



SPECIAL CONDITIONS OF CONTRACT

RT9-2017

**SUPPLY AND DELIVERY OF SPECIALISED PRODUCTS FOR INFANT FEED,
COMPLETE ENTERAL FEEDS FOR PAEDIATRICS AND ADULTS, ENTERAL
FEED SUPPLEMENTS, OTHER NUTRITIONAL SUPPLEMENTS AND TUBE
FEEDING SYSTEMS TO THE STATE FOR THE PERIOD 1 SEPTEMBER 2017 TO
31 AUGUST 2020**

CLOSING DATE AND TIME OF BID:

25 APRIL 2017 at 11h00

NON -COMPULSORY BRIEFING SESSION: 12 APRIL 2017

BID VALIDITY PERIOD: 120 DAYS

**NATIONAL TREASURY
TRANSVERSAL CONTRACTING**



TABLE OF CONTENTS

DEFINITIONS	5
BID DOCUMENT CHECK LIST	6
SECTION A.....	7
1. LEGISLATIVE AND REGULATORY FRAMEWORK.....	7
2. LEGISLATIVE AND REGULATORY REQUIREMENTS SPECIFIC TO THIS BID	7
3. EVALUATION CRITERIA	8
4. VALUE ADDED TAX	14
5. BID INFORMATION SESSION.....	15
6. INFORMATION / DOCUMENTATION AND REQUIREMENTS SPECIFIC TO THIS BID	15
7. SUBMISSION OF BIDS.....	15
8. SUPPORT ON ELECTRONIC SUBMISSION OF BIDS AND TECHNICAL ASSISTANCE.....	16
9. LATE BIDS	17
10. COUNTER CONDITIONS	17
11. FRONTING.....	17
12. SUPPLIER DUE DILIGENCE	18
13. COMMUNICATION	18
14. NON-COMMITMENT.....	18
15. NEGOTIATIONS	19
16. CONTACT DETAILS	19
SECTION B.....	20
17. CONTRACT PERIOD.....	20
18. PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS.....	20
19. POST AWARD PARTICIPATION.....	20
20. AWARD CONDITIONS/ MULTIPLE AWARD	21
21. PRICING STRUCTURE	21
22. CONTRACT PRICE ADJUSTMENTS	21
23. QUALITY	26
24. DELIVERY AND QUANTITIES.....	26
SECTION C.....	28
25. ROLES AND RESPONSIBILITIES	28
26. POST AWARD MONITORING	29
27. PRODUCT ADHERANCE / PRODUCT CHANGE	30
28. CHANGE OF MANUFACTURER/ MANUFACTURING PREMISES	30
29. QUALITY ADHERANCE.....	30
30. ORDERS AND DELIVERY	32
31. PACKING	33
32. PACKAGING	34
33. LABELS AND PACKAGE INSERTS.....	34



34. SHELF LIFE	36
35. POST AWARD REPORTING	36
36. FEEDBACK MEETINGS (ANNUALLY)	37



ABBREVIATIONS

BAC : Bid Adjudication Committee
B-BBEE : Broad-Based Black Economic Empowerment
CPA : Contract Price Adjustment
CPI : Consumer Price Index
HACCP : Hazard Analysis and Critical Control Points
IAF : International Accreditation Forum
ILAC : International Laboratory Accreditation Cooperation
ISO : International Organisation for Standardisation
NAR : Nutritional Analysis Report
PPI : Producer Price Index
ROE : Rates 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



