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## **SPECIAL CONDITIONS OF CONTRACT**

**BID NUMBER: RT60-2018**

**SUPPLY AND DELIVERY OF FABRIC AND TOWELLING PRODUCTS TO THE  
STATE FOR THE PERIOD  
1 APRIL 2019 TO 31 MARCH 2022**

**CLOSING DATE AND TIME OF BID: 08 JUNE 2018 @ 11h00**

**NON-COMPULSORY BRIEFING SESSION: 09 MAY 2018 @ 12:00**

**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
ISO	: International Organisation for Standardisation
OCPO	: Office of the Chief Procurement Officer
QC	: Quality Control
ROE	: Rate of Exchange
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
WHO	: World Health Organisation



## BID DOCUMENT CHECK LIST

NO.	DOCUMENT NAME	YES	NO
1	SBD 1 Invitation to bid		
2	Central Supplier Database		
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		
11	General Conditions of Contract		
12	Electronic and Hard Copy Pricing Schedule		
13	Service Provider Profile		
14	Financial Statement		
15	Shareholding Portfolio		
16	Local Economic Development document		
17	Sub-Contracting document		
18	Test Reports		
19	Certified BBBEE Certificate		
20	Capability report		



## **SECTION A**

### **1 OVERVIEW**

The President of the Republic of South Africa in his State of the Nation Address (SONA) on the 16 February 2018 indicated the government's intention to stimulate manufacturing in key commodity areas amongst others the Clothing, Textile, Footwear and Leather (CTFL) sector of the economy. Consequently, the Transversal Contracting Unit within the Office of the Chief Procurement Officer has seen an opportunity to operationalise the President's commitment by ensuring that the central state procurement of the CTFL will be one of the levers to stimulate the economy.

Furthermore, the State procurement will ensure sustainability of the existing manufacturing capacity, SMME development, local economic development and overall transformation of the sector. This in an effort to create much need jobs.

### **2 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.

### **3 BID INFORMATION/BRIEFING SESSION**

#### **3.1 A non-compulsory information session will be held at:**

**Venue:** National Treasury, 240 Madiba Street, Room 103

**Date:** 09 May 2018

**Time:** 12:00



- 3.2 For proper facilitation and coordination, Bidders are required to book a seat by email to [noni.myeni@treasury.gov.za](mailto:noni.myeni@treasury.gov.za) on or before 08 May 2018 @ 15:00.
- 3.3 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 regarding the bid.

#### 4 EVALUATION CRITERIA

The evaluation process will be conducted in phases as follows:

Phase I	Phase II	Phase III	Phase IV
<b>Prequalification - Mandatory and other bid requirements</b>	<b>Capacity and Capability</b>	<b>Technical Compliance</b>	<b>Price and B-BBEE</b>
Compliance with mandatory and other bid requirements. SBD forms must be completed and signed.	Bids will be assessed to verify bidders capability and ability to execute the contract	Compliance to technical requirements (sample verification)	Bids evaluated in terms of the 90/10 preference system

##### 4.1 PHASE I: PREQUALIFICATION AND MANDATORY REQUIREMENTS:

Bidders' must submit all requirements 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. Bidders who fail to comply with all the mandatory criteria may be disqualified.

##### 4.1.1 MANDATORY BID DOCUMENTS

Name of the document that must be submitted	Non-submission may result in disqualification?
Invitation to Bid – SBD 1	<b>YES</b> – Please complete and sign the supplied pro forma document.
Tax Clearance Requirements – CSD	<b>YES</b> – Submit CSD report as confirmation of registration and Tax matters
Pricing Schedule	<b>YES</b> – Please complete and submit hard and soft copies
Declaration of Interest – SBD 4	<b>YES</b> – Please complete and sign the supplied pro forma document.
Preference Point Claim Form – SBD 6.1	<b>NO</b> – Non-submission will lead to a zero score for B-BBEE.



Local Content for Designated Sectors – SBD 6.2	<b>YES</b> – Please complete and sign the supplied pro forma document
Declaration of Bidder's Past Supply Chain Management Practices – SBD 8	<b>YES</b> – Please complete and sign the supplied pro forma document.
Certificate of Independent Bid Determination – SBD 9	<b>YES</b> – Please complete and sign the supplied pro forma document
General Conditions of Contract	<b>YES</b> – Please sign each page and submit the document
Special Conditions of Contract	<b>YES</b> - Please sign each page and submit the document
TCBD 1 – Authorisation Declaration	<b>YES</b> – please submit the letter from manufactures and mills
TCBD 6 – Response Field Explanation	<b>YES</b> – Please complete mandatory response field for all the items
Capability Report	<b>Yes</b> – Please submit the valid capability report
Test Report	<b>Yes</b> – Please submit the valid capability report
TCBD 2 – SARB data download procedure	<b>NO</b> – This is for information purposes
TCBD 4 – Procedure for electronic bidding	<b>No</b> – This is for information purposes
Read me CSD supplier leaflet	<b>NO</b> – This is for information purposes
Read me CSD fact sheet	<b>NO</b> – This is for information purposes

#### **4.1.2 OTHER LEGISLATIVE AND REGULATORY REQUIREMENTS SPECIFIC TO THIS BID**

##### **4.1.2.1. Local Production and Content**

4.1.2.1.1. Regulation 9 of the Preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act no 5 of 2000 provides for the designation of sectors in line with national development and industrial policies for local production.

4.1.2.1.2. To give effect to the above requirement the Textiles, Clothing, Leather and Footwear sector has been designated for local production and content with a minimum threshold of 100%.

4.1.2.1.3. Only locally produced or locally manufactured Textiles, Clothing, Leather and Footwear from local raw material or input will therefore be considered. If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorisation from the Department of Trade & Industry (the dti) should there be a need to import such raw material or input.

