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**SPECIAL CONDITIONS OF CONTRACT**

**RT23-2024**

**SUPPLY AND DELIVERY LUBRICATING OIL, WEAPON OIL, HYDRAULIC BRAKE FLUID, GREASE,  
ANTIFREEZE , DIESEL EXHAUST FLUID , BUYING AND COLLECTION OF USED OIL TO THE STATE FOR  
A PERIOD OF 36 MONTHS**

**NON-COMPULSORY BRIEFING SESSION TO BE HELD ON THE 30 APRIL 2024 ON MICROSOFT TEAMS**

**CLOSING DATE AND TIME OF BID**

**20 MAY 2024 AT 11H00**

**BID VALIDITY PERIOD: 180 DAYS**

National Treasury

Transversal Contracting



**Table of Contents**

LIST OF ATTACHEMENTS AND ANNEXURES ..... 5

LIST OF TABLES..... 5

DEFINITIONS ..... 6

SECTION A: INTRODUCTION AND TERMS OF REFERENCE ..... 9

1. DESCRIPTION AND FORMAT OF THE BID..... 9

2. LEGISLATIVE AND REGULATORY FRAMEWORK ..... 9

3. DURATION OF TRANSVERSAL CONTRACT ..... 9

4. BRIEFING SESSION ..... 9

5. TERMS OF REFERENCE ..... 10

SECTION B: CONDITIONS OF BID..... 14

6. PART 1: EVALUATION CRITERIA..... 14

7. PART 2: ADDITIONAL BID REQUIREMENTS ..... 21

8. CONDITIONS OF CONTRACT..... 22

9. THIRD PARTY AGREEMENTS AND SUB-CONTRACTOR AGREEMENTS..... 25

10. STANDARDS..... 25

11. SUBMISSION OF BIDS ..... 26

12. LATE BIDS..... 26

13. COMMUNICATION AND CONFIDENTIALITY ..... 26

14. CONTACT DETAILS..... 27

15. PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS ..... 27

16. TAX COMPLIANCE REQUIREMENTS ..... 28

17. NEGOTIATIONS..... 28

18. DUE DILIGENCE ..... 28

19. MULTIPLE AWARD ..... 29

SECTION C: CONDITIONS OF CONTRACT..... 29

20. CONCLUSION OF MASTER TRANSVERSAL AGREEMENT AND PARTICIPATION AGREEMENT.... 29

21. PARTICIPATING STATE INSTITUTIONS..... 30

22. POST AWARD PARTICIPATION ..... 30

23. DELIVERY AND SERVICE REQUEST..... 31

24. TRANSVERSAL CONTRACT PRICE ADJUSTMENT ..... 32

25. INSURANCE AND INDEMNITY..... 38

26. QUALITY ASSURANCE ..... 38

27. DELAYS AND/OR UNSATISFACTORY PERFORMANCE ..... 38

28. USE OF CONTAINERS ..... 38



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29.	CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES .....	38
30.	RISK MANAGEMENT .....	39
31.	DISPUTE RESOLUTION .....	40
32.	TERMINATION .....	40

**LIST OF ABBREVIATIONS**

<b>Abbreviation</b>	<b>Definition</b>
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
CIPC	Companies and Intellectual Property Commission
CPA	Contract Price Adjustment
CPI	Consumer Price Index
CSD	Central Supplier Database
NT	National Treasury
OCPO	Office of the Chief Procurement Office
PPR 2022	Preferential Procurement Regulation 2022
RSA	Republic of South Africa
SLA	Service Level Agreement
SARS	South African Revenue Service
SCC	Special Conditions of Contract
SBD	Standard Bidding Document
TCD	Transversal Contract Documents
TC	Transversal Contracts
TIC	Tender Information Centre
VAT	Value Added Tax

## LIST OF ATTACHEMENTS AND ANNEXURES

- Annexure 1: Pricing schedule
- Annexure 2: Standard bidding documents (SBD's)
- Annexure 3: Transversal contracting documents (TCD13)
- Annexure 4: General Conditions of Contract (GCC)

## LIST OF TABLES

Table 1: Bid Document Checklist and Returnable Documents .....	7
Table 2: Category A .....	10
Table 3: Category B .....	13
Table 4: Evaluation Criteria.....	14
Table 5: Preference Point System .....	19
Table 6: Category of oil example .....	21
Table 7: Indicative Transversal Contract Price Adjustment Calculator.....	33
Table 8: Transversal Contract Price Adjustment Cost Components .....	34
Table 9: Indicative Indices.....	34
Table 10: Price Adjustment periods .....	35
Table 11: Rates of exchange .....	36
Table 12: Average exchange rates .....	37

