



SPECIAL CONDITIONS OF CONTRACT

CLOSED BID: RT72-2018

**THE APPOINTMENT OF A SERVICE PROVIDER TO SUPPLY AND
DELIVER MEDICAL OXYGEN TO HOME PATIENTS ON BEHALF OF
THE STATE FOR THE PERIOD 1 APRIL 2018 TO
31 MARCH 2023**

**CLOSING DATE AND TIME OF CLOSED BID:
27 NOVEMBER 2017 at 11h00**

BID VALIDITY PERIOD: 120 DAYS

**NATIONAL TREASURY
TRANSVERSAL CONTRACTING**



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 |
| CE | : Conformities European Standards. |
| COPD | : Chronic Obstructive Pulmonary Disease. |
| LPM | : Litres per Minute |
| LTDOT | : Long-term Domiciliary Oxygen Therapy. |
| MCC | : Medicines Control Council. |

**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 | SBD 5: 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 | A valid certified copy of the license to manufacture, including all annexures | | |
| 10 | A valid Certified copy of the Medicine Registration Certificate with all the associated conditions | | |
| 11 | TCBD 5 ISS Terms and Conditions | | |
| 12 | Special Conditions of Contract | | |
| 13 | General Conditions of Contract | | |
| 14 | Service Provider Profile | | |
| 15 | Authorization Declaration letters | | |
| 16 | Latest Company Financial Statement | | |
| 17 | Shareholding Portfolio | | |
| 18 | Local Economic Development Strategy Plan | | |
| 19 | Sub-Contracting Documents | | |
| 20 | SANAS Accredited Institution Test Reports | | |
| 21 | B-BBEE Certificate | | |
| 22 | Capacity and Capability related Documents | | |
| 23 | Pricing Schedule | | |



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. INTRODUCTION

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

3. SCOPE OF WORK

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

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



- By way of Compressed Medical Oxygen contained in High Pressure Cylinders with an Oxygen Conserving Device complete with a regulator and the necessary ancillary equipment for patients without electricity; (In general referred to as Cylinder Supplied Service) or
 - By way of an Oxygen Concentrator Machine plus a suitable sized back-up Compressed High Pressure Medical Oxygen cylinder complete with a regulator and flow meter, as well as the necessary ancillary equipment. (In general referred to as Concentrator Supplied Service).
 - This machine must have a facility which allows patients **not** diagnosed with COPD to use it as a nebuliser.
 - By way of a mobile oxygen concentrating device with a minimum battery life of 5 hours, an additional back-up battery with a battery life span of 3 hours; a charger and a carry bag. These items should be supplied as a package and should not weight more than 3.5 Kilograms.
- c) A monthly visit by a professional nurse for the first three months, thereafter once every three (3) months or as required.
- d) Training as specified
- e) 24 hours emergency services;

3.1 ESTIMATES

The following statistics here under is the estimated patient list for each province to be serviced on the bid and must be utilised for the sole purpose of preparation for this bid. This number of patient list may increase/decrease at any point in time.

| | |
|----------------|-------------|
| Eastern Cape | 75 |
| Free State | 363 |
| Gauteng | 1577 |
| Kwa Zulu Natal | 326 |
| Limpopo | 72 |
| Mpumalanga | 295 |
| Northern Cape | 162 |
| North West | 308 |
| Western Cape | 212 |
| Totals | 3390 |



3.2 PATIENT CRITERIA

The primary beneficiaries are adult and paediatric state patients in all 9 provinces including the Department of Defence adhering to the following:

- a) Terminally ill patients who receive palliative care for a life-limiting and life-threatening illness may also qualify.
 - Patients diagnosed with end stage cancer or non-malignant chronic illness (HIV, TB, cardiorespiratory disease)
 - Patients confirmed as being in the last six months of life and are unable to go to a specialist and / or pulmonology clinic for a formal assessment
 - Patients diagnosed with intractable dyspnoea with hypoxemia ($SpO_2 < 90\%$), and have not responded to other pharmacological or non-pharmacological measures and where all reversible causes of dyspnoea have been excluded or treated. Treatment should be terminated at the discretion of the prescribing specialist if deemed to be not effective in relieving dyspnoea
- b) Patients with chronic arterial hypoxemia irrespective of their diagnosis where treatment is deemed to be clinically beneficial
 - Adult patients with non-reversible pulmonary illness for three or more months despite optimal non-drug and drug treatment.
 - Children with chronic hypoxemia secondary to chronic lung diseases that are related to prematurity, congenital lung and airway malformations or genetic disorders.
 - Patients diagnosed with Chronic Obstructive Pulmonary Disease (COPD) must have proven hypoxemia at rest and with oxygen requirement for 15 hours or more per day at the lowest flow rate to have clinical significance to the management of their condition
- c) In case of non-South African citizens, the following should be submitted:
 - a valid prescription approved by the appropriate district
 - a motivational letter from the prescribing pulmonologist or designated physician specialist
 - a copy of the patient's identity document or passport
 - proof of residence (municipal account or affidavit from the patient's landlord)