4.1.2.1.4. A copy of the authorisation letter must be submitted together with the bid document at the closing date and time of the bid. For further information, bidders may contact the Textiles, Clothing, Leather and Footwear Unit within the DTI:

4.1.2.1.5. Mr A P Tembo at Tel: (012) 394-3717 or e-mail [aptembo@thedti.gov.za](mailto:aptembo@thedti.gov.za), or

4.1.2.1.6. Me P Khumalo at Tel: (012) 394-1390 or e-mail [khumalop@thedti.gov.za](mailto:khumalop@thedti.gov.za)



4.1.2.1.7. Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 must be used to calculate local content. The technical specification and the Guidance on the calculation of local content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)] are accessible to all bidders on the dti's website [http://www.dti.gov.za/industrial\\_development/ip.jsp](http://www.dti.gov.za/industrial_development/ip.jsp) at no cost

4.1.2.1.8. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the following formula:

$$LC = (1 - X/Y) * 100$$

Where

X is the imported content in Rand

Y is the bid price in Rand excluding value added tax (VAT)

4.1.2.1.9. Prices referred to in the determination of X must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid.

4.1.2.1.10. The Declaration Certificate for Local Production and Content (SBD 6.2) together with the Annex C (Local Content Declaration: Summary Schedule) must be completed, signed and submitted with the bidding documents at the closing date and time of the bid. The rates of exchange used by the bidder in paragraph 4.1 of the Declaration Certificate will be verified for accuracy against the requirements of paragraph 20.6 above.

4.1.2.1.11. A bid may be disqualified if the above-mentioned Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation, and the bidder fails to declare that the Local Content Declaration Templates (Annex C, D and E) have been audited and certified as correct.

4.1.2.1.12. A contract awarded in relation to a designated sector, may not be sub-contracted in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.





#### 4.1.3 **AUTHORISATION DECLARATION**

- 4.1.3.1 Any bidder who is sourcing goods or services from a third party must complete the "Authorisation Declaration" (TCBD 1) in full for all relevant goods or services, sign it and submit it together with the bid documents at the closing date and time of the bid.
- 4.1.3.2 The State reserves the right to verify any information supplied by the bidder in the Authorisation Declaration and should the information be found to be false or incorrect, the State will exercise any of the remedies available to it in the bid documents.
- 4.1.3.3 The bidder must ensure that all financial and supply arrangements for goods or services have been mutually agreed upon between the bidder and the third party. No agreement between the bidder and the third party will be binding on the State.
- 4.1.3.4 Failure to submit a duly completed and signed Authorisation Declaration, with the required annexure(s), in accordance with the above provisions will invalidate the bid for such goods or services offered.

#### 4.1.4 **CAPABILITY REPORT**

- 4.1.4.1 Bidders must submit a manufacturing capability report with the bid documents at closing date and time of the bid.
- 4.1.4.2 The capability report must be issued by an organisation accredited or recognised by SANAS. The capability report must specifically indicate whether the bidder/manufacturer has the capability and capacity to manufacture the product(s). The capability report has to address the following requirements:
- Production capacity and capability
  - Company organisation
  - Facilities
  - Quality control systems
  - Incoming inspections
  - In-process quality control
  - Final inspection
  - Packaging
  - Non-conforming product



– Communication/documentation control and work movement

- 4.1.4.3 In the event of the bidder sourcing the material/products from another manufacturer/mill, a capability report from that manufacturer/mill must be obtained. The capability report must accompany the bid at closing date and time of the bid.
- 4.1.4.4 The capability report must not be older than twelve (12) months.
- 4.1.4.5 The cost for the capability evaluation and report will be for the account of the bidder.
- 4.1.4.6 In the event that a capability report cannot be obtained from SABS or SANAS Accredited Institutions prior to the closing date and time of bid, the bidder must obtain proof (issued by SABS or SANAS Accredited Institution) that the capability report application had been submitted to the institution on the closing date and time of the bid. In this case, bidders must submit the capability report to National Treasury within 25 working days from the closing date and time of bid.
- 4.1.4.7 It is the responsibility of the bidder to ensure that the report is submitted to National Treasury within the stipulated timelines. All reports must be delivered to Noni Myeni at National Treasury 240 Madiba Street, Pretoria, or sent via email to [noni.myeni@treasury.gov.za](mailto:noni.myeni@treasury.gov.za) and [dorah.kgotse@treasury.gov.za](mailto:dorah.kgotse@treasury.gov.za)
- 4.1.4.8 Failure to comply with this condition may invalidate the bid.
- 4.1.4.9 SMMEs or Cooperatives or any potential manufactures who are willing to become manufactures or are existing manufactures within CTFL sector, however not in a position to provide the capability report are encouraged to submit their bid at the closing date of the bid and indicate willingness to participate and contribute towards State objectives within the sector. The State has seen an opportunity to develop manufactures within the CTFL sector through SMME and supplier development initiatives. The initiative will be managed and monitored over the life cycle of the contract to develop CTFL manufactures particularly in the provinces that do not have manufacturing capacity. National Treasury will partner with departments within Economic Cluster responsible for SMME development initiatives in order to assist to improve the sector
- 4.1.5 **COMPANY PROFILE**
- The bidder shall submit a company profile amongst others which includes but not limited to the following:



- 4.1.5.1 Business structure and number of employees including all permanent and casual employees.
- 4.1.5.2 Company customer market including public and private market and the products which the company is manufacturing.
- 4.1.5.3 Bidders must indicate if there are SMME's development initiatives within its company and indicate the contact details of the SMME, the role of the SMME and the value derived from the opportunity in the past three or less years. The State reserves the rights to validate this information.
- 4.1.5.4 Bidders must submit the past three years' financial statements or an auditor's letter where financial statements are not available.
- 4.1.5.5 Footprint, bidders must submit proof of the business physical address such as copy of municipal rates and taxes, not older than 3 months.
- 4.1.5.6 Bidders must indicate the type of business whether they are a manufacture or distributor. The state reserves the rights to appoint a service provider that meet the objectives of socio economic challenges of the country and are in a position to contribute meaningfully to the CTFL sector.

