for the relevant products must be submitted for the purpose of visual screening of products offered for compliance to specification during the evaluation phase. Where different sizes of the same product are called for against different item numbers, the relevant size of each item is indicated for sample submission.

#### 2.3.1.3 Samples must be submitted at the following venue:

**Date:** 14 July 2017

**Time:** 08h00 to 15h00

**Venue:** Western Cape Rehabilitation Centre: T2 Training Gym  
103 Highlands Drive, Mitchells Plain, Cape Town

**Contact person:** Sharon Williams (021) 370 2312

**NB: No samples will be accepted after 15h00**

2.3.1.4 It is the responsibility of the bidder to ensure that samples are submitted on time at the correct venue indicated above and are collected. Samples which are not collected as indicated below will be disposed of at the discretion deem necessary by National Treasury.

#### 2.3.1.5 Samples must be collected on the following date and venue:

**Date:** 20 July 2017

**Time** 08h00 to 15h00

**Venue:** Western Cape Rehabilitation Centre, 103 Highlands Drive, Mitchells Plain, Cape Town, T2 Training Gym



2.3.1.6 All bidders, including current contractors, are required to submit samples for visual screening and bids not supported by samples will invalidate the bid for the item(s) for which samples are not submitted. All samples submitted for visual screening must be a true representation of the product which will be supplied and

### 2.3.2 **MARKING OF SAMPLES**

2.3.2.1 Samples submitted must be clearly marked with the company name and the item number.

2.3.2.2 All samples, including the labelling requirements, must be a true representation of the product that will be supplied during the contract period.

2.3.2.3 An original manufacturer's technical specification sheet for all electronic or battery operated items offered must be submitted with the samples. This sheet must include all relevant information required to verify the compliance of the bid specification requirements.

### 2.3.3 **SAMPLES SUBMITTED TO A TESTING INSTITUTION**

2.3.3.1 Where a standard is indicated, a sample must be submitted to a testing institution accredited or recognised by SANAS at the closing date and time of bid. The purpose is to obtain a test report for the items being offered in the bid.

2.3.3.2 Test reports must be submitted with the bid at closing time and date of bid proving that the relevant item(s) complies with the specification after inspection and testing of the samples by a SANAS accredited or recognized institution. The test reports must not be older than sixty (60) months at the closing date of the bid.

2.3.3.3 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 obtain proof (issued by the testing institution) that the sample had been submitted to the testing institution for testing before or on the closing date and time of the bid. Such proof must be submitted with the bid at closing date and time of the bid. In



this case, test reports must be submitted to National Treasury within 30 days from closing date of the bid.

- 2.3.3.4 Bids not supported by test reports at time of evaluation will be disregarded in respect of the item (s) for which test reports are not submitted.
- 2.3.3.5 The procedures for sampling and testing for product compliance may differ and should be obtained from the relevant testing institution. The cost of compliance testing will be for the account of the prospective bidder.
- 2.3.3.6 All bidders, including current contractors are required to submit samples at a testing institution.
- 2.3.3.7 Bidders must enquire at the following institutions for the relevant standards A list of institutions is available on the SANAS website <http://www.sanas.co.za/> or <http://www.sanas.co.za/contact.php>

**South African Bureau of Standards:**

SANS, SABS, ISO AND CKS specifications are available from South African Bureau of Standards Office's countrywide. Obtaining of such standards/specifications will be the responsibility of and for the account of the prospective bidder. To purchase standards, obtain quotes or enquire about the availability of eStandards, please contact Standards Sales at:

Postal Address: Private Bag X191, Pretoria, 0001 ; Physical Address: 1 Dr Lategan Road, Groenkloof, Pretoria. Tel:(012) 428 6883, Fax: (012) 428 6928, E-mail: [sales@sabs.co.za](mailto:sales@sabs.co.za)

Website: [www.sabs.co.za](http://www.sabs.co.za) and follow the "Search/Buy Standards" link