- an affidavit in which the patient declares that he/she will not leave the country with the equipment
 - a contract signed by the patient in which the patient declares that the address he/she has given is correct and that he/she will inform the facility manager and service provider if he/she is relocating or leaving the country
- d) Only non-smokers will be eligible for the service because smoking reduces the efficacy of treatment. Also smoking whilst on the treatment is a danger to the patient's safety and the safety of others due to the flammability of oxygen.
- e) This contract excludes Continuous Positive Airway Pressure (CPAP) to treat Obstructive Sleep Apnea
- f) Long term oxygen treatment must be prescribed by a pulmonologist or designated physician specialist and in rural areas by a designated trained physician employed by the Department of Health. Long term oxygen treatment for palliative patients must be prescribed by a suitably qualified specialist, e.g. family physician
- g) Prescriptions must be issued on an official standardised form with the provincial logo on it. A prescription is valid for a maximum period of 12 months. The prescription must be in the patient's name and is part of the patient's medical record and not the possession of the contractor.
- h) An appropriate source of oxygen (cylinder or concentrator) must be determined according to the individual needs and circumstances of the patient.
- i) Patients who are learners enrolled in a full-time study at an accredited educational institution and who have conditions that require supplementary oxygen for 15 hours or more per day will qualify to be considered for portable oxygen in addition to the oxygen supplied at home.
- j) Patients, families and caregivers should be adequately counselled and educated regarding all aspects of long term domiciliary oxygen therapy.

3.3 EQUIPMENT CRITERIA

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



- c) The cost of loss and damages through negligence by the patient (other than wear and tear) will be charged to the relevant patient's then ruling rate for such repair.
- d) Equipment supplied to patients may not differ from the equipment (make and model) offered and specified in this bid.
- e) All equipment must be insured by the service provider for loss and damage
- f) In the case where equipment has been discontinued and replaced with a new model, contractors are required to submit letters from manufacturers/suppliers stating the changes and approval is to be obtained from National Treasury and the National Department of Health for the execution of such changes
- g) Furthermore, the price of the new model should not differ from the current applicable price for the original model.
- h) The new model must adhere to the minimum specification for the item category.
- i) Contractors are not to deliver new equipment models prior to approval of models change by the National Treasury.
- j) Bidders must include a catalogue or photographs of all equipment which are considered compliant with their bid offer.

3.3.1 Initial Delivery of Equipment

- a) The initial delivery of equipment to the patient must be made within 24 hours after the contractor receives the instruction.
- b) With the initial delivery a competent person must train the patient and family or caregiver in the basic operation as well as safety aspects of the equipment in order to enable the patient to immediately commence with treatment.
- c) The Contractor is responsible for ensuring that the equipment supplied is suitable to meet the needs of the patient.
- d) The contractor must ensure that all equipment supplied is functioning as required so that patient can begin with the treatment immediately.

3.3.2 Replacement



- e) Replacement of consumable items must be done as and when required at no additional cost to the state.
- f) In the case of failure of equipment, replacement equipment must be delivered to the patient within 5 hours.

3.3.3 Maintenance and Repairs

- a) All equipment supplied must be serviced, maintained and repaired by the original manufacturer or an officially appointed and accredited distributor's service centers. State Departments retain the right at any time to call for substantiating documentation in this regard.
- b) It is required that sufficient spare parts be held in stock to ensure that equipment supplied in terms of the contract, are kept in acceptable working condition for the duration of the contract.

3.3.4 Technical Specifications

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

3.3.4.1 MEDICAL OXYGEN

Medical oxygen must comply with the clinical and physical requirements as described in the latest issue of CKS40 and must be registered with the Medicines Control Council (MCC).(Take note that a pending application for registration is not acceptable).

3.3.4.2 MEDICAL GAS CYLINDERS AND OXYGEN-CONSERVING DEVICE

- Compressed Medical Oxygen may be supplied in a cylinder of which the actual outside diameter and measurements are equal to the 4, 5 to 5kg cylinders content size.
- The cylinders must have flat bottoms and must be appropriately secured in an oxygen trolley.
- Cylinders for adults must be fitted with an oxygen conserving device
- Cylinders for children should be either used as free-flow oxygen or with an oxygen conserving device as specified in the prescription.