**4.1.6 SHAREHOLDING PORTFOLIO**

Bidders must provide valid proof of registration of the company with CIPRO/CIPC with the bid documents at the closing date and time of the bid. This information will be verified with the Central Supplier Database.

**4.1.7 LOCAL ECONOMIC DEVELOPMENT**

- 4.1.7.1 Local economic development of the firm's capacity and individual skills, and economic transformation, are critical elements of sustainable economic growth.
- 4.1.7.2 Bidders must submit their bids at the closing date and time with documentation that clearly demonstrates their strategic plan to support local economic development imperatives and socio-economic objectives. Such objectives includes
  - SMME development,
  - Transfer of skills
  - Broad Based Black Economic Empowerment,
  - Employment creation, and
  - Support for, and participation of locally owned and operated firms in the supply chain (particularly QSE and EME's).



- 4.1.7.3 Bidders are required to ensure that the plans are implementable and sustainable for the duration of the contract. Bidders are required to report periodically on the success, challenges and opportunities of the initiative with the intention of ensuring meaningful interventions. The state will monitor the progress during the contract life cycle.
- 4.1.7.4 Bidders are required to propose to the state how the sector can be improved and enhanced to ensure achievement of socio economic objectives within the industry. Indicate achievable initiatives that the state can consider particularly empowering black and small medium enterprises.
- 4.1.7.5 The state reserves the right to make an award to a bidder that satisfies the local economic development initiatives and/or manufacture even if the bidder is not the lowest in price. BEC discretion will apply.

4.1.8 **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).

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



**4.1.9 TAX CLEARANCE COMPLIANCE**

- 4.1.9.1 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).
- 4.1.9.2 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.
- 4.1.9.3 The Tax Compliance status requirements are also applicable to foreign bidders / individuals who wish to submit bids.
- 4.1.9.4 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;.
- 4.1.9.5 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

**4.2 PHASE II: CAPACITY AND CAPABILITY**

This phase of evaluation may eliminate bidders that their response are not satisfactory, particularly to the government objectives of socio economic development of creating sustainable jobs in the CTFL industry.

**4.2.1 COMPANY EXPERIENCE**

- 4.2.1.1 Bidders must illustrate experience in manufacturing textile and clothing in the private or public sector that demonstrates working experience.
- 4.2.1.2 Bidders to provide one to three contactable reference letters that indicates description of goods, contract value and duration. The state reserves the rights to validate the reference letters.



#### 4.2.2 CAPACITY TO DELIVER

- 4.2.2.1 Bidders must include a **production capacity and resources plan** to demonstrate capacity and capability to service the State textile and clothing requirements. Bidders must demonstrate (provide evidence where applicable) that they have the necessary capacity to undertake a project of this nature with relations to the large number of quantities, warehousing, financial backing, timelines, quality control process and assurance, number of personnel employed in production (by rank, gender, race and age).
- 4.2.2.2 All bidders must submit a **Manufacture's Capability Report** with the bid documents at the closing date and time of the bid in line with clause 4.1.4 above.
- 4.2.2.3 All bidders must submit **test reports** with the bid documents at the closing date and time of the bid in line with clause 4.1.5 above.
- 4.2.2.4 Bidders to provide detailed proposal and demonstrate capacity to create jobs to the extent of providing the number of jobs that are likely to be created upon award of the contract over the life cycle of the contract (3) years. The State reserves the rights to validate the information during evaluation and monitoring process during the contract life cycle.
- 4.2.2.5 SMME or Cooperatives or any potential manufactures who are willing to participate in this contract, however not in a position to provide evidence of capacity to deliver as a manufacturer are encouraged to submit their bid at the closing date of the bid and indicate willingness to participate and contribute towards State objectives within the sector. The State has seen an opportunity to develop manufactures within the CTFL sector through SMME and supplier development initiatives. The initiative will be managed and monitored over the life cycle of the contract to develop CTFL manufactures particularly in the provinces that do not have manufacturing capacity. National Treasury will partner with departments within Economic Cluster responsible for SMME development initiatives in order to assist to improve the sector. This process will be done in various phases and bidders that demonstrated some level of readiness in their bid submission will be



included in phase 1 and provided an additional 12 months allowance from the closing date of the bid to submit capability report in order to comply with SCC requirements.

- 4.2.2.6 Business structure and number of employees including all permanent and casual employees.
- 4.2.2.7 Company customer market including public and private market and the products which the company is manufacturing.
- 4.2.2.8 Bidders must indicate if there are SMME's development initiatives within its company and indicate the contact details of the SMME, the role of the SMME and the value derived from the opportunity in the past three or less years. The State reserves the rights to validate this information.
- 4.2.2.9 Bidders to submit the past three years' financial statements or auditor's letter where financial statements are not available.

#### **4.3 PHASE III: TECHNICAL SPECIFICATION COMPLIANCE**

Pre award product compliance procedures for items where specification refer to Department, Private or SANS Standards. The following pre award product compliance will apply:

##### **4.3.1 LOCAL PRODUCTION AND CONTENT**

- 4.3.1.1 Evaluation of this phase will be to validate and confirm the 100% local content and the deviation letters from DTI. Reference is made to clause 3.1.2.1 for local content requirements.
- 4.3.1.2 The Textiles, Clothing, Leather and Footwear sector has been designated for local production and content with a minimum threshold of 100%.
- 4.3.1.3 Only locally produced or locally manufactured Textiles, Clothing, Leather and Footwear from local raw material or input will therefore be considered. If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorisation from the



Department of Trade & Industry (the DTI) should there be a need to import such raw material or input.