DEFINITIONS

1. **“Prebiotics”** means a non-digestible carbohydrate food component or ingredient with a degree of polymerization between 2 to 60, which has a beneficial effect on the host's health by selectively stimulating the growth and metabolic activities of one or a limited number of beneficial, indigenous, intestinal bacteria, thus improving the host's intestinal balance.
2. **“Probiotic”** means live bacteria indigenous to the human intestinal tract, which, when consumed in adequate numbers, beneficially affect the health and functioning of the host's intestinal tract by modulating mucosal and systemic immunity as well as improving the nutritional and microbial balance and are therefore considered a dietary adjuvant and are added to foodstuffs for their prophylactic and health enhancing properties;
3. **“Probiotic bacteria”** means bacterial strains selected mainly from the general Lactobacillus and Bifidobacterium for which no drug or antibiotic resistance has been reported in independent studies published in credible, acceptable, peer-reviewed scientific journals, and these strains can be used in Biotherapeutics for therapeutic purposes or added to foodstuffs for their prophylactic and health enhancing properties;
4. **“Hermetically sealed package”** means an unopened container which forms an airtight closure, which is impervious to liquid and cannot be opened without breaking or damaging such package to safeguard the hygienic and other qualities of the product.
5. **“Hazard Analysis and Critical Control Points (HACCP)”** means a systematic preventive approach to food safety and pharmaceutical safety that addresses physical, chemical, and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards, so that key actions, known as Critical Control Points (CCP's) can be taken to reduce or eliminate the risk of the hazards being realized. The system is used at all stages of food production and preparation processes including packaging, distribution, etc.
6. **“Container”** makes a reference to a tin, can, tetra pack, bottle or re-sealable pouche.



BID DOCUMENT CHECK LIST (PLEASE TICK)

NO.	DOCUMENT NAME	YES	NO
1	SBD 1 Invitation to bid		
2	SBD 4 Declaration of interest		
3	SBD 6(1) Preference Points Claimed (BBBEE)		
4	SBD 8 Declaration of Past SCM Practices		
5	SBD 9 Certificate of Independent Bid Determination		
6	TCBD 1 Authorisation Declaration		
7	TCBD 5 ISS Terms and Conditions		
8	Pricing Schedule (printed from e-procurement)		
9	Quality standards certification/s		
10	Laboratory analysis/ proof of submission of samples		
11	Microbial analysis		
12	Other supporting documents		



SECTION A

1. LEGISLATIVE AND REGULATORY FRAMEWORK

- 1.1 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).
- 1.2 The Special Conditions of Contract are supplementary to that of the General Conditions of Contract. Where, however, the Special Conditions of Contract are in conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.

2. LEGISLATIVE AND REGULATORY REQUIREMENTS SPECIFIC TO THIS BID

Bidders are required to adhere to the following legislative and regulatory requirements. Non-compliance with these conditions may invalidate the bid for such products offered:

2.1 Foodstuff, Cosmetic and Disinfectant Act, Act 54 of 1972

- 2.1.1 Products offered must comply with the Foodstuff, Cosmetics, and Disinfectants Act, 1972 (ACT 54 of 1972) including latest Regulations.
- 2.1.2 Products offered must comply with the latest revision of the relevant Codex Alimentarius Standards.

2.2 Medicines and Related Substances Act, Act 101 of 1965

- 2.2.1 The bidder offering medicated products in terms of this bid, must submit a certified copy of licensing with the Medicines Control Council in terms of section 22 C (1)(b) of the Medicines and Related Substances Act, Act 101 of 1965, as amended, at the closing date and time of bid.
- 2.2.2 Bidders offering medicated products which must be registered in terms of section 15 of the Medicines and Related Substances Act, Act 101 of 1965 as amended, 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 medicine is registered.

3. EVALUATION CRITERIA

The evaluation process will be conducted in phases as follows:

Phase I	Phase II	Phase III	Phase IV
Mandatory and other bid requirements	Technical requirements	Price and B-BBEE	Recommendation and Appointment
Compliance with mandatory and other bid requirements	Compliance with specifications as per submission of lab reports and samples	Bids evaluated in terms of the 90/10 preference system	Recommendation and award

3.1 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.

3.1.1 Quality Standards Certificate

Bidders are required to submit the following compliance certificates for all manufacturing premises including warehouse and distribution at the closing date and time of bid and failure to submit will invalidate your bid.

3.1.2 ISO 10330:2007 / SANS 10330:2007 –Hazard Analysis and Critical Control Points and

3.1.3 ISO 9001:2008 / SANS 9001:2008 - Quality Management Systems

OR

3.1.4 ISO 22000:2005 - Food Safety Management Systems



OR

3.1.5 FSSC: 22000:2010 - Food Safety System Certification

3.1.6 AUTHORISATION DECLARATION

3.1.6.1 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.

3.1.6.2 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.

3.1.6.3 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.