**DEFINITIONS**

Consortium or Joint Venture	means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill, and knowledge in an activity for the execution of a contract
Customer	means a participant on the transversal contract who procures goods and/or services from the appointed Supplier(s).
Delivery	Means the process of transporting goods from a bidder's source location to a predefined destination by the participants.
Due Diligence	Means the investigation or exercise of care that the State conducts before entering into an agreement with the bidders to validate the bid responses.
Disability	means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being
Historically Disadvantaged Individuals	<p>South African citizen:</p> <ul style="list-style-type: none"><li>i) Who, due to the apartheid policy that had been in place, had no franchise in national elections before the introduction of the constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (the interim Constitution) and/or</li><li>ii) Who is female; and/or</li><li>iii) Who has a disability.</li></ul> <p>Provided that a person who obtained South African citizenship on or after the coming to effect of the interim Constitution, is deemed not to be an HDI.</p>
Trust	means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.



Table 1: Bid Document Checklist and Returnable Documents

#	Document Name <sup>1</sup>	Included in the published bid document?	To be returned by bidder?	Bidder to tick Yes if document is submitted
<b>PHASE 1: ADMINISTRATIVE REQUIREMENTS EVALUATION</b>				
1.	SBD 1 Invitation to Bid	Yes	Yes	
2.	Proof of authority must be submitted as per SBD 1	No	Yes	
3.	SBD 4 Declaration of Interest	Yes	Yes	
4.	SBD 6.1 Preference Points Claim Form	Yes	Yes	
5.	Central Supplier Database Report	No	Yes	
6.	Written confirmation for disclosing tax status SARS	No	Yes	
7.	TCD 13 Authorization Declaration	Yes	Yes	
8.	TCD 13.1 List of goods or services offered	Yes	Yes	
<b>PHASE 2: MANDATORY REQUIREMENTS EVALUATION</b>				
9.	Pricing Schedule	Yes	Yes	
10.	Trade Reference Letter	No	Yes	
<b>PHASE 3: TECHNICAL COMPLIANCE EVALUATION</b>				
11.	Local Footprint	No	Yes	
12.	Waste management certificate (for used oil	No	Yes	

<sup>1</sup> Table 1 is provided as guidance to assist bidders with documents that must be returned with the bid. The list is not exhaustive, and it is the responsibility of the bidder to provide all required documents as per the provision of each clause in this bid



#	Document Name <sup>1</sup>	Included in the published bid document?	To be returned by bidder?	Bidder to tick Yes if document is submitted
	only)			
13.	TCD 13.2 Authorization Letter or Letter of Undertaking	Yes	Yes	
<b>PHASE 4: PRICE &amp; SPECIFIC GOALS EVALUATION</b>				
14.	Pricing Schedule	Yes	Yes	
15.	SBD 6.1 Preference Points Claim Form	Yes	Yes	
16.	Proof of Business Shareholding/Ownership	No	Yes	
17.	Cost breakdown	Yes	Yes	
<b>OTHER BID DOCUMENT REQUIREMENTS</b>				
18.	Company Profile	No	Yes	
19.	CIPC Company Registration Documents	No	Yes	
20.	General Condition of Contract initialed on every page	Yes	Yes	
21.	Special Conditions of Contract initialed on every page	Yes	Yes	





## SECTION A: INTRODUCTION AND TERMS OF REFERENCE

### 1. DESCRIPTION AND FORMAT OF THE BID

- 1.1 This bid is for the appointment of a service provider to supply and deliver lubricating oil, weapon oil, hydraulic brake fluid, grease, antifreeze, diesel exhaust fluid, buying and collection of used oil to the state for a period 1 July 2024 to 30 June 2027.
- 1.2 This bid document is structured as follows:
- 1.2.1 Section A : Introduction and Terms of Reference
  - 1.2.2 Section B : Conditions of Bid
    - 1.2.2.1 Part 1 : Evaluation Criteria
    - 1.2.2.2 Part 2 : Additional Bid Requirements
    - 1.2.2.3 Part 3 : Recommendation and Appointment of Bidders
  - 1.2.3 Section C : Conditions of Contract

### 2. LEGISLATIVE AND REGULATORY FRAMEWORK

- 2.1 This bid and all contracts emanating there from will be subject to 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) (PFMA) as well as the Preferential Procurement Policy Framework Act 2000 (PPPFA) with its latest 2022 regulations.
- 2.2 The Special Conditions of Contract (SCC) are supplementary to that of General Conditions of Contract (GCC). However, where the Special Conditions of Contract conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.