**South African National Accreditation System (SANAS):**

The contact details of SANAS are as follows: Postal Address: Private Bag x 23, Sunnyside, Pretoria, 0132; Physical Address: The DTI Campus, 77 Meintjies Street, Sunnyside, Pretoria, 0002, Tel: 012-394 3760, Fax: 012-3940526



**2.4 PHASE IV: PPPFA PRE-QUALIFICATION REQUIREMENTS**

2.4.1 The following pre-qualification criteria will be used for consideration of bids

A bidder having a stipulated minimum B-BBEE status level contributor from 1 – 5

2.4.2 Joint ventures, consortium, partnership and sub-contracting will be also considered to meet the above mentioned requirement.

2.4.3 Failure to meet the requirements as per the above mentioned paragraphs will invalidate the bid submitted.

**2.5 PHASE V: PREFERENCE POINT SYSTEM**

2.5.1 In terms of regulation 6 of the Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the State on the 90/10-preference point system in terms of which points are awarded to bidders on the basis of:

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

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

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

Where

$P_s$  = Points scored for comparative price of bid under consideration

$P_t$  = Comparative price of bid under consideration

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

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

B-BBEE Status Level of Contributor	Number of Points
1	10



B-BBEE Status Level of Contributor	Number of Points
2	9
3	6
4	5
5	4

- 2.5.4 Bidders are required to complete the preference claim form (SBD 6.1), and submit their original and valid B-BBEE status level verification certificate or a certified copy thereof or a sworn affidavit at the closing date and time of the bid in order to claim the B-BBEE status level point.
- 2.5.5 The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 2.5.6 Only bidders who have completed and signed the declaration part of the preference claim form and who have submitted a B-BBEE status level certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act no. 69 of 1984)) or an accredited verification agency or a sworn affidavit will be considered for preference points.
- 2.5.7 Failure on the part of the bidder to comply with paragraphs 2.5.4 and 2.5.6 above will be deemed that preference points for B-BBEE status level of contribution are not claimed and will therefore be allocated a zero (0).
- 2.5.8 The State may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- 2.5.9 The points scored will be rounded off to the nearest 2 decimals.



- 2.5.10 In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of preference points for B-BBEE.
- 2.5.11 However, when functionality is part of the evaluation process and two or more bidders have scored equal points including equal preference points for B-BBEE, the contract will be awarded to the bidder scoring the highest for functionality.
- 2.5.12 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- 2.5.13 A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

### **3 VALUE ADDED TAX**

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

### **4 SUBMISSION OF BIDS**

- 4.1 Bidders must bid electronically via the electronic response system to facilitate the speedy evaluation of bid responses. Electronic bids must be submitted on or before the closing date and time of bid on the National Treasury's Transversal contracting supplier portal accessed on the following link: <https://eprocurement.csd.gov.za/>
- 4.2 Besides responding electronically through the electronic response system, the bidder must still submit a hard copy of the bid document on or before the closing date and time to National Treasury: Tender Information Centre. The hard copy of the bid response will serve as the legal bid document. In the event that a hard copy of the bid document and the electronic response are not received on or before the closing date and time, the bid will be invalidated.
- 4.3 All electronic data submitted must be an exact copy of the hard copy document. Any discrepancies between the electronic data and the hard copy will invalidate the bid for the item in question.
- 4.4 After completing the pricing schedule electronically, the electronic version of the pricing schedule must be printed and submitted together with the remaining bid documents which will serve as the



hard copy of the bid.

- 4.5 Bidders are required to inform National Treasury of any problems experienced regarding electronic submission prior to closing date and time of bid.
- 4.6 Each bid should be submitted in a separate, sealed envelope or suitable cover on which the name and address of the bidder (company), the bid number and the closing date and time must be clearly endorsed.
- 4.7 Bidders must initial each page of the bid document on the top right hand corner.