3.1.6.4 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.

3.1.7 VALID AND ORIGINAL TAX CLEARANCE CERTIFICATE

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).

3.1.8 RESPONSE FIELDS

3.1.8.1 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).

3.1.8.2 Non-compliance with this condition may invalidate the bid.



3.1.9 SERVICE PROVIDER PROFILE

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

- Business structure and strategies
- Company market
- Company business; products and or services which the company is trading
- What value will the company add to the South African Economy if awarded this contract (e.g. number of jobs to be created, sub-contracting, skill development, SMME supported and etc.)
- Risk management strategy to mitigate against any supply risk that might arise for the duration of the contract.

3.2 PHASE II: TECHNICAL COMPLIANCE

3.2.1 Standards/Specifications

Bidders are required to comply with the specifications stipulated in the detailed specifications document. Failure to comply with the requirements may invalidate the bid.

3.2.2 Analysis Reports

3.2.2.1 A full Nutritional Analysis Report which is not older than 12 months of all nutrients stipulated in the item specifications must be submitted in the bid document at the closing date and time of the bid.

3.2.2.2 For this purpose, samples must be submitted to a testing institution accredited or recognised by SANAS/ ILAC/ IAF prior to the closing date and time of bid.

3.2.2.3 The nutritional analysis report must include the analysed amount of each of the nutrients per 100g/100ml of the product per specification or where applicable, provided the information on the label is based on the analysed values.

3.2.2.4 Bidders must submit Microbial analysis reports of possible contaminants not older than 3 months with the bid document for products offered as indicated on the item specifications.

3.2.2.5 All analysis reports must be issued from a laboratory which is accredited by South African



National Accreditation System (SANAS) or International Laboratory Accreditation Cooperation (ILAC) or International Accreditation Forum (IAF). Proof that the laboratory is accredited by these institutions must include at least the pre-requisite of ISO/IEC 17025 to be submitted with the bid at the closing date and time of bid.

- 3.2.2.6 In the event that a Nutritional Analysis 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 analysis before or on the closing date and time of the bid. In this case, the Nutritional Analysis Report must be submitted to National Treasury at waseela.ebrahim@treasury.gov.za within 30 days from closing date of the bid.
- 3.2.2.7 Bidders will be required to complete and submit, their analysis results stipulated in the laboratory report obtained on the template Annexure A- Consolidated Report that will be provided to all bidders upon closure of the bid.
- 3.2.2.8 Bidders are required to also complete the nutritional label information indicated on their product/sample submitted for evaluation in the Annexure A- Consolidated Report.
- 3.2.2.9 In the case where the Nutritional Analysis Report is to be submitted within 30 day as indicated above, bidders are required to completed Annexure A attached and submit together with the Nutritional Analysis Report to the address stipulated within 30 days from closing date of bid.
- 3.2.2.10 Bids not supported by a Nutritional Analysis Report and microbial analysis at time of evaluation will be disregarded in respect of the item (s) for which the Nutritional Analysis Reports is not submitted.
- 3.2.2.11 Cost of complying with all the above mentioned requirements shall be at the bidder's own account

3.2.3 Samples submitted for screening

- 3.2.3.1 Bidders are requested to submit two samples per item offered to: National Department of Health, Nutrition Directorate, CIVITAS, Cnr. Struben & Thabo Sehume, Pretoria, 0001
- 3.2.3.2 The information is as follows:



Date: 19 to 21 April 2017

Time: From 08:00 to 16:00 (No late samples will be accepted)

Contact person: Aaron Manyuha (012) 395 8772

- 3.2.4 All bidders, including current contractors are required to submit samples.
- 3.2.5 Bidders are requested to submit electronic labels of products offered as well as pictures of all products offered on a CD/USB/FLASH DRIVE together with the submission of the bid document at closing date and time.
- 3.2.6 All products will be subjected to an organoleptic (sensory) evaluation for client acceptability and items for which sensory is not accepted may be disqualified.
- 3.2.7 Bids not supported by samples will be disregarded in respect of the items for which samples are requested.
- 3.2.8 Bidders will be notified regarding the collection of their samples at their own cost after finalisation of the bid.