3.3.4.2.1 Ancillary Equipment for Cylinder Supplied Service

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

3.3.4.2.2 Back-Up Cylinder for Concentrator Supplied Service



- Compressed Medical Oxygen for back-up purposes must be supplied in a cylinder of which the actual outside diameter and measurements are equal to the **1, 80 to 2kg** cylinder content size. The actual size of the cylinder must be small enough for easy handling.
- The back-up cylinders must have flat bottoms.
- Provide oxygen for a minimum of **8 hours at 2 L/min**
- It must be fitted with a **regulator** and flow meter (not an oxygen conserving device)

3.3.4.2.3 Ancillary Equipment for Back-Up Cylinder

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

3.3.4.2.4 Adult Oxygen-Conserving Device

- Cylinders must be fitted with an oxygen conserving device where Cylinder supplied Service is provided.
- Supply of batteries (including replacements) must be included in the all-inclusive price
- Oxygen conserving efficiency of the device offered must be indicated.

3.3.4.2.5 Oxygen Concentrators and Ancillary Equipment

- a) The machine must be mounted on swivel castors
- b) The machine must have handles to facilitate easy movement
- c) Maximum weight of machine not to exceed 26 kg(In case of machine with the capacity to provide up to 5 litres per minute oxygen) or 30 kg (In the case of machine with capacity to provide up to 10 litres per minute oxygen)
- d) Batteries (if required), and replacement thereof must be included in the all-inclusive price quoted
- e) The unit must have an external disposable humidifier with 4 psi pressure relief valve.
- f) The machine must have air entrance and exit openings situated in such a manner that air circulation is not impaired/ ruined when unit is placed near a wall or other solid object
- g) The machine must have a facility, to use a nebulizer.
 - Contractor cannot accept a prescription for nebulizing for patients diagnosed with COPD.
 - In the event of abuse by COPD diagnosed patients in this regard, this abuse must be reported in the compliance report.
- h) The machine must have an efficient air filtration system which includes a bacterial filter.



- i) It must be possible to connect the unit's oxygen outlet to dry connector/tubing and Humidifier.
- j) The machine must have a ball type flow meter that is positioned so that it is protected against mechanical damage and can be read from a wide angle.
- k) The machine must have a tamper-proof hour meter reflecting total number of operating hours of machine and the meter must not be adjustable by the patient.
- l) The machine must have an on/off switch with an electrical power breaker/fuse and the switch must clearly indicate when machine is switched on.
- m) Power requirements. The machine must operate on the following electrical current:
 - 220 to 240 volts AC
 - 50 Hz
 - Single phase
- n) The unit must be fitted with a power cord of at least 3 meters long, fitted with a standard (South Africa) 3 prong 15 amp plugs.
- o) The unit must conform to SA Electrical and Safety standards and must be suppressed to prevent disturbance and interference with radio and electromagnetic waves
- p) The maximum power consumption of the motor must be 450 watt
- q) The unit must have a capacity of at least 5 litres per minute or 10 litres per minute in the case of a valid prescription for high-flow oxygen.
- r) Oxygen concentration. The machine must provide the following oxygen concentrations:
 - 90% (\pm 3%) at 8 LPM
 - 92% (\pm 4%) at 5 LPM
 - 94% (\pm 3%) at 2 LPM
- s) The machine must be fitted with the following audible alarms
 - Power break
 - Rise in concentrator air pressure
 - Fall in concentrator air pressure
- t) Maximum noise level at a distance of 1 metre when operating at a rate of 5 LPM must not exceed 45 dB



- u) The following must be supplied as required for cylinder supplied service:
- Full Face Masks (Hudson Cat. No 1041 and or Cat. No. 1042 or similar or equal) with 2 metre tubing for patients who cannot use a nasal cannula.
 - Nasal Cannula (Hudson Softech or similar or equal)
 - Disposable Humidifier with 4 psi pressure relieve valve (Hudson Cat. No 3230 or similar or equal) with nipple and nut (dry connector- to be used in emergency in case of faulty humidifier)
 - Plastic delivery tubes – 15 meters (Hudson or similar or equal) with a swivel twist and pull connector.
 - Initial as well as replacements must be included in the all-inclusive price

3.3.4.2.6 Portable Oxygen Concentrating Device

- a) A portable oxygen package should be supplied to learners who are enrolled in a full-time study at an accredited educational institution. This package should include a concentrating device with a battery life of 5 hours.
- A concentrating device with a battery life of 5 hours.
 - An additional battery with a battery life of 3 hours
 - A charger that can be used for items (a) and (b)
 - A carry bag
- b) The combination of items (a) to (e) must provide a total of 8 hours portable oxygen at a flow rate of up to and including 5 litres per minute. The combined weight of items (a) to (e) should not be more than 3.5 Kilograms

3.4 SERVICE CRITERIA

3.4.1 NURSING CREDENTIALS

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



- b) According to the government's legal framework no government-employee (including registered nurses) can be recruited /enlisted to provide services on behalf of the contractor while still employed by the government.
- c) It is required that the bidder submit a list of professional nurses names and valid registration certificates to a Long Term Domiciliary Oxygen Therapy coordinator within 3 months after the contract has been awarded.