### 3. DURATION OF TRANSVERSAL CONTRACT

- 3.1 The transversal contract shall be for a period of thirty-six (36) months, from 1 July 2024 to 30 June 2027.

### 4. BRIEFING SESSION

- 4.1 A non-compulsory virtual briefing session will be held as follows:

Venue: Microsoft Teams. The link to register and attend the briefing session is attached below:

[Click here to join the meeting](#)

Date : 30 April 2024

Time : 10:00am to 11:00am



4.2 The bid information session is not compulsory but will provide bidders with an opportunity to obtain clarity on certain aspects of the procurement process as set out in this bid document.

4.3 The National Treasury reserves the right to answer questions at the briefing session and/or to respond formally after the briefing session.

## 5. TERMS OF REFERENCE

### 5.1 INTRODUCTION

5.1.1 This bid is for the appointment of a service provider to supply and deliver lubricating oil, weapon oil, hydraulic brake fluid, grease , antifreeze , diesel exhaust fluid, analysis of oil, buying and collection of used oil to the State for the period 1 July 2024 to 30 June 2027.

### 5.2 SCOPE OF WORK AND SERVICES

5.2.1 A bid that does not address the scope of work will be disqualified and will be considered as non-responsive. A bid will be considered responsive if it addresses the scope of work below as well as the individual end user requirements contained under Annexure A of these Conditions of Tender:

5.2.1.1 The scope of work encompasses supply and delivery of lubricating oil, weapon oil, hydraulic brake fluid, grease , antifreeze , diesel exhaust fluid, buying and collection of used oil.

5.2.1.2 The State reserves the right to examine any oil.

5.2.2 The scope of work comprises of two(2) categories:

5.2.2.1 **Category A** : Supply and delivery of lubricating oil, weapon oil, hydraulic brake fluid, grease, antifreeze, diesel exhaust fluid; and

5.2.2.2 **Category B** : Buying and collection of used oil.

**Table 2: Category A**

#	DESCRIPTION	NO. OF ITEMS	#	DESCRIPTION	NO. OF ITEMS
1.	DISSOLVING WAX	36	2.	ENGINE OIL	324
3.	FLUID TRANSMISSION OIL	207	4.	GEAR OIL	981
5.	GREASE	180	6.	HEAVY DUTY MARINE OIL	27



#	DESCRIPTION	NO. OF ITEMS	#	DESCRIPTION	NO. OF ITEMS
7.	HYDRAULIC OIL	108	8.	INSULATING OIL	86
9.	MINERAL OIL WITH ANTI-OXIDANTS	270	10.	OIL MINERAL	36
11.	OIL TWO STROKE	135	12.	OIL TWO EMULSIFIABLE CUTTING LIGHT DUTY	36
13.	OIL, NEAT CUTTING	36	14.	PNEUMATIC TOOL OIL	135
15.	STEAM CYLINDER OIL	216	16.	STEAM TURBINE OIL	54
17.	UNIVERSAL TRACTOR OIL	54	18.	WAX COATING OIL	72
19.	WEAPON OIL	81	20.	WEAPON OIL SYNTHETIC	45
21.	DIESEL EXHAUST FLUID	1	22.	ANTIFREEZE FLUID	1

- 5.2.2.3 **Dissolving wax:** A type of wax that has the ability to dissolve in certain solvents, making it suitable for various applications such as coatings, polishes, and adhesives.
- 5.2.2.4 **Engine oil:** A lubricating oil specifically formulated for use in internal combustion engines to reduce friction, wear, and heat, and to protect engine components from corrosion and oxidation. Engine oil is broken down into two, namely synthetic oil and mineral oil.
- 5.2.2.5 **Fluid transmission oil:** A type of lubricating oil used in automatic transmissions, hydraulic systems, and other fluid power applications to transmit power and reduce friction between moving parts.
- 5.2.2.6 **Gear oil:** A specialized lubricating oil designed for use in gearboxes and differentials to reduce friction, wear, and heat generation in gear systems.
- 5.2.2.7 **Grease:** A semi-solid lubricating substance composed of a base oil thickened with a soap or other thickener, used to lubricate moving parts, especially in applications where conventional liquid lubricants are impractical.
- 5.2.2.8 **Heavy-duty marine oil:** A type of engine oil specifically formulated for use in large marine diesel engines, providing protection against the harsh operating conditions encountered at sea.