3.3 Marking and submission of samples

- 3.3.1 The following requirements for the marking and submission of samples are applicable to samples that are submitted for screening as well as for samples submitted to testing institutions.
- 3.3.2 Samples must be clearly marked on the outside with the bid number, item number(s), and the bidder's name (Company's). Unmarked samples will be disregarded and not evaluated
- 3.3.3 All samples must be a true representation of the product that will be supplied during the contract period.
- 3.3.4 Failure to comply with this condition may invalidate the bid against the relevant item.



3.4 PHASE III: PREFERENCE POINT SYSTEM

3.4.1 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)

3.4.2 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

3.4.3 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	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0



- 3.4.4 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.
- 3.4.5 The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 3.4.6 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.
- 3.4.7 Failure on the part of the bidder to comply with paragraphs 3.6.4 and 3.6.6 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).
- 3.4.8 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.
- 3.4.9 The points scored will be rounded off to the nearest 2 decimals.
- 3.4.10 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.
- 3.4.11 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- 3.4.12 A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

4. VALUE ADDED TAX

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



5. BID INFORMATION SESSION

5.1 A non-compulsory bid information session will be held at:

National Treasury, 240 Madiba Street, Pretoria.

Date: 12 April 2017

Time: 10H00

Venue: Room 0103

5.2 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.

6. INFORMATION / DOCUMENTATION AND REQUIREMENTS SPECIFIC TO THIS BID

FORMAT AND SUBMISSION OF BID

Bidders must submit their bids in the following manner:-

Section 1	Standard bidding documents
Section 2	Pricing Schedule and item questionnaire
Section 3	Quality standards certification
Section 4	Laboratory analysis/ proof of submission of samples
Section 5	Microbial analysis
Section 6	Other supporting documents

7. SUBMISSION OF BIDS

7.1 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/> .

7.2 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 both the 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.

- 7.3 In addition, bidders must include in their bid submission a CD/USB/FLASH DRIVE of the entire signed hardcopy bid, including all certificates and documents requested. Annexure A attached must be submitted in the format which it has been provided and bidders are prohibited to change the format of the document.
- 7.4 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.
- 7.5 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.
- 7.6 Bidders are required to inform National Treasury of any problems experienced regarding electronic submission prior to closing date and time of bid.
- 7.7 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.
- 7.8 Bidders must initial each page of the bid document on the top right hand corner.

8. SUPPORT ON ELECTRONIC SUBMISSION OF BIDS AND TECHNICAL ASSISTANCE

- 8.1 Training sessions are provided every Monday from 14h00 to 16h00 at National Treasury, 240 Madiba Street, Pretoria.
- 8.2 Bidders must send an e-mail to babara.sanders@treasury.gov.za to book their seats and confirm availability.



- 8.3 The manual with detailed instructions can be downloaded from https://eprocurement.csd.gov.za/PROD/ISS_NT/portaldefault.aspx follow the “How to complete bids” section.
- 8.4 The process to register on the electronic platform is reflected in Electronic Tender Supplier Activation Process (Annexure C).
- 8.5 For further technical assistance the bidders can direct their inquiries to gcommerce@treasury.gov.za

9. 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.

10. 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.

11. FRONTING

- 11.1 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.
- 11.2 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. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade and Industry, be established during such enquiry /



investigation, the onus will be on the bidder / contractor to prove that fronting does not exist. Failure to do so within a period of 14 days from date of notification may invalidate the bid / contract and may also result in the restriction of the bidder /contractor to conduct business with the public sector for a period not exceeding ten years, in addition to any other remedies the National Treasury may have against the bidder / contractor concerned.

12. SUPPLIER DUE DILIGENCE

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

13. COMMUNICATION

- 13.1 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.
- 13.2 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.
- 13.3 All communication between the bidder and Transversal Contracting Office must be done in writing.

14. NON-COMMITMENT

- 14.1 The State reserves the right not to award, to award in part or in full.
- 14.2 The right is reserved not to accept any of the bids submitted.
- 14.3 The right is also reserved to withdraw or amend any of the bid conditions by notice in writing to all bidders prior to closing of the bid and post award.
- 14.4 In the event that an incorrect award has been made, the State reserves the right to remedy the



matter in any way it may deem fit.