4.3.1.4 Non-compliance to the requirements will invalidate the bid.

**4.3.2 STANDARDS / SPECIFICATIONS**

4.3.2.1 Items must comply with standards / specifications as stated in the bid document.

4.3.2.2 Bidders must enquire at the following institutions for the relevant standards. A list of accredited institutions is available on the SANAS website <http://www.sanas.co.za> or <http://www.sanas.co.za/contact.php>

**4.3.2.2.1 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:

Email: 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

**4.3.2.2.2 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

**4.3.3 SAMPLES SUBMITTED TO TESTING INSTITUTIONS**

4.3.3.1 Where a standard is indicated on the item specification, a sample must be submitted to a testing institution accredited 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.

4.3.3.2 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 twelve (12) months at the closing date of the bid.

4.3.3.3 Evaluation will be based on the verification of the test reports submitted. Refer clause 3.2 for the sample testing requirements.

4.3.3.4 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 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, the test report must be submitted to National Treasury in consultation with the testing institutions will determine the realistic date before evaluation commences.

4.3.3.5 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.

4.3.3.6 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.

4.3.3.7 All bidders, including current contractors are required to submit samples at a testing institution.

4.3.3.8 Samples of all the products must be submitted with the bid documents at closing date and time for the purpose of visual screening of products offered for compliance to specification during the evaluation phase.

4.3.3.9 SAMPLES must be submitted to:

Venue: National Treasury. 240 Madiba Street, Pretoria

Date: 08 June 2018

Time: From 8h00 to 11h00

Contact Person: Noni Myeni

Contact details: (012) 315-5858



- 4.3.3.10 Samples will ONLY be accepted on the above date and time. No late samples will be accepted.
- 4.3.3.11 In order to frame meaningful recommendations, it is imperative that samples of all items offered by the bidder, be submitted for evaluation purposes.
- 4.3.3.12 Where different sizes and colour of the same product are called for against different item numbers, only one sample must be submitted but recorded/labelled accordingly to indicate all the item numbers represented.
- 4.3.3.13 All bidders, including current contractors, are required to submit samples for visual screening.
- 4.3.3.14 All samples submitted for visual screening must be a true representation of the product which will be supplied.
- 4.3.3.15 Samples of all items awarded against this bid will be retained for the duration of the contract period.
- 4.3.3.16 Unsuccessful bidders who have submitted samples must collect such items within 3 months of the commencement of the contract. Samples not collected within this 3-month period will be disposed of at the discretion of the State.
- 4.3.3.17 Bids not supported by samples may invalidate the bid for the item(s) for which samples are not submitted.

#### 4.3.4 **MARKING AND SUBMISSION OF SAMPLES**

The following requirements for the marking and submission of samples are applicable to samples that are submitted for visual screening as well as for samples submitted to testing institutions.

- 4.3.4.1 Samples must be placed in suitable containers and be clearly marked on the outside with the bid number, item number(s), and the bidder's name. This detail must appear on a label attached to each individual item package.
- 4.3.4.2 All samples, including the labelling requirements, must be a true representation of the product that will be supplied during the contract period.
- 4.3.4.3 Failure to comply with this condition may invalidate the bid against the relevant item.



#### **4.3.5 SAMPLES SUBMITTED FOR VISUAL SCREENING**

- 4.3.5.1 Samples must be submitted for the purpose of visual screening of products offered for compliance to specification during the evaluation phase.
- 4.3.5.2 Bidders must submit the samples for each item offered for physical evaluation
- 4.3.5.3 All bidders, including current contractors, are required to submit samples for visual screening.
- 4.3.5.4 All samples submitted for visual screening must be a true representation of the product which will be supplied. Samples of all items awarded against this bid will be retained for the duration of the contract period
- 4.3.5.5 Unsuccessful bidders who have submitted samples must collect such items within 3 months of the commencement of the contract. Samples not collected within this 3-month period will be disposed of at the discretion of the State.
- 4.3.5.6 Bids not supported by samples will invalidate the bid for the item(s) for which samples are not submitted.

#### **4.4 TEST REPORTS**

- 4.4.1 Where a standard is indicated, a sample must be submitted to a testing institution accredited or recognised by SANAS on the closing date and time of bid. The purpose is to obtain a test report for the items being offered in the bid. 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.
- 4.4.2 Test reports must be submitted with the bid at closing date and time of bid proving that the relevant item(s) complies with the standard after inspection and testing of the samples by a SANAS accredited or recognized institution. The Test reports must not be older than twelve (12) months at the closing date of the bid.
- 4.4.3 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/s had been submitted to the testing institution for testing before or on the closing date and time of the bid. For easy administrative process, such proof must be submitted with the bid at closing date and time of the bid. In this case, bidders must submit the test report to National Treasury within 25 working days from the closing date and time of bid.



4.4.4 It is the responsibility of the bidder to ensure that the report is submitted to National Treasury within the stipulated timelines. All reports must be delivered to Noni Myeni at National Treasury 240 Madiba Street, Pretoria, or sent via email to noni.myeni@treasury.gov.za and dora.kgotse@treasury.gov.za

4.4.5 Failure to comply with this condition will invalidate the bid in respect of the item for which a test report is not submitted.

#### 4.5 PHASE IV: PREFERENCE POINT SYSTEM

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

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

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

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

Where

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

$P_t$  = Comparative price of bid under consideration

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

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

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	6
4	5
5	4



B-BBEE Status Level of Contributor	Number of Points
6	3
7	2
8	1

- 4.5.1.4 Bidders are required to complete the preference claim form (SBD 6.1), and submit their original and valid B-BBEE status level verification certificate or a **certified copy** thereof or a sworn affidavit at the closing date and time of the bid in order to claim the B-BBEE status level point. Failure to submit the valid original or certified copy will result in zero score/non-compliant contributor.
- 4.5.1.5 The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 4.5.1.6 Only bidders who have completed and signed the declaration part of the preference claim form and who have submitted a B-BBEE status level certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act no. 69 of 1984)) or an accredited verification agency or a sworn affidavit will be considered for preference points.
- 4.5.1.7 Failure on the part of the bidder to comply with the paragraphs 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).
- 4.5.1.8 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.
- 4.5.1.9 The points scored will be rounded off to the nearest 2 decimals.
- 4.5.1.10 In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of preference points for B-BBEE.
- 4.5.1.11 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.
- 4.5.1.12 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- 4.5.1.13 A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.