3.4.2 NURSING VISITS

- a) Within five (5) days after the initial delivery of equipment the nurse must visit the patient.
- b) The nurse must visit the patient on a monthly basis for the first three months and once every three (3) months thereafter, or if required by the patient.
- c) At each visit the nurse will assess the patient's condition, propose any necessary changes to the treatment and review the continuing need for oxygen therapy. The prescribing doctor must confirm any changes.

3.4.3 SERVICE DELIVERY

- a) The nurse must provide the patient and family or caregiver with comprehensive education regarding the Long Term Domiciliary Oxygen Therapy during the first visit
- b) With each visit the nurse must do the following:
 - Full assessment of the patient (including O2 saturation);
 - Assessment of patient compliance e.g. the patient is not smoking;
 - Inspection and routine non-technical maintenance of equipment (e.g. replacement of filters, ancillary equipment etc.);
 - Education of patient and caregivers; and
 - Official acknowledgement of visit by patient (signature, time and date on visit report)

3.4.4 TRAINING

- a) Training of contractor's personnel, the following must be available for perusal:



- Proof of training of; person doing initial delivering of equipment, registered nurses, call centre staff and technicians.
 - Training programme of the above-mentioned categories must also be available for perusal upon request.
- b) Training of patients and family or caregivers: The contractor is required to provide appropriate training in the language understood by the patient and care-givers on the use of oxygen equipment provided, installed or other settings and with regards to the following:
- Written instruction supported by appropriate training in the use of oxygen equipment including basic user maintenance.
 - Knowledge of safety aspects particularly the dangers of smoking and the potential hazards presented by open and gas fire. Information on ordering supplies and arrangements for contacting the contractor in an emergency (e.g. machine failure)
 - The importance of healthy lifestyle and compliance behaviour
 - Information on 24 hour/7days a week free phone contact number

3.5 PROVISION OF LTDOT MANAGEMENT

- a) The applicable State Department will arrange for patients to be assessed in terms of the internal policies. Should such patient be required to be treated as part of LTDOT, the responsible State Department will supply the appointed Service Provider with the necessary official written instruction/order/prescription to commence with LTDOT.
- b) Only the authorised pulmonologists, designated physicians and in rural areas by trained physicians of the specific Provincial Department of Health are allowed to diagnose and prescribe Long Term Domiciliary Oxygen Therapy (LTDOT) on the official prescription form.
- c) The instruction/order/prescription will be forwarded by the designated person as defined in the provincial Long Term Domiciliary (LTDOT) policy to the appointed supplier via fax, e-mail and original delivered by hand or post.
- d) As this service entails long-term treatment, an issued prescription/script will be deemed to be valid for a maximum of 12 full calendar months from the date of issue. In other words, a patient may be supplied this services continuously for up to full 12 consecutive calendar months based on the issued written prescription.



- e) In order to maintain continuity, the contractor should inform the provincial coordinator/representative two (2) months before prescriptions need to be renewed.
- f) An all-inclusive package service is required and the contractor must ensure that:
- Adequate numbers of Medical Oxygen Cylinders, Portable Devices, Concentrator Machines, Oxygen Conserving Devices as well as all the required accessories are available at all times.
 - All equipment must be connected immediately after delivery and must function in order for patients to commence with the prescribed LTDOT without delay.
 - With the initial delivery, a competent person must train the patient with the basic operation as well as safety aspects of the equipment in order to enable the patient to immediately commence with treatment.
- g) Should a patient die or no longer require this service, the designated person as defined in the provincial Long Term Domiciliary Therapy policy will be informed accordingly by the contractor and the service will be discontinued to such patient. As part of good housekeeping, the designated person as defined in the provincial Long Term Domiciliary Therapy policy (LTDOT) will issue the contractor a written instruction to discontinue the service as well as billing as indicated in paragraph
- h) The contractor will however be entitled to implement the monthly charges (if any) for the verified patient by provincial coordination as active before end of the month of the applicable calendar month.
- i) The contractor must have systems in place to ensure the continuous rendering of services to patients visiting outside their province.
- j) The patient, family or caregiver must be educated on this matter to ensure that the patient does not experience any undue distress

3.6 IMPLEMENTATION PLAN

- a) The service will start on the first day of the contract period; all newly diagnosed patients will be the responsibility of the incoming contractor.
- b) The data-distributing procedure is as follows:
- Within one (1) week after the successful contractor has been officially notified the contractor will receive a list with all the contact details from the department of defence and all nine (9) provincial Long Term Domiciliary Oxygen Therapy coordinators/representatives.