15. NEGOTIATIONS

The state reserves the right to negotiate with bidders prior to award and with contractors post award.

16. CONTACT DETAILS

16.1 General enquiries

Chief Directorate: Transversal Contracting, Office of the Chief Procurement Officer, National Treasury, Private Bag x115, Pretoria, 0001

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

16.2 Bid enquiries

Contract Manager: Waseela Ebrahim/Patiswa Mgcodo

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

Tel: (012) 315 5622/5820

Fax: (012) 315 5058

E-mail: waseela.ebrahim@treasury.gov.za / patiswa.mgcodo@treasury.gov.za



SECTION B

17. CONTRACT PERIOD

The contract period shall be for a period of 36 months commencing on 1 September 2017 to 30 August 2020.

18. PARTICIPATING GOVERNMENT DEPARTMENTS / INSTITUTIONS

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

National Departments:

National Department of Health

Department of Correctional Services

Department of Defence

Provincial Departments:

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

19. POST AWARD PARTICIPATION

In terms of Treasury Regulation 16A6.6 and Municipal Supply Chain Management Regulation 32, an Accounting Officer or Accounting Authority may, on behalf of the department, constitutional institution, public entity, municipal or municipal entity, request to participate in transversal term contracts arranged by means of a competitive bidding process by National Treasury, subject to written approval by the Transversal Contracting Division and relevant contractors.



20. AWARD CONDITIONS/ MULTIPLE AWARD

- 20.1 The State reserves the right to award contracts to more than one contractor for the same item.
- 20.2 The State reserves the right to award the same item as a multiple award to various contractors (more than two) to address taste fatigue, high volume requirements and security of supply.
- 20.3 In cases where the tender does not achieve the most economically advantageous price for an item, the State reserves the right not to award that item.

21. PRICING STRUCTURE

- 21.1 Prices quoted must be furnished on the basis of “delivered into store” country-wide.
- 21.2 Bids must be for the supply ex duty paid stocks held in the Republic of South Africa during the contract period.
- 21.3 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.

22. CONTRACT PRICE ADJUSTMENTS

- 22.1 Formula
 - 22.1.1 Prices submitted for this bid will be regarded as non-firm and may be subject to adjustment(s) in terms of the following formula, defined areas of cost and defined periods of time.
 - 22.1.2 Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.
 - 22.1.3 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.

22.2 Formula component definitions

22.2.1 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.

22.2.2 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.

22.2.3 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.

Successful bidders that are direct importers of raw material / finished product can apply for RoE adjustment under cost element D1. If the successful bidder is not a direct importer of raw material / finished product, cost component D1 would not be applicable and only local cost components (D2 - Dn) would be applicable.

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

22.3 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. ¹	Documentary evidence to accompany claim.
D2 - Local Raw Material / Finished product (if applicable)	Stats SA P0142.1 (PPI)	Table 1 – Food products: - Other food products: - Other food
D3 - Labour	STATS SA P0141 (CPI), Table E OR Labour agreement ²	Table E - All Items (CPI Headline) OR Labour agreement to be provided
D4 – Transport	STATS SA P0141 (CPI) Table E	Table E - Transport – Other Running Costs
D5 – Other	Specify	Documentary evidence to accompany claim

22.3.1 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 March 2017

22.3.2 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).

22.4 Price adjustment periods

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

¹ 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.

² In the absence of a labour agreement, the labour cost component will be adjusted with CPI Headline inflation.



Adjustment Period	CPA application to reach the office by the following dates	End Index Date	Dates from which adjusted prices will become effective
1st Adjustment	1 August 2018	June 2018	1 September 2018
2nd Adjustment	1 August 2019	June 2019	1 September 2019

Rates of exchange (RoE) – Base and average rates

- 22.4.1 In the event where material and/or finished products are imported the following will apply: 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 22.4.4) and the average RoE rate over the period under review indicated in paragraph 24.4.4 below.
- 22.4.2 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 24.4.4) for the earlier invoice and the average RoE rate for the period under review as indicated in paragraph 22.4.6 below for the later invoice.
- 22.4.3 The imported cost component (D1) will be adjusted together with all the other cost components indicated in paragraph 22.2.3 and 22.3 above and at the predetermined dates indicated in paragraph 24.4 above.
- 22.4.4 Rate(s) of exchange to be used in this bid in the conversion of the bid price of the item (s) to South Africa currency is indicated in the table below

Currency	Rates of exchange
	12 months average for the period 24 March 2016 to 24 March 2017
US Dollar	R14.10
Pound Sterling	R18.52
Euro	R15.50



22.4.5 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period 24 March 2016 to 24 March 2017 using the Reserve Bank published rates for the specific currency. Visit 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.