#### **4.5.2 PRICING STRUCTURE AND SCHEDULE**

- 4.5.2.1 One National price is required per item and prices quoted must be furnished on the basis of supply and delivery including vat. This is also applicable to item that are used by more than one end user department irrespective of colour.
- 4.5.2.2 The yearly prices MUST be all inclusive. This means, all direct and indirect related costs must be included in the prices.
- 4.5.2.3 Year 1 prices will be based on estimated available quantities. If quantities substantially increase during the year due to new participation request from user departments, the state reserves the rights to renegotiate the prices.
- 4.5.2.4 Year 2 and Year 3 quantities will be confirmed 3 months prior to the anniversary of the contract. Bidders will be requested to provide prices in line with the cost elements breakdown submitted as part of this bid. The final prices will be reviewed, negotiated and approved prior to the anniversary of the contract.
- 4.5.2.5 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.
- 4.5.2.6 Conditional discounts offered will not be taken into consideration during evaluation.
- 4.5.2.7 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. Please refer to the attached full item description specification.

#### **4.5.3 COST COMPONENTS AND PROPORTIONS**

- 4.5.3.1 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.
- 4.5.3.2 Bidders are requested to submit the cost breakdown of their 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.

Cost Component	% Contribution	Indices
Imported Raw Material / Finished product (if applicable)		
Local Raw Material / Finished product (if applicable)		
Labour		
Transport		
Other		
<b>TOTAL (Cost components must add up to 100%)</b>	<b>100 %</b>	

4.5.3.3 Percentage weighted contribution – List % weighted contribution for each cost element

4.5.3.4 Indices – List measurable indices/factors that contribute to cost escalation.

4.5.3.5 All prices are subject to negotiation prior to signing on an anniversary of the contract

#### 4.5.4 **VALUE ADDED TAX**

All bid prices must be inclusive of 15% Value-Added Tax. Failure to comply with this condition will invalidate the bid.

#### 4.5.5 **OTHER CONDITIONS OF BID**

4.5.5.1. It is a condition of this bid that only one or more of the following bidders may respond to this bid:

- a) A bidder having a B-BBEE status level of contributor 1 to 4; the bidders above level 4 should submit their bids and provide a transformational plan that will be achieved over the first 12 months of the contract. This will be monitored periodically over the contract life cycle. Only **non-compliant** suppliers will be disqualified.
- b) A bidder subcontracting a minimum of 30% to:
  - i. an EME or QSE which is at least 51% owned black people
  - ii. an EME or QSE which is at least 51% owned by black people who are youth;
  - iii. an EME or QSE which is at least 51% owned by black people who are women;
  - iv. an EME or QSE which is at least 51% owned by black people with disabilities;
  - v. an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
  - vi. a cooperative which is at least 51% owned by black people;
  - vii. an EME or QSE which is at least 51% owned by black people who are military veterans;



viii. an EME or QSE.

- 4.5.5.2. Bidders must provide a detailed measure of how the 30% of sub-contracting is calculated to substantiate the option of subcontracting a minimum of 30% to an EME or QSE which is at least 51% owned black people. Also indicate the type of services offered by the sub-contractor preferably to be within actual textile and clothing industry to enhance job creation and skills development within the sector.
- 4.5.5.3. The State reserves the right to accept or reject the detailed measure referred to in paragraph 4.5.5 above. Should the State reject the measure due to lack of application, that might result into that bid not being an acceptable bid
- 4.5.5.4. 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.
- 4.5.5.5. Bidders are encouraged to subcontract portion of their contract that is ONLY relevant to manufacturing processes as part of their SMME development initiatives. This will ensure skills transfer and sustainability of the sector.
- 4.5.5.6. Failure to meet the requirements as per the above mentioned paragraphs may invalidate the bid submitted.
- 4.5.5.7. The state reserves the right to remedy any adverse situation if it affects the awarding of the contract and or service delivery.

## **5 SUBMISSION OF BIDS**

- 5.1 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/>
- 5.2 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.

- 5.3** 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.
- 5.4** 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.
- 5.5** Bidders are required to complete the excel version and submit as soft copy in a CD or memory stick.
- 5.6** Bidders are required to inform National Treasury of any problems experienced regarding electronic submission prior to closing date and time of bid.
- 5.7** 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.
- 5.8** Bidders must initial each page of the bid document on the top right hand corner.

**5.9 FORMAT AND SUBMISSION OF BIDS**

- 5.9.1** In order to simplify the evaluation process, Bidders are required to submit their bids in the following manner:-

Section 1	Standard bidding documents and CSD report
Section 2	Capability report(s)
Section 3	Test Reports & Sample list
Section 4	Authorisation Declaration
Section 5	Company Profile, Resource Plan & Job creation initiatives
Section 6	Reference letters
Section 7	Financial Statements
Section 8	Pricing Schedule and Item Questionnaire
Section 9	Other



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

- 6.1** Training sessions are provided every Monday from 14h00 to 16h00 at National Treasury, 240 Madiba Street, Pretoria.
- 6.2** Bidders must send an e-mail to [Noni.Myeni@treasury.gov.za](mailto:Noni.Myeni@treasury.gov.za) to book their seats and confirm availability.
- 6.3** 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.
- 6.4** The process to register on the electronic platform is reflected in Electronic Tender Supplier Activation Process (Annexure C).
- 6.5** For further technical assistance the bidders can direct their inquiries to [gcommerce@treasury.gov.za](mailto:gcommerce@treasury.gov.za)

## **7 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.

## **8 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.

## **9 FRONTING**

- 9.1** 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.
- 9.2** 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.
- 9.3** 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.

