

Schedule 8: Contract Price Adjustment and/or Rate of Exchange Variation

8.1 The Contract Price Adjustment mechanism contained in this schedule is compulsory and binding on all tenderers.

8.2 Failure to complete this schedule or any part thereof may result in the tender offer being declared non-responsive.

8.3 Tenderers are not permitted to amend, vary, alter or delete this schedule; or any part thereof unless otherwise stated in this schedule, failing which the tender offer may be declared non-responsive.

8.4 Tenderers are not permitted to offer firm prices except as provided for in the Price Schedule, and if the tenderer offers firm prices in contravention of this clause the tender offer may be declared non-responsive.

8.5 Any claim for an increase in the contract price shall be submitted in writing to the Contract Manager prior to the month upon which the price adjustment would become effective. Contract Manager details will be confirmed at the commencement of the contract.

8.6 The CCT reserves the right to withhold payment of any claim for contract price adjustment while only provisional figures are available and until the final (revised) figures are issued by the relevant authority.

8.7 When submitting a claim for contract price adjustment, a supplier shall indicate the actual amount claimed for each item. A mere notification of a claim for contract price adjustment without stating the new price claimed for each item shall, for the purpose of this clause, not be regarded as a valid claim.

8.8 The CCT reserves the right to request the supplier to submit auditor's certificates or such other documentary proof as it may require in order to verify a claim for contract price adjustment. Should the supplier fail to submit such auditor's certificates or other documentary proof to the CCT within a period of 30 (thirty) days from the date of the request, it shall be presumed that the supplier has abandoned his claim.

8.9 The effective date of any price increases granted will be the date on which the abovementioned documentation/claim is submitted or, by agreement between the Supplier and the City, a subsequent date on which the price increase will be effective

8.10 In instances where the Supplier's price claimed is less than entitled, the lesser price will be accepted.

8.11 The CCT reserves the right to apply the indices available at the date of the claim submitted by the Supplier

Where prices are subject to adjustment, only the method prescribed in this tender document shall apply. If a tenderer proposes any alternative method of price adjustment, its tender offer will be considered to be non-responsive and may, for that reason, be disqualified at the sole discretion of the City.

Contract Price Adjustment mechanism:

Prices shall be fixed for the first twelve (12) months from date of commencement of contract, thereafter contract price adjustments in accordance with Producer Price Index (PPI) for the following twelve (12) months of the contract.

Producer Price Index (PPI) as published by STATSSA

The contract price as per GCC shall remain Firm for the first 12 months from date of commencement of the contract, and no claims for contract price adjustment will be considered for the first 12 months' subject to the provisions in the price schedule. Contract Price Adjustment will be applicable as from commencement of the 13th month. Suppliers shall be entitled to claim contract price adjustment as follows:

- 10% of the tendered rate will remain fixed for the duration of the contract.
- 90% of the year-on-year rate will be subject to adjustment annually based on the average percentage of 12 months as published by STATSSA: Producer Price Index as follows:

From start of 13th month to the end of the 24th month: Subject to contract price adjustment in accordance with the Producer Price Index.

Base month for the price adjustment shall be three (3) calendar months prior to the date of commencement. The end month shall be three (3) calendar months prior to the 12th month of contract commencement.

From start of 25th month to end of the contract: Subject to the contract price adjustment in accordance with the Producer Price Index.

Base month for the price adjustment shall be three (3) calendar months prior to the 13th month after contract commencement. The **end month** shall be three (3) calendar months prior to 24th month of contract commencement.

The average PPI will be calculated, the base month to the end month (both included) divided by the number of months.

Example:

The claim will be based on the average between the "base month" and the "end month" e.g.: $7+6+9+6 = 28$ ($28/4 = 7$) therefore the claim will be 7%

All requests for variation in the Contract price shall be submitted in writing as follows:

By email to: ISMContracts.CPARrequest@capetown.gov.za

When submitting a claim for contract price adjustment the Contractor shall indicate the actual amount claimed for each item. A mere notification of a claim for contract price adjustment without stating the new price claimed for each item shall, for the purpose of this clause, not be regarded as a valid claim.