- Within one (1) month after the commencing of this contract each provincial coordinator/representative will ensure that the incoming contractor has received a complete database of all the outgoing contractor's current patients.
 - It is the responsibility of each provincial coordinator/representative to ensure that the database has all the contact details (including telephone numbers and physical addresses) of all the patients. In case of incomplete information, the provincial coordinator/representative must approach the outgoing contractor to obtain the information.
- c) The provincial coordinator/representative responsible for the Long Term Domiciliary Oxygen Therapy programme in each province and the Department of Defence will coordinate the whole take-over process of current patients who are on the database of the outgoing contractor.
- The provincial coordinator/representative must compile a weekly-roster with the assistance of the outgoing contractor indicating which patients will be transferred in a specific week.
 - The provincial coordinator/representative will be responsible that the outgoing contractor receives a stop script/order for each patient at takeover.
 - The incoming contractor must obtain a written, signed acknowledgement of the date, time, completeness and working order of equipment from each patient with take-over and a copy must be given to the provincial coordinator/representative within one (1) month after take-over took place.
 - The take-over period must not exceed three (3) months from the first day of the contract period.
- d) Should the current contractor be the unsuccessful bidder, the contractor should continue to render the all-inclusive package service for the duration of the handover period of three (3) months at the same terms and conditions of the contract.

3.7 REPORTING REQUIREMENTS

- a) The contractor must make available an on-line facility for the provinces and National Department of Health to access basic patient information via the Internet and the state will not bear any additional cost.
- b) All records must be computerized and accessible by the Call Centre personnel.
- c) It is the responsibility of the Contractor to supply accurate and relevant management information on a continuous basis to both the provinces and National Department of Health.



- d) The contractor is required to put in place a formal record and review system covering all aspects of the initial installation of any oxygen equipment, including arrangements for each installation to be signed off by the contractor and the patient or carer.
- e) The user departments / provinces should agree with the information loaded on the Systems
- f) In the event of termination or breach of contract, the Contractor shall provide the original instruction/order/prescription of all patients and its entire database containing the up-to-date information in respect of the State's Long Term Domiciliary Oxygen Therapy contract, in any compatible electronic format (e.g. Ms Word, Ms Excel and Ms Access) within 24 (twenty-four) hours of such termination or breach, to the State. The cost of such transfer of information will be for the account of the Contractor

3.7.1 VISIT REPORTS AND COMPLIANCE.

- a) For each visit by the registered nurse a patient compliance report must be completed
- b) The report must be signed by the patient as an official acknowledgement of the visit. The time and date of the visit must be indicated on the report.
- c) A copy of this report must be attached to the monthly claim form and sent to the provincial coordinator/representative of the Long Term Domiciliary Oxygen Therapy programme on a monthly basis.
- d) No payments can be made without proof of visit/patient compliance report.
- e) In the event of visits not being conducted for that specific month (due to 3-monthly visits) the contractor must indicate it on the claim form that must be approved by the relevant paying officer.
- f) Additional required visits by the nurse being of her/his own doing, or on request of the patient/caregiver is part of the all-inclusive package.

3.7.2 PROGRESS REPORTING AND MEETINGS

- a) The provincial coordinator/representative of each province must schedule at least three meetings in twelve months with the contractor.
- b) The contractor must compile a provincial progress report that must include:
 - Updated list of patients as per provided template
 - List of deceased patients



- List of missing patients
 - List of patients refusing treatment
 - List of patients discharged (stop scripts)
 - List of back-up cylinders' refills
 - List of lost machines
 - List of patients with prescriptions due for renewal
 - Financial report indicating outstanding balances and payments
 - achievements and challenges
 - Other aspects that need to be brought to the attention of National Department of Health.
- c) The provincial progress report must be sent electronically to the provincial coordinator at least two weeks prior to these meetings. The provincial progress reports must be approved and co-signed by the provincial coordinator/representative as a true reflection of the programme in the province.
- d) For any other issues, meetings may be scheduled between the contractor and the relevant State Departments as and when required.

3.7.3 COPYRIGHT AND OWNERSHIP OF DATA

- a) On commencement of the contract, the provincial coordinators shall arrange with the current Contractor to hand-over the instructions/orders/prescriptions of all current patients and to electronically transfer the data base information to the new Contractor within one (1) month.
- b) The State is, and remains, the sole owner of all data generated during the execution of this contract. The Contractor shall provide the data to third party only upon written request in paper and/or electronic format, upon approval from the National Treasury.
- c) All documents produced by the Contractor, including its employees and agents, in the fulfilment of the terms of this contract shall be and remain the sole property of the State and all copyrights and ownership of documents shall vest with the State.