22.4.6 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:
1st Adjustment	25 March 2017 – 23 March 2018
2nd Adjustment	24 March 2018 – 25 March 2019

22.5 Forex

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

23. 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.

24. DELIVERY AND QUANTITIES

24.1 Delivery basis

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



24.1.2 Transit and storage conditions applicable to the relevant products must be adhered to.

24.2 Quantities

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

24.2.2 The State reserves the right to negotiate with bidders adjustment of their minimum order quantities prior to award of the bid.



SECTION C

25. ROLES AND RESPONSIBILITIES

25.1 Contract administration

25.1.1 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:

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

25.1.3 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.

25.2 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.

25.3 End User Communication Channels

25.3.1 Only minor problems may be communicated by the end-user with the company i.e. broken packet or container, etc. All problems that pose a health hazard may require investigation and must be reported directly as indicated in par 31. End-users should not communicate with the company, especially if hospital management has not been informed with regards to any investigations about defective products.

25.3.2 All problems must be reported to the Provincial Nutrition Manager/Military and Correctional services Higher Office.

25.3.3 Should the problem not be resolved or be hazardous to the clients, the end user shall then inform



the National Department of Health and National Treasury which will address the matter.

26. POST AWARD MONITORING

- 26.1 Monitoring audits may be conducted periodically and randomly by the Department of Health or by a service provider appointed by Department of Health to determine compliance to the product and compliance of the manufacturer to GMP (prerequisite to ISO 22000). The cost of the expenses will be for the relevant Department of Health's account. However, should the contractor not comply with the test or monitoring requirements then the contractor will be liable for remedy of the findings.
- 26.2 The appointed service provider shall conduct the random audit without prior appointment arrangements with the manufacturer.
- 26.3 The random audit shall include the analysis of selected nutrients microbial hazards and compliance to relevant standards and regulations.
- 26.4 Any product with deviations that may be hazardous shall be recalled with immediate effect.
- 26.5 Upon identifying non-conforming product/s, or food safety issues the National Department of Health will inform the contractor to stop supplying the product/s with immediate effect as well as user departments to stop ordering the said product/s.
- 26.6 Any non-conforming product identified by the end-user must be brought to the attention of National Health and National Treasury. National Health will investigate the matter and will require the contractor to take immediate corrective measure (this could include packaging, labelling, reformulation, etc.). A period of 30 (thirty) calendar days from initial date of written notification will be granted to rectify non-conformance identified.
- 26.7 Once the contractor complies after corrective measures, National Department of Health will inform National Treasury to notify users that they may proceed ordering from the contractor again.
- 26.8 Should the contractor fail to comply after corrective measures within a period of 30 days, then the contract for the non-conforming product/s may be terminated with the contractor the National



Department of Health and National Treasury which will address the matter.

27. PRODUCT ADHERANCE / PRODUCT CHANGE

- 27.1 In the event where a bidder offers a specific product 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.
- 27.2 In the event that the product is discontinued or replaced with a new product, National Treasury, Transversal Contracting must be notified of such an occurrence.
- 27.3 Contractors are not allowed to deliver a different product other than the product awarded to them prior to an approval of product change from National Treasury, Contract Management.
- 27.4 Contractors should submit 6 months in advance any amendments to the label and or product formulation such that there is sufficient time to review and communicate whether product is compliant/non-compliant. No new products must be delivered to end-users without verification of product compliance by the National Department of Health and approved by the National Treasury.

28. CHANGE OF MANUFACTURER/ MANUFACTURING PREMISES

- 28.1 Contractors must inform the National Treasury and National Department of Health 3 months prior to any change of manufacturer or manufacturing premises.
- 28.2 Contractors are not allowed to manufacture a product at a new manufacturer or premises prior to an approval change from National Treasury, Transversal Contracting.