- 5.2.2.9 **Hydraulic oil:** A type of fluid used as a medium for power transmission in hydraulic systems, providing lubrication, sealing, and cooling properties to hydraulic components.
- 5.2.2.10 **Insulating oil:** A type of mineral oil used as a dielectric fluid in electrical transformers and capacitors to provide electrical insulation and cooling.
- 5.2.2.11 **Mineral oil with antioxidants:** Mineral oil fortified with additives or antioxidants to improve its stability and resistance to oxidation, prolonging its service life in various applications.
- 5.2.2.12 **Oil mineral:** A generic term referring to mineral-based oils derived from crude oil, commonly used as lubricants, hydraulic fluids, and insulating oils.
- 5.2.2.13 **Oil two-stroke:** A type of engine oil formulated for use in two-stroke engines, typically mixed with gasoline to lubricate engine components and provide combustion.
- 5.2.2.14 **Oil two emulsifiable cutting light duty:** A type of cutting oil used in metalworking applications to lubricate cutting tools and workpieces, reduce friction and heat, and improve surface finish.
- 5.2.2.15 **Oil, neat cutting:** A type of cutting fluid used in metal machining operations without dilution, providing lubrication and cooling to the cutting tool and workpiece.
- 5.2.2.16 **Pneumatic tool oil:** A lubricating oil formulated for use in pneumatic tools such as air compressors, impact wrenches, and pneumatic drills to reduce wear and extend tool life.
- 5.2.2.17 **Steam cylinder oil:** A type of lubricating oil specifically designed for use in steam engines to lubricate cylinder walls, pistons, and other moving parts exposed to high temperatures and pressures.
- 5.2.2.18 **Steam turbine oil:** A specialized lubricating oil formulated for use in steam turbines to provide lubrication, cooling, and corrosion protection under high-speed and high-temperature operating conditions.
- 5.2.2.19 **Universal tractor oil:** A multi-purpose lubricating oil designed for use in agricultural machinery, including tractors, combines, and other farm equipment, to provide lubrication and protect against wear and corrosion.
- 5.2.2.20 **Wax coating oil:** A type of oil used in the production of wax coatings for various applications, including packaging, food processing, and cosmetics, to provide moisture resistance and gloss.
- 5.2.2.21 **Weapon oil:** A specialized lubricating oil formulated for use in firearms and other weapons to reduce friction, prevent corrosion, and maintain functionality.
- 5.2.2.22 **Weapon oil synthetic:** A synthetic-based lubricating oil specifically designed for use in firearms and other weapons, offering enhanced performance and durability compared to conventional mineral oils.
- 5.2.2.23 **Antifreeze,** also known as coolant, is a liquid or fluid additive designed to lower the freezing point and



raise the boiling point of a liquid, typically water. It is used in automotive engines, heating and cooling systems, and other applications to prevent the formation of ice in cold temperatures and to avoid overheating in hot conditions. Regular maintenance, including periodic checks of the antifreeze concentration and flushing and replacing the coolant, is essential for the proper functioning and longevity of the cooling system.

5.2.2.24 **Diesel Exhaust Fluid (DEF)** is a solution designed to reduce nitrogen oxide (NOx) emissions from diesel engines. It is a clear, non-toxic liquid that consists of approximately 32.5% urea and 67.5% deionized water. Diesel exhaust fuel is injected into the exhaust gas stream of diesel vehicles equipped with Selective Catalytic Reduction (SCR) systems. DEF is widely used in the automotive industry, especially in diesel-powered trucks, buses, and passenger vehicles. It plays a crucial role in reducing harmful emissions and meeting environmental regulations. Diesel exhaust fluid quality is governed by international standards, such as ISO 22241, to ensure consistent and effective performance across different vehicles and manufacturers.

5.2.2.25 Category B Scope of work on the contract to be concluded will be as follows:

**Table 3: Category B**

#	DESCRIPTION	NO. OF ITEMS
1.	Buying and Collection of used oil	1

5.2.3 **BUYING OF USED OIL**

Buying old oil typically refers to the process of purchasing or recycling used or waste oil. This oil may come from various sources, such as vehicles, machinery, or industrial processes, and is no longer suitable for its original purpose. Instead of being discarded, old oil can be collected, processed, and reused or repurposed in different ways.

**SECTION B: CONDITIONS OF BID****6. PART 1: EVALUATION CRITERIA**

6.1 The details of the evaluation phases are outlined below:

Table 4: Evaluation Criteria

Phase 1	Phase 2	Phase 3	Phase 4
Administrative Requirements	Mandatory Requirements	Technical Requirements	Price and Specific Goals
Compliance with administrative requirement	Compliance with mandatory requirement	Compliance with technical requirements	Bids evaluated in terms of the 90/10 preference system

**6.2 PHASE 1: ADMINISTRATIVE REQUIREMENTS**

6.2.1 Bidders are required to submit the below documents to comply with the policy to guide uniformity in procurement reform processes in Government as per section 2 of Practice Note No 1 of 2003 regarding bid documentation for supply chain management.