SECTION B

4. EVALUATION CRITERIA

The evaluation process will be conducted in phases as follows:

| Phase I | Phase II | Phase III | Phase IV | Phase V |
|--|--|--|--|--|
| Mandatory and other bid requirements | Capacity and Capability | Technical Compliance | PPPFA Pre-Qualification Requirements | Price and B-BBEE |
| 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 |

4.1 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.

4.1.1 LEGISLATIVE REGULATORY REQUIREMENTS SPECIFIC TO THIS BID:

4.1.1.1 Medicines and Related Substances Act, Act 101 Of 1965

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



- b) Bidders are required to also submit all relevant certification which are applicable to the relevant industry.

4.1.2 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
- 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 be able to supply the required service in all geographical areas.

4.1.3 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.

4.1.4 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.

4.1.5 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).



4.1.6 PRICING STRUCTURE AND SCHEDULE

- 4.1.6.1 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.
- 4.1.6.2 All prices for gas must be quoted per unit of measure for each item indicated on the pricing schedule provided and be furnished on the basis of “delivered to the purchasing institution” per province
- 4.1.6.3 All the equipment cylinders and bulk vessel must be quoted ready to use.
- 4.1.6.4 Conditional discounts offered will not be taken into consideration during evaluation.
- 4.1.6.5 Bidders must quote a price for each Province for all the Compressed Medical and Industrial gases for cylinders per kilogram (kg) and bulk tanks (per ton) regardless of the cylinder size.
- 4.1.6.6 The monthly cylinder rental fee and rental per ton for bulk must be quoted separately from the price of the products as allocated on the pricing schedule
- 4.1.6.7 Prices to be offered by bidders shall not exceed the maximum regulated price by relevant institutions

4.1.6.8 Other Accessories

- a) Bidders are required to provide a separate price list for other relevant accessories which may contribute towards the utilization of the oxygen products and services which have not been listed on the technical requirements
- b) The price for the installation of all listed accessories must be included in the price of the relevant accessory prices submitted
- c) The State reserves the right to accept or not to accept the list of accessories indicated here-under.



4.1.7 AUTHORIZATION DECLARATION

- 4.1.7.1 All bidders must complete the "Authorisation Declaration" (TCBD 1) for all relevant goods or services.
- 4.1.7.2 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.
- 4.1.7.3 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.
- 4.1.7.4 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.
- 4.1.7.5 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.

4.1.8 TAX CLEARANCE COMPLIANCE

- 4.1.8.1 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).
- 4.1.8.2 It is a condition of this bid that the tax matters of the bidder are 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.
- 4.1.8.3 The Tax Compliance status requirements are also applicable to foreign bidders / individuals who wish to submit bids.
- 4.1.8.4 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.



4.1.8.5 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

4.1.9 CUSTOMER SUPPORT SERVICES

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

- Operated 24 hours a day, 7 days a week
- Toll free dedicated telephone line must be made available to all end users for ease of communication for any requirement
- Call logging and recording facilities;
- Incoming calls must wait no longer than 30 (thirty) seconds before being attended to by an operator;
- Call centre operators must at least be conversant in English, Zulu, Afrikaans and Sotho;
- Patient/carer logging a call must be afforded opportunity to log a call in one of those four languages;
- Internal quality control monitoring system must be in place in order to assess timeous completion of reaction to call;
- Capable of generating electronic call centre reports; and
- Continuous follow-up communication with individual until successfully resolved.
- In this regard, bidders are required to submit a documentary evidence indicating their call centre structure and strategy

4.1.9.2 Final call centre requirements will be discussed with the successful bidder as part of the Service Level Agreement upon award of the contract:



4.1.10 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.

4.1.11 SUB-CONTRACTING

4.1.11.1 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.

4.1.11.2 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.

4.1.11.3 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.

4.1.11.4 The State reserves the right to remedy any adverse situation if it affects the awarding of the contract and or service delivery

4.2 PHASE II: CAPACITY AND CAPABILITY

4.2.1 CAPABILITY: COMPANY EXPERIENCE

Bidders must illustrate experience in supplying medical oxygen 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.



4.2.2 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 (professional and administration personnel) with requisite skills, quality of equipment, spares and consumables, repairs and maintenance, workshop facilities, training.

4.3 PHASE III: TECHNICAL SPECIFICATION COMPLIANCE

4.3.1 QUALITY ASSURANCE

- 4.3.1.1 All items offered, must comply with the minimum specifications.
- 4.3.1.2 All the concentrators, depending on where they are manufactured must be accredited according to the regulations of the manufacturing country i.e. FDA or CE.
- 4.3.1.3 All machines must adhere to the compulsory specification for electrical and electronic apparatus as stipulated in the Standards Act, 1993 as per Regulation R 1792 as published in the Government Gazette Not. 5794 of 8 November 1996.
- 4.3.1.4 It is required that a product (concentrator machine) must conform to specific specifications, a test report from any testing agent accredited or recognised by the South African National Accreditation Standards (SANAS) proving compliance, must be handed in with the bid document at closing date and time. This test report must not be older than twelve months at the closing date and time of the bid. The cost of obtaining such a test report will be at the bidder's expense.
- 4.3.1.5 With respect to the products offered, the manufacturing facility is required to be in compliance with the Quality Management System, ISO 9002-for Manufacturing.