29. QUALITY ADHERANCE

- 29.1 All Contractors must supply safe products that do not contain micro-organisms or any other deleterious substances, heavy metals or pesticides in amounts that may represent a hazard to health. All local and international standards need to be adhered to. Analysis of all batches with



regards to their possible contaminants needs to be available at manufacturers' plant. The applicable reference standards to be adhered to amongst others include:

- I. CAC/GL 21-1997: Principles for the establishment and application of Microbiological criteria for Foods
- II. CAC/GL 63-2007: Principles and Guidelines for the conduct of Microbiological Risk Management
- III. CAC/RCP 49:2001: Code of Practice for source directed measures to reduce contamination of food with chemicals
- IV. Codex STAN 228-2001: General Methods of Analysis for Contaminants
- V. Codex STAN 193-1995: Codex general Standard for contaminants and toxins in Food and Feed
- VI. Codex STAN 229-1993: REV 1-2003: Analysis of pesticides Residues: Recommended Methods

29.2 Stability studies need to be conducted on the final product to confirm shelf life and storage conditions. These stability studies may be requested to be submitted to the National Department of Health at any stage before or in the duration of the contract. Stability studies need to confirm the following:

- I. Organoleptic stability – in terms of taste, odour, product consistency
- II. Integrity of packaging material
- III. Nutritional value and nutrient stability
- IV. Absence of microbial growth



30. ORDERS AND DELIVERY

30.1 Orders

- 30.1.1 Contractors should note that each individual purchasing institution is responsible for generating the order(s) as well as the payment(s) thereof.
- 30.1.2 Contractors should note that order(s) will be placed as and when required during the contract period to the delivery points specified by the relevant purchasing institution(s).
- 30.1.3 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.
- 30.1.4 The State is under no obligation to accept any quantity which is in excess of the ordered quantity.

30.2 Delivery Adherence

- 30.2.1 Delivery of goods must be made in accordance with the instructions including specified delivery points appearing on the official order forms issued by purchasing institutions.
- 30.2.2 Suppliers must deliver complete orders as appearing on the official order form issued and no partial orders / delivery will be accepted by the State.
- 30.2.3 All deliveries or dispatches must be accompanied by a delivery note stating the official order number against which the delivery has been effected.
- 30.2.4 In respect of items awarded to them, contractors must adhere strictly to the delivery lead times quoted in their bids.
- 30.2.5 Deliveries not complying with the order forms will be returned to the contractor at the contractor's expense.
- 30.2.6 Firm lead times for delivery must be quoted for the duration of the contract period.
- 30.2.7 Transit and storage conditions applicable to the relevant product must be adhered to.



30.2.8 The State reserves the right to negotiate delivery lead times.

31. PACKING

31.1 General

31.1.1 All deliveries made against this contract, in all modes of transport, are to be packed in suitable containers, which will be acceptable for further dispatch.

31.1.2 The packing of the goods to be supplied must be uniform for the duration of the contract period, i.e.:

- The number of units per commercial packing.
- The number of commercial packing per carton.
- The number of cartons per bulk packing.
- The name and quantity of the contents and expiry date if applicable must appear clearly on the packing.
- All containers, packing and cartons must be clearly labelled.
- All products must be packed in acceptable containers, where applicable, specifically developed for the product.
- The product strength must be indicated on each bag/packaging
- The conditions under which the product must be stored.
- Date of manufacture and expiry/use by / best before date must be clearly shown.
- Labels for consumable items must be clearly marked for occupational health and safety purposes.

31.1.3 Individual packages (except for a tin, a can, tetra pack, or bottle) for powdered products must be hermetically sealed package which is re-sealable (e.g. zip lock, clip, etc) when the product has been opened. Individual packages (except for a tin, a can, tetra pack, or bottle) for powdered products must be hermetically sealed package which is re-sealable (e.g. zip lock, clip, etc) when the product has been opened.