6.2.1.1 SBD 1 – Invitation form to bid.

6.2.1.2 Proof of Authority – This is a company resolution for the capacity under which this bid is signed as per SBD 1

6.2.1.3 SBD 4 – Bidders Disclosure

6.2.1.4 SBD 6.1 – Preference points claim form.

6.2.1.5 TCD 13 and 13.1 Authorisation Declaration – All bidders must complete the “ Authorisation Declaration” form (TCD 13 and TCD 13.1) for all relevant goods and/or service in full, sign and submit together with the bid response at the closing date and time of the bid.

6.2.1.6 Central Supplier Database – A Central Supplier Database report must be submitted.

6.2.1.7 It is a requirement that bidders submit the SARS pin document when submitting this bid response that SARS may on an ongoing basis during the tenure of the transversal contract to disclose the bidder’s tax compliance status and by submitting this bid such confirmation is deemed to have been granted.

6.2.1.8 Failure to submit the required documents within the given seven calendar days , despite being given an extension, will invalidate the bid.



### 6.3 **PHASE 2: MANDATORY REQUIREMENTS**

6.3.1 Bidders' must submit all required documents indicated hereunder with the bid documents at the closing date and time of the bid. During this phase bidders' responses will be evaluated against the mandatory requirements for compliance. This phase is not scored and bidders who fail to comply with all the mandatory criteria will be disqualified.

#### 6.3.2 **Pricing Schedule**

6.3.2.1 The pricing schedule (see Annexure 1) 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.

6.3.2.2 Bidders are required to submit responsive bids by completing all pricing and item information on the provided pricing schedule (Annexure 1) for the individual items and all required forms.

6.3.2.3 The manufacture name and brand must be completed.

6.3.2.4 Each group series must be of the same brand.

6.3.2.5 Bid prices must be inclusive of handling charges, delivery cost, and VAT.

6.3.2.6 All prices must be in rands and rounded off to two (2) decimal places.

6.3.2.7 The pricing schedule (Annexure 1) must not be a scanned PDF but must be submitted in an excel format with a USB.

### 6.4 **TRADE REFERENCE LETTER**

6.4.1 It is a requirement of this bid that the bidder must submit a trade reference letter with contactable reference and a proven track record in the lubricants oil industry for the past three (3) years.

6.4.2 The reference letter must be on the letterhead of the company where the lubrication oil was supplied, indicating the duration of the contract or service, the description of the service provided, the value of the contract, and signed.

6.4.3 The trade reference letter must be accompanied by a purchase order that is not older than 12 months.

6.4.4 Failure to submit any of the required documents will result in disqualification.

### 6.5 **PHASE 3: TECHNICAL EVALUATION**

6.5.1 During this phase, the bidder's response will be evaluated based on the technical requirements for each item offered. Non-compliance with all the evaluation requirements below will result in the disqualification of the relevant line item being evaluated.

### 6.6 **FOOTPRINT**

6.6.1 It is a requirement of this bid that the bidder provide valid proof of their footprint in each province they



are bidding for.

6.6.2 Proof of footprint may include utility bill or lease agreement or partnership agreement or property managing agent statement.

6.6.3 Bidders will be disqualified for the items where the footprint for each province is not submitted.

#### 6.7 **WASTE MANAGEMENT CERTIFICATE**

6.7.1 It is a requirement of this bid that the bidder provide a valid waste management certificate from ROSE Foundation when bidding for the buying and collection of used oil.

6.7.2 A waste management certificate for lubricating oil is a formal document issued by regulatory agencies or waste management authorities to certify that an individual, organization, or facility is compliant with regulations governing the proper handling, storage, transportation, treatment, and disposal of used lubricating oil. This certificate demonstrates that the holder has met all legal requirements and standards related to the management of lubricating oil waste, ensuring environmental protection and public health.

6.7.3 Failure to comply with the requirement will invalidate the line item for buying and collection of used oil.

#### 6.8 **TCD 13.2 Authorization Letter / Letter of Undertaking**

6.8.1.1 Any bidder who is sourcing goods or services from a third party must submit a valid Third-Party Undertaking (template provided as TCD 13.2) in full and signed for all relevant goods or services. The letter of undertaking must include but not limited to the following:

- a) List of item(s