4.3.2 SAMPLES SUBMITTED TO A TESTING INSTITUTIONS

- 4.3.2.1 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.
- 4.3.2.2 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 thirty-six (36) months at the closing date of the bid.

- 4.3.2.3 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.
- 4.3.2.4 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.
- 4.3.2.5 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.
- 4.3.2.6 All bidders, including current contractors are required to submit samples at a testing institution.
- 4.3.2.7 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>

a) 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

Website: www.sabs.co.za and follow the "Search/Buy Standards" link

b) 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

4.4 PHASE III: PPPFA PRE-QUALIFICATION REQUIREMENTS

4.4.1 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 – 8

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

4.4.3 Bidders that failed with the criteria above will be disqualified.

4.5 PHASE IV: PREFERENCE POINT SYSTEM

4.5.1 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)

4.5.2 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

4.5.3 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 |



| | |
|---|---|
| 2 | 9 |
| 3 | 6 |
| 4 | 5 |
| 5 | 4 |
| 6 | 3 |
| 7 | 2 |
| 8 | 1 |

- 4.5.4 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 at the closing date and time of the bid in order to claim the B-BBEE status level point.
- 4.5.5 The points score by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 4.5.6 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 will be considered for preference points.

- 4.5.7 Failure on the part of the bidder to comply with paragraphs 4.5.4 and 4.5.6 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).
- 4.5.8 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.
- 4.5.9 The points scored will be rounded off to the nearest 2 decimals.
- 4.5.10 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.
- 4.5.11 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.
- 4.5.12 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- 4.5.13 A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

5. VALUE ADDED TAX

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

6. SUBMISSION OF BIDS

- 6.1 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/>



- 6.2 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.
- 6.3 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.
- 6.4 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.
- 6.5 Bidders are required to inform National Treasury of any problems experienced regarding electronic submission prior to closing date and time of bid.
- 6.6 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.
- 6.7 Bidders must initial each page of the bid document on the top right hand corner.

7. SUPPORT ON ELECTRONIC SUBMISSION OF BIDS AND TECHNICAL ASSISTANCE

- 7.1 Training sessions are provided every Monday from 14h00 to 16h00 at National Treasury, 240 Madiba Street, Pretoria.
- 7.2 Bidders must send an e-mail to noni.myeni@treasury.gov.za to book their seats and confirm availability.
- 7.3 The manual with detailed instructions can be downloaded from this link https://eprocurement.csd.gov.za/PROD/ISS_NT/portaldefault.aspx and follow the “How to complete bids” section.
- 7.4 The process to register on the electronic platform is reflected in Electronic Tender Supplier



Activation Process (Annexure C).

- 7.5 For further technical assistance the bidders can direct their inquiries to gcommerce@treasury.gov.za

8. LATE BIDS

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

9. COUNTER CONDITIONS

Bidders' attention is drawn to the fact that amendments to any of the Bid Conditions or setting of counter conditions by bidders may result in the invalidation of such bids.

10. FRONTING

- 10.1 The National Treasury supports the spirit of broad based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and in an honest, fair, equitable, transparent and legally compliant manner. Against this background the National Treasury condemn any form of fronting.
- 10.2 The National Treasury, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in bid documents.
- 10.3 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.
- 10.4 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.

11. SUPPLIER DUE DILIGENCE AND INSPECTION

- 11.1 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.
- 11.2 It is a condition of bid that services to be rendered should at any stage during execution be subjected to inspection; the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by representative of the National Treasury or Department of Health or organization acting on behalf of both National Treasury and Department of Health.
- 11.3 The State reserves the right to inspect or audit any documentation and services pertaining to this contract at any point in time. This may also include queries and complaints.
- 11.4 Should any audit or inspection reveal that the Contractor has not complied with any of the terms of this contract, the Contractor shall be charged for the cost of the audit or inspection as well as the cost of any losses incurred by the State associated with such non-compliance and remedy the situation deem fit which may include termination of contract.

12. COMMUNICATION

- 12.1 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.
- 12.2 Any communication to any government official or a person acting in an advisory capacity for the State in respect of this bid between the closing date and the award of the bid by the bidder is discouraged.
- 12.3 All communication between the bidder and the Transversal Contracting Office must be done in writing.