- 9.4** 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.

## **10 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 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.

## **11 COMMUNICATION**

- 11.1** 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.
- 11.2** 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.
- 11.3** All communication between the bidder and the Transversal Contracting Office must be done in writing.

## **12 CONTACT DETAILS**

### **12.1 GENERAL**

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

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

### **12.2 BID & SAMPLE ENQUIRIES**

Contract Manager: Dorah Kgotse / Noni Myeni

Transversal Contracting, Office of the Chief Procurement Officer, National Treasury

Tel: (012) 315 5048 / 315 5858



E-mail: [dorah.kgotse@treasury.gov.za](mailto:dorah.kgotse@treasury.gov.za)/ [noni.myeni@treasury.gov.za](mailto:noni.myeni@treasury.gov.za) /

**12.3 SPECIFICATION/TECHNICAL ENQUIRIES**

Name: Ada Vymetal

Department: South African Bureau of Standards

Tel: (012) 428 6257

Cell: 072 578 3817

Fax: (012) 428 6627

E-mail: [ada.vymetal@sabs.co.za](mailto:ada.vymetal@sabs.co.za)



## **SECTION B**

### **13 CONTRACT PERIOD**

The contract period shall be for a period of 36 months reviewed and renewable annually commencing on 1 October 2018 to 30 September 2021. This will allow for any amendments, improvements of the contract if necessary in consultation with all the appointed service providers.

### **14 PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS**

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

<b>Government Departments / Institutions</b>
South African National Defence Force: SA Air Force; SA Army; SA Military Health Service; SA Navy
Department of Correctional Services
Department of Home Affairs
South African Police Services

#### **14.2 Post award participation**

14.2.1 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.

### **15 AWARD CONDITIONS**

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

#### **15.1 Multiple Award**

15.1.1 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.

15.1.2 The maximum number of items to be awarded will be at the discretion of the Bid Evaluation Committee.

15.1.3 The following will be taken into consideration when awarding through a multiple or split award:

- Capacity to meet volume demand as per bid requirements
- Estimated volume to be supplied
- Risk to departments if the item is not available
- Source of the finished product, raw material and manufacturing site



- Previous performance of the bidder

## 15.2 Split Award

The following formula will be used for the purpose of splitting contracts between two contractors:

Category	Difference between points	Recommended percentage split
A	Equal points	50/50
B	0,1 – 5 %	70/30
C	5,1 – 10 %	80/20

## 16 CONTRACT PRICE ADJUSTMENT

### 16.1. Formula

16.1.1. 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.

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

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

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



R1o–Rno	=	Base Index. Index figure at the time of bidding.
VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment.

## **16.2. Formula component definitions**

### **16.2.1. 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.

### **16.2.2. Fixed portion**

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

### **16.2.3. 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- Imported Raw Material / Finished product (if applicable)	
D2 - Local Raw Material / Finished product (if applicable)	
D3 - Labour	
D4 - Transport	
D5 – Other	



<b>TOTAL (Cost components must add up to 100%)</b>
--

<b>100 %</b>
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**16.2.4. 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) Table 1	Agriculture – Food OR Documentary evidence to accompany claim
D3 - Labour	STATS SA P0141 (CPI), Table E OR Labour agreement <sup>2</sup>	Table E - All Items OR Labour agreement to be provided
D4 – Transport	STATS SA P0141 (CPI) Table E	Table E - Transport – Other Running Cost
D5 – Other	Specify	Documentary evidence to accompany claim

**16.2.5. 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 **May 2018**.

**16.2.6. 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).

**16.2.7. Price Adjustment Periods**

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

Adjustment	CPA application to reach the office at the following dates	End Index Date	Dates from which adjusted prices will become effective
1 <sup>st</sup> Adjustment	15 January 2020	December 2019	01 April 2020

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





2 <sup>nd</sup> Adjustment	15 January 2021	December 2020	01 April 2021
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### **16.3. Rates of Exchange (RoE) – Base and Average rates**

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

- 16.3.1. The formula described above will be used and the imported cost component of the bid price (D1) will be adjusted taking into account the base RoE rate (refer paragraph 21.3.4) and the average RoE rate over the period under review indicated in paragraph 21.3.6 below.
- 16.3.2. In the event where the RoE adjustment goes hand in hand with a material/product price increase, the material/product price (in foreign currency) will be converted to South African currency using the base rate (paragraph 21.3.4) for the earlier invoice and the average RoE rate for the period under review as indicated in paragraph 21.3.6 below for the later invoice.
- 16.3.3. The imported cost component (D1) will be adjusted together with all the other cost components indicated in paragraph 21.2.3 and 21.2.4 above and at the predetermined dates indicated in paragraph 21.2.7 above.
- 16.3.4. Rate(s) of exchange to be used in this bid in the conversion of the bid price of the item(s) to South African currency is indicated in the table below.

<b>Currency</b>	<b>Rates of exchange</b> 12 month average for the period 04 May 2017 to 04 May 2018
US Dollar	12.90
Pound Sterling	17.23
Euro	15.24
Yen	8.59
Yaun	0.511144

- 16.3.5. Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period **04 May 2017 to 04 May 2018** 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.