## **5 SUPPORT ON ELECTRONIC SUBMISSION OF BIDS AND TECHNICAL ASSISTANCE**

- 5.1 Training sessions are provided every Monday from 14h00 to 16h00 at National Treasury, 240 Madiba Street, Pretoria.
- 5.2 Bidders must send an e-mail to [babara.sanders@treasury.gov.za](mailto:babara.sanders@treasury.gov.za) to book their seats and confirm availability.
- 5.3 The manual with detailed instructions can be downloaded from this link [https://eprocurement.csd.gov.za/PROD/ISS\\_NT/portaldefault.aspx](https://eprocurement.csd.gov.za/PROD/ISS_NT/portaldefault.aspx) and follow the “How to complete bids” section.
- 5.4 The process to register on the electronic platform is reflected in Electronic Tender Supplier Activation Process (Annexure C).
- 5.5 For further technical assistance the bidders can direct their inquiries to [gcommerce@treasury.gov.za](mailto:gcommerce@treasury.gov.za)

## **6 LATE BIDS**

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

## **7 COUNTER CONDITIONS**

Bidders' attention is drawn to the fact that amendments to any of the Bid Conditions or setting of



counter conditions by bidders may result in the invalidation of such bids.

## **8 FRONTING**

- 8.1 The National Treasury supports the spirit of broad based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and in an honest, fair, equitable, transparent and legally compliant manner. Against this background the National Treasury condemn any form of fronting.
- 8.2 The National Treasury, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in bid documents.
- 8.3 Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade and Industry, be established during such enquiry / investigation, the onus will be on the bidder / contractor to prove that fronting does not exist.
- 8.4 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.

## **9 SUPPLIER DUE DILIGENCE**

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

## **10 COMMUNICATION**

- 10.1 Transversal Contracting may communicate with bidders where clarity is sought after the closing date of the bid and prior to the award of the contract, or to extend the validity period of the bid, if necessary.
- 10.2 Any communication to any government official or a person acting in an advisory capacity for the



State in respect of this bid between the closing date and the award of the bid by the bidder is discouraged.

- 10.3 All communication between the bidder and the Transversal Contracting Office must be done in writing.

## **11 CONTACT DETAILS**

### **11.1 GENERAL**

Chief Directorate: Transversal Contracting, National Treasury, Private Bag x115, Pretoria, 0001

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

### **11.2 BID ENQUIRIES**

Doreen Matenche

Tel: (012) 315 5331

E-mail: [doreen.matenche@treasury.gov.za](mailto:doreen.matenche@treasury.gov.za) / [Manthepeng.tshinavha@treasury.gov.za](mailto:Manthepeng.tshinavha@treasury.gov.za)



## **SECTION B**

### **12 CONTRACT PERIOD**

The contract period shall be for a period of 36 months commencing on 1 November 2017 to 31 October 2020.

### **13 PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS**

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

#### **13.1.1 National Departments**

- Department of Correctional Services
- Department of Defence
- South African Police Service

#### **13.1.2 Provincial Departments**

- Provincial Departments of Health: Gauteng, Free State, Eastern Cape, Limpopo, Mpumalanga, Northern Cape, North West and Western Cape
- Gauteng Provincial Department of Basic Education

#### **13.2 Post award participation**

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

### **14 AWARD CONDITIONS**

The State reserves the right to award contracts to more than one contractor for the same item.

#### **14.1 MULTIPLE AWARD**

The State reserves the right to award the same item to more than one supplier to address product availability and compatibility. Due diligence will be applied to ensure that pricing is affordable, market related and aligned to end-user requirements.



#### **14.2 ITEMS GROUPED AS A SERIES**

- 14.2.1 All items are grouped as a series in specification will be evaluated and awarded accordingly.
- 14.2.2 Bidders are required to offer prices for all units of measure specified in the series.
- 14.2.3 Bidders must take note that the allocation of points will be per category (group award)
- 14.2.4 Non-compliance with the above-mentioned conditions will invalidate the bid for the item(s) concerned

#### **15 LOCAL MANUFACTURED PRODUCTS**

Local manufactured products will be considered.