13. CONTACT DETAILS

13.1 GENERAL

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

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

13.2 BID ENQUIRIES

Brenda Mashifane /Manthepeng Tshinavha

Tel: 012 315 5877/ (012) 406 9170

E-mail: Brenda.mashifane@treasury.gov.za / Manthepeng.tshinavha@treasury.gov.za



SECTION C

14. CONTRACT PERIOD

The contract period shall be for a period of 60 months commencing on 1 April 2018 to 31 March 2023 subject to contract review performance on a yearly basis.

15. PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS

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

| DEPARTMENT NAME |
|--|
| Provincial Department of Health Mpumalanga |
| Department of Health Free State |
| Department of Health Northern Cape |
| Department of Health Limpopo |
| Department of Health North West |
| Department of Health Western Cape |
| Department of Health Eastern Cape |
| Department of Health Gauteng |
| Department of Health Kwa-Zulu Natal |

15.2 Post award participation

15.2.1 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.

16. AWARD CONDITIONS

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



16.1 MULTIPLE AWARD

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

16.2 ITEMS GROUPED AS A SERIES

16.2.1 All items that are grouped as a series in specification shall be regarded as a group series and be evaluated and awarded accordingly.

16.2.2 Bidders are required to offer prices for all units of measure specified in the series.

16.2.3 Bidders must take note that the allocation of points will be per category (group award) per province.

16.2.4 The items are grouped into two namely; medical gases and industrial gases as indicated on the item specification.

16.2.5 The items will be grouped by its functional use for example Medical Gases, Industrial Gases and Special Gasses. All rentals will be grouped with its relevant categories group.

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 not to accept any of the bids submitted, the right not to award, to award in part or in full. The right

18.2 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.



18.3 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.

19. BID INFORMATION SESSION

19.1 A non-compulsory information session will be held at:

Venue: National Treasury, 240 Madiba Street, Pretoria, Room 901 (9th Floor)

Date: 17 November 2017

Time: 10H00

19.2 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.

20. CONTRACT PRICE ADJUSTMENTS

20.1 Formula

20.1.1 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. This exclude rental of bulk tanks and cylinders.

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

20.1.3 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. |

20.2 Formula component definitions

20.2.1 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.

20.2.2 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.

20.2.3 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.

| Cost Component | % |
|----------------|---|
|----------------|---|



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

20.2.4 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 - Local Raw Material | STATS SA P0141 (PPI) | Table 8 Other component |
| D2 - Labour | STATS SA P0141 (CPI) | Table E - All Items |
| D3 –Transport | STATS SA P0141 (CPI) | Table E - Transport – Other Running Cost |
| D4 – Electricity, gas, steam & water | PPI – PO142.1 Table 8 | Electricity, gas, steam & water |
| D5 – Other | | |

20.2.5 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**.

20.2.6 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).

20.2.7 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.



20.3 GENERAL

- 20.3.1 Unless prior approval has been obtained from Transversal Contracting, no adjustment in contract prices will be made.
- 20.3.2 Applications for price adjustment must be accompanied by documentary evidence in support of any adjustment.
- 20.3.3 CPA applications will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.
- 20.3.4 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.
- 20.3.5 Bidders are referred to paragraph 7 of the Special Conditions of Contract regarding Counter Conditions.
- 20.3.6 An electronic price adjustment calculator will be available on request from Transversal Contracting
- 20.3.7 The State reserve the right to negotiate any price adjustment applied for by contractors
- 20.3.8 The State reserve the right not to approve any price adjustments applied for by contractors
- 20.3.9 Monthly rentals for cylinders and bulk tanks will remain fixed for the contract period and prices will not be adjusted.

21. DELIVERY AND QUANTITIES

4.6 DELIVERY BASIS

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

4.7 QUANTITIES

- 4.7.1 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 D

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

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.

22.2 PERFORMANCE MEASURES

22.2.1 The following performance measures are required to be electronically supplied on an annual basis to Contract Management, National Treasury by the contractor. Electronic templates will be supplied to successful bidders.

22.2.2 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.

22.2.3 Performance measures that will be measured in this contract include

- Supplier performance
 - On-time delivery of functional equipment and service; and
 - Call-out response time
 - Adherence to special conditions including visits and reports
 - Complaints received and successfully addressed or not
- End-User measure
 - On time payment percentage; and



- Rand value of on-time payment

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.



24. POST AWARD MONITORING

- 23.3 All successful bidders are required to submit historical value and volume reports via email on a 6 monthly (bi annually) basis to: **National Treasury: Transversal Contracting**
brenda.mashifane@treasury.gov.za / manthepeng.tshinavha@treasury.gov.za
- 23.4 National Treasury will conduct meetings with the end users and contractors to discuss Transversal Contracting issues.

25. BREACH OF CONTRACT

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

END