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

Adjustment	Average exchange rates for the period:
1 <sup>st</sup> Adjustment	04 May 2018 to 03 May 2019
2 <sup>nd</sup> Adjustment	04 May 2019 to 03 May 2020

#### **16.4. General**

- 16.4.1. Unless prior approval has been obtained from Contract Management, no adjustment in contract prices will be made.
- 16.4.2. Applications for price adjustment must be accompanied by documentary evidence in support of any adjustment.
- 16.4.3. CPA applications will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.
- 16.4.4. In the event where the supplier's CPA application, based on the above formula and parameters, differs from Transversal Contracting's verification, Transversal Contracting will consult with the supplier to resolve the differences. The state reserves the right to negotiate amended contract prices at any stage prior to the final notification to end users.
- 16.4.5. Bidders are referred to paragraph 9 of the Special Conditions regarding Counter Conditions.
- 16.4.6. An electronic price adjustment calculator will be available on request from Contract Management.

### **17 NEGOTIATIONS**

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



## **18 NON-COMMITMENT**

- 18.1** The State reserves the right not to award, to award in part or in full.
- 18.2** The State reserves the right not to accept any of the bids submitted.
- 18.3** The State reserves the right 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.
- 18.4** In the event that an incorrect award has been made or an error occurred during evaluation and adjudication, the State reserves the right to remedy the matter in any manner it may deem fit.
- 18.5** To cancel and/or terminate the bid process at any stage, including after the closing date and/or after presentations have been made, and/or after bids have been evaluated and/or after the preferred bidder(s) have been notified of their status as such
- 18.6** To cancel and/or terminate the contract or part thereof, post the awards with consultation with the service provider if is deemed necessary.
- 18.7** To negotiate with one or more preferred bidder(s) identified in the evaluation process, regarding any terms and conditions, including price without offering the same opportunity to any other bidder(s) who has not been awarded the status of the preferred bidder(s).
- 18.8** To carry out site inspections, product evaluations or explanatory meetings in order to verify the nature and quality of the services offered by the bidder(s), whether before or after adjudication of the bid.
- 18.9** To award a bid based on which bidder is offering the best value for money, even if such bid is not the lowest price.

## **19 QUALITY**

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



## **20 DELIVERY AND QUANTITIES**

### **20.1 DELIVERY BASIS**

- 20.1.1 Firm lead times for delivery must be quoted for the duration of the contract period.
- 20.1.2 Transit and storage conditions applicable to the relevant products must be adhered to.

### **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.
- 20.2.2 The quantity indicated against each item represents the total estimated off-take of all participating departments and however not guaranteed. The numbers may increase or decrease in a particular year.
- 20.2.3 If quantities substantially increase during the year due to new participation request from user departments, the state reserves the rights to renegotiate the prices.

### **20.3 MINIMUM ORDER QUANTITY**

- 20.3.1 Bidders are required to indicate the minimum order quantity that is allowable per order. In the event that the end user department requires less than the stipulated minimum order quantity, acceptable resolution should be found between all parties including National Treasury.

## **21 LABELLING - SOUTH AFRICA**

- 20.1. Products must comply with the labelling requirements as set out in the following legislation:

- Merchandise Marks Act No 17 of 1941 (section 10 and 11)
- General Notice 1831 of 2006
- Code of practice – SANS 10011:2007 Care-labelling of textile piece goods, textile articles and clothing
- Code of practice – SANS 10235:2007 Fibre-content labelling of textiles and textile products
- Customs and Excise Act (section 113 (8))

- 20.2. For textile, apparel, footwear and travel goods products, it is required that a label be permanently applied in a conspicuous place stating in legible manner the country of origin. The labels must also



conform to the South African national standards for fiber content and care labelling published in the Government Gazette dated June 30, 2000.

- 20.3. Imported fabric that has been dyed, printed or finished in South Africa must be labelled as such and locally manufactured products using imported materials must state made in South Africa from imported materials.
- 20.4. Textile goods containing sheep's wool, whether in the piece or made up, are subject to special labelling regulations. Products containing at least 35 percent wool must be labelled to show the percentage of wool content.
- 20.5. The Merchandise Marks Act provides that imported goods may not bear marks giving the misleading impression that they originate in South Africa
- 20.6. There will be no exemptions from labelling requirements



## **SECTION C**

### **22 ROLES AND RESPONSIBILITIES**

#### **22.1 CONTRACT ADMINISTRATION**

- 22.1.1 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, Attention: Dorah Kgotse – [dorah.kgotse@treasury.gov.za](mailto:dorah.kgotse@treasury.gov.za) .

- 22.1.2 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 to Dorah Kgotse – email: [dorah.kgotse@treasury.gov.za](mailto:dorah.kgotse@treasury.gov.za) and Tel: 012 315 5048.

#### **22.2 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.

#### **22.3 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.



## **23 ORDERS AND DELIVERY**

### **23.1 ORDERS**

- 23.1.1 Contractors should note that each individual purchasing institution is responsible for generating the order(s) as well as the payment(s) thereof.
- 23.1.2 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).
- 23.1.3 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.
- 23.1.4 The State is under no obligation to accept any quantity which is in excess of the ordered quantity.

### **23.2 DELIVERY ADHERENCE**

- 23.2.1 Delivery of goods must be made in accordance with the instructions appearing on the official order forms issued by purchasing institutions.
- 23.2.2 All deliveries or dispatches must be accompanied by a delivery note stating the official order number against which the delivery has been effected.
- 23.2.3 In respect of items awarded to them, contractors must adhere strictly to the delivery lead times quoted in their bids.
- 23.2.4 Deliveries not complying with the order forms will be returned to the contractor at the contractor's expense.
- 23.2.5 Where applicable, all equipment is to be supplied with operating manuals/information brochures in an English language.



## **24 PRODUCT ADHERANCE / BRAND CHANGE**

- 24.1** 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.
- 24.2** In the event that the 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 contractor is required to submit supporting documents from the manufacturer substantiating the changes
- 24.3** It must be noted that the new brand will be required to undergo the evaluation process prior to receiving approval of the brand change issued by National Treasury. The new brand must adhere to the technical specification for the item. The quality of the product must not be lower than the initial awarded product.
- 24.4** Furthermore, contractors are to take note that the price of the new brand should not be higher from the current contract price of the original product.
- 24.5** Contractors are not allowed to deliver a new brand other than the brand awarded to them prior to an approval of brand change from National Treasury.