#### **16 NEGOTIATIONS**

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

#### **17 NON-COMMITMENT**

- 17.1 The State reserves the right not to award, to award in part or in full.
- 17.2 The right is reserved not to accept any of the bids submitted.
- 17.3 The right is also reserved 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.
- 17.4 In the event that an incorrect award has been made, the State reserves the right to remedy the matter in any manner it may deem fit.

#### **18 BID INFORMATION SESSION**

- 18.1 A non-compulsory information session will be held at:  
National Treasury, 240 Madiba Street, Pretoria.  
Date: 20 June 2017, Time: 12h00, Venue: Room 901 (9<sup>th</sup> Floor)



- 18.2 This session will provide bidders with an opportunity to obtain clarity on certain aspects of the process as set out in this document and to address any substantial issues they might have.

## 19 CONTRACT PRICE ADJUSTMENTS

### 19.1 Formula

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

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

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

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



## 19.2 Formula component definitions

### 19.2.1 Adjustable amount

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

### 19.2.2 Fixed portion

The fixed portion represents those costs which will not change over the adjustment period and DOES NOT represents 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.

### 19.2.3 Cost components and proportions

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

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

<b>Cost Component</b>	<b>% Contribution</b>
D1 - Local Raw Material / Finished product (if applicable)	
D2 - Labour	
D3 - Transport	
D4 – Electricity gas, steam and water	
D5 – Other	
<b>TOTAL (Cost components must add up to 100%)</b>	<b>100 %</b>



#### 19.2.4 Applicable indices / references

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

Cost component	Index Publication	Index Reference
D1 – Imported Raw Material / Finished product (if applicable)	Supplier / Manufacturer invoice(s) and remittance advice. <sup>1</sup>	Documentary evidence to accompany claim.
D2 - Local Raw Material / Finished product (if applicable)	STATS SA P0142.1 (PPI) Supplier / Manufacturer invoice(s) <sup>2</sup>	Table 2: Intermediate manufactured goods: Basic and fabricated metals; All
D3 - Labour	STATS SA P0141 (CPI) OR Labour agreement <sup>3</sup>	Table E - All Items OR Labour agreement to be provided
D4 – Transport	STATS SA P0141 (CPI)	Table E - Transport – Other Running Cost
D5 – Other	Specify	Index Reference OR Documentary evidence to accompany claim

#### 19.2.5 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 **June 2017**.

#### 19.2.6 End Index Date

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

<sup>1</sup> 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.

<sup>2</sup> Same as footnote 1.

<sup>3</sup> In the absence of a labour agreement, the labour cost component will be adjusted with CPI Headline inflation.



**19.2.7 Price Adjustment Periods**

Price adjustment shall be applied on an annually basis at the anniversary of the contract from commencement contract date. The application must be send to National Treasury a month before the effective date of the new adjusted price.

**19.2.8 Rates of Exchange (RoE) – Base and average rates**

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

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

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

19.2.8.3 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.

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

<b>Currency</b>	<b>Rates of exchange (12 months average for the period )</b> 1 June 2016 – 31 May 2017
US Dollar	13.7900
Pound Sterling	17.6870
Euro	15.0556

19.2.8.5 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period 1 June 2016 – 31 May 2017 using the Reserve Bank published rates for the specific currency. Visit [www.reservebank.co.za](http://www.reservebank.co.za) to obtain the relevant



rates. Please refer to TCBD 2 (Procedure to download historical exchange rates from the Reserve Bank website) for instructions.

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

<b>Adjustment</b>	<b>Average exchange rates for the period:</b>
1 <sup>st</sup> Adjustment	1 June 2017 – 31 May 2018
2 <sup>nd</sup> Adjustment	1 June 2018 – 31 May 2019

19.2.9 **FOREX**

The State will only be allowing the contract price adjustments on the intervals as indicated in the Special Conditions of Contract. Most of the items on this bid are imported and no extra ordinary price adjustment due to exchange rate fluctuations will be considered. Therefore, the contractor is advised to take forward cover and or foreign exchange hedging or whichever is applicable to be able to cover the foreign exchange risk.