31.1.4 All ready to use infant formulas must have screw cap or pull tab for sterility and ease of pouring.



- 31.1.5 It will be preferable for all paediatric and adult ready to use sip drinks to have screw caps.
- 31.1.6 All Ready to Hang feeds to have ports that are compatible with Universal 3 in one pump giving sets or sets that are have double usable bottle connector
- 31.1.7 As per the National Health Act No 61 of 2003, “20.(3) Subject to any applicable law, every health establishment must implement measures to minimise- (a) injury or damage to the person and property of health care personnel at that establishment “ bidders are therefore required to adhere to a maximum weight of 10 kg for bulk packaging when supplying products.

32. PACKAGING

32.1 General

The following information must be clearly and indelibly printed on all inner and outer packaging:

- Name of the product
- A product code as relevant
- The trade name or trademark of the manufacturer
- Size of the product
- Quantity of the contents
- Name of manufacturer
- Date of manufacture (where applicable)
- Name and address of importer/distributor (where applicable)
- Expiry/use by / best before date (where applicable)
- Batch/LOT number (where applicable). Products must have the same batch/LOT number on the outer box as on the inner box.
- The word “sterile” (where applicable)

33. LABELS AND PACKAGE INSERTS

- 33.1 The following information must be clearly and indelibly printed on all packaging. All packaging must be water- and airtight.



- Brand Name
 - Nett Mass of Container
 - Date of manufacture
 - Expiry/use by / best before date
 - Batch number, where applicable
 - The conditions under which the product must be stored
- 33.2 The labels accompanying leaflets and or other labelling of the products should provide sufficient information on the nature and purpose of the feed as well detailed instructions and precautions for their use.
- 33.3 The declaration of nutrient content shall be numerical.
- 33.4 The number of servings or portions contained in the package shall be stated on the labels.
- 33.5 Adequate directions for the preparation including the requirements to add other ingredients for the use of the feed and for its storage and keeping after the container has been opened shall be provided on the labels or leaflet.
- 33.6 A statement that the product is not to be used for parental administration should be clearly visible on all enteral feed.
- 33.7 A statement concerning adequate precautions, known side effects, contra-indications and product-drug interactions should appear on the accompanying leaflets, as and where applicable.
- 33.8 If a product has been formulated for a specific age group, it should carry a prominent statement to this effect on the label. The Feeding instructions, including the method of administration and serving size, if applicable should be indicated clearly.
- 33.9 All powdered products shall be accompanied by a measuring scoop except for single serving products. It is the companies' responsibility to communicate changes in scoops especially scoop sizes.
- 33.10 It is preferable for the items supplied to healthcare facilities and to be marked with the wording "STATE USE ONLY-NOT FOR RE-SALE", added on the immediate container label and outer label.



- 33.11 Bidders are not to make claims of what the product can do other than what is stated on product's label.

34. SHELF LIFE

- 34.1 Upon delivery, powdered products must have at least 9 months shelf-life and liquid products, 6 months shelf life before the date of expiry or best before date.
- 34.2 Contractors may make written applications to the purchasing institution to deliver goods with a shorter shelf-life, provided such applications are accompanied by an undertaking that unused short- dated stock shall be unconditionally replaced before or after expiry.
- 34.3 Any delivery of short dated supplies without prior written approval must be collected by the respective suppliers at their own cost.
- 34.4 Any participating institution may, without prejudice, decline written applications to deliver short dated stock.

35. POST AWARD REPORTING

- 35.1 Historical Data

All successful bidders are required to submit historical value and volume reports via e-mail on a six (6) monthly basis to:

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

waseela.ebrahim@treasury.gov.za

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

The dates for the information to be submitted are as follows:



Period	Period for which information must be submitted	Dates at which reports must be submitted
1	1 September 2017 – 28 February 2018	By 7 March 2018
2	1 March 2018 – 31 August 2018	By 7 September 2018
3	1 September 2018 – 28 February 2019	By 7 March 2019
4	1 March 2019 – 31 August 2019	By 7 September 2019
5	1 September 2019 – 28 February 2020	By 7 March 2020
6	1 March 2020 – 31 August 2020	By 7 September 2020

36. FEEDBACK MEETINGS (ANNUALLY)

National Treasury will conduct meetings with the end users and contractors to discuss contract management issues.

END