## **25 POST-AWARD PRODUCT COMPLIANCE PROCEDURES**

The following post-award product compliance procedures will apply:

Once bids are awarded, the inspection authority, the South African Bureau of Standards is given written notification of the award of all contracts.

### **25.1 PRE-PRODUCTION SAMPLES**

- 25.1.1** It will be expected from the successful bidder (contractor) to submit 3 pre-production samples to the South African Bureau of Standards. The contractor will be required to submit pre-production samples to the testing institution at the written request of the purchasing institution concerned. Unless the accounting officer/authority decides otherwise the pre-production samples must be submitted within 30 days of the date on which the supplier was requested to do so. Mass production shall only commence after the purchasing institution and the contractor have been advised by the testing institution that the pre-production samples have been approved.
- 25.1.2** If the pre-production samples pass the inspections/tests at the first attempt, the costs associated





with the inspections/tests will be for the account of the purchasing institution.

- 25.1.3 In the event that the first pre-production samples fail the test and a second set (3 samples) of pre-production samples incorporating corrections/improvements are required, the corrected samples must reach the South African Bureau of Standards within 14 working days after the relevant institution had notified the contractor of its findings.
- 25.1.4 In the event that the second pre-production samples fail the test and a third set (3 samples) of pre-production samples incorporating corrections/improvements are required, the corrected samples must reach the South African Bureau of Standards within 7 working days after the relevant institution had notified the contractor of its findings.
- 25.1.5 If the testing institution does not approve the pre-production samples but such samples require corrections/improvements, the contractor must pay the costs of the inspections/tests.
- 25.1.6 Failing to deliver the samples within the specified time and according to their required standards may lead to the cancellation of the contract for that specific items (s).
- 25.1.7 Please note: Testing turnaround time is +15 working days for most products.

## **25.2 CONSIGNMENT / BATCH TESTING**

- 25.2.1 Consignments (products) are inspected on a batch to batch or lot for lot basis to ensure that the product comply with predetermined standards (these standards could be SABS/SANS or private standards).
- 25.2.2 The contract and official orders to the successful bidder will reflect that the relevant testing institution is required to carry out consignment/batch inspections. The purchasing institution will send a copy of the official order to the South African Bureau of Standards and notify the testing institution in writing (preferably by means of an official order) that consignment /batch tests must be carried out.
- 25.2.3 It is the responsibility of the purchasing institution to determine and explicitly stipulate the number and frequency of consignment inspections to be carried out, as the costs of such inspections would normally be borne by the purchasing institution. The consignment inspection can be carried out either before delivery at the contractor's premises or after receipt of the consignment at the purchasing institution's warehouse. Inspection at the contractor's premises is preferable as any faults



are then indisputably the responsibility of the contractor and the correction thereof could be done promptly. Non mark bearing fabric will be tested with every batch; mark bearing fabric will be tested on request by the department.

- 25.2.4 If the inspections do not comply with the standards, the cost for these inspections will be payable directly by the contractor.

## **26 QUALITY ADHERANCE**

- 26.1.1 Bidder's attention is drawn to paragraph 8 of the General Conditions of Contract regarding inspection, tests and analysis.
- 26.1.2 If the delivered supplies are not in accordance with the contract requirements, the cost of inspections, tests and analysis done by an independent testing facility shall be defrayed by the contractor.

## **27 BREACH OF CONTRACT**

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

## **28 DISPOSING OF GOODS BEARING STATE OWNERSHIP MARK: ALL PRINTED FABRIC**

- 28.1.1 Textile goods manufactured in terms of this contract and bearing a State ownership mark shall not be disposed of by the contractor to any person, other than a State Department unless the ownership mark has been cancelled, defaced or obliterated in such a manner as may be approved by the State.
- 28.1.2 In order for a contractor to comply with the abovementioned condition, a contractor will be entitled to:
- Dispose of such goods provided the goods are stamped or stencilled in indelible ink or dye with the word "CANCELLED", preferable, but not necessarily, over the State ownership mark, or overprinted with a design in the same colour as that of the mark, or provided the colouring of the mark is bleached out.
  - Cut up the goods so that the State ownership mark is defaced and then to use it or dispose of it as rags, cleaning cloths, etc.



## **29 CONDITIONS APPLICABLE FOR ITEMS REQUESTED BY THE DEPARTMENT CORRECTIONAL SERVICES: PRISON UNIFORM ONLY**

- 29.1.1 The quantities for fabrics that the purchaser deems as “confined / restricted lines”, the supplier may submit and deliver up to 90% of the total contracted quality of “A” grade fabric. The remaining 10% of the contract quantity can be of a “sub-standard” fabric offered, if acceptable for its use. The cost of a report/certificate will be for the supplier’s account. If the purchaser accepts the “sub-standard” fabric, the Department will discount the cost of these “sub-standard” fabrics at 20% of the contract price.
- 29.1.2 The Department of Correctional Services reserves the right to request sporadic inspections on “MARK BEARING” suppliers and that the cost of these inspections will be carried by the Department, should the product comply with the specification and, by the supplier should it not comply.

## **30 POST AWARD REPORTING**

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

### **30.2 HISTORICAL DATA**

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

Period	Period for which information must be submitted	Dates at which reports must be submitted
1	1 April 2019 – 30 September 2019	By 10 October 2019
2	1 October 2019 – 31 March 2020	By 10 April 2020
3	1 April 2020 – 30 September 2020	By 10 October 2020
4	1 October 2020 – 31 March 2021	By 10 April 2021
5	1 April 2021 – 30 September 2021	By 10 October 2021
6	1 October 2021 – 31 March 2022	By 10 April 2022