19.2.10 **GENERAL**

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

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

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



19.2.10.4 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.

19.2.10.5 Bidders are referred to paragraph 7 of the Special Conditions of Contract regarding counter conditions.

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

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

## **20 DELIVERY AND QUANTITIES**

### **20.1 DELIVERY BASIS**

20.1.1 Firm lead times for delivery must be quoted for the duration of the contract period.

### **20.2 QUANTITIES**

20.2.1 The quantities reflected in the bid forms are estimated quantities and no guarantee is given or implied as to the actual quantity which will be procured during the contract period.



## **SECTION C**

### **21 ROLES AND RESPONSIBILITIES**

#### **21.1 CONTRACT ADMINISTRATION**

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

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

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

#### **21.2 SUPPLIER PERFORMANCE MANAGEMENT**

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

#### **21.3 PLACEMENT OF ORDERS AND PAYMENTS**

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

### **22 ORDERS AND DELIVERY**

#### **22.1 Orders**

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

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



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

22.1.3 The instructions appearing on the official order form regarding the supply, dispatch and submission of invoices must be strictly adhered to and under no circumstances should the contractor deviate from the orders issued by the purchasing institutions.

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

## 22.2 **Delivery adherence**

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

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

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

22.2.4 Deliveries not complying with the order forms will be returned to the contractor at the contractor's expense.

22.2.5 Where applicable, all equipment is to be supplied with operating manuals/information brochures in an English language.

## 23 **PRODUCT ADHERANCE / BRAND CHANGE**

23.1.1 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.

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

23.1.3 Contractors are not allowed to deliver a different brand other than the brand awarded to them prior to an approval of brand change from National Treasury, Transversal Contracting.



## **24 SUPPORT**

- 24.1.1 It is required that the contractor(s) should provide product demonstration training support at no additional cost to all end users for the duration of the contract period relating to the following:
- Versatility and adjustability including size ranges: this should also include design quirks that impact on the type of accessories that can be used, (e.g. a 14" SAM uses a 12" back system, because of the way the backrests arms are set up)
  - Troubleshooting problems and potential solutions
  - The standard basic setup of the device as it should be upon delivery, what the device comes with and what needs to be ordered, (e.g. wheelchair will need a back and a cushion ordered separately)
  - The availability of accessories for the devices
- 24.1.2 These demonstrations are not to replace the seating training courses but purely to highlight the features of the various devices, the end-user is to still attend the appropriate level seating training for the service they intend providing (basic-intermediate-advanced).
- 24.1.3 Product information documents (e.g. catalogues, operating manuals, instruction leaflets, etc.), in at least the English language, must be provided with the products.

## **25 BREACH OF CONTRACT**

- 25.1.1 The State reserves the right to terminate the contract(s) for not honouring contract(s) obligations including submission of information.

## **26 POST AWARD REPORTING**

- 26.1 National Treasury will conduct meetings with the end users and contractors to discuss Transversal Contracting issues.



26.2 **Historical data**

All successful bidders are required to submit historical value and volume reports via e-mail on a six (6) monthly basis to Doreen Matenche and email to: [doreen.matenche@treasury.gov.za](mailto:doreen.matenche@treasury.gov.za).

Period	Period for which information must be submitted	Dates at which reports must be submitted
1	1 September 2017 – 28 February 2018	By 1 April 2018
2	1 March 2018 – 31 August 2018	By 1 October 2018
3	1 September 2018 – 28 February 2019	By 1 April 2019
4	1 March 2019 – 31 August 2019	By 1 October 2019
5	1 September 2019 – 28 February 2020	By 1 April 2020
6	1 March 2020 – 31 August 2020	By 1 October 2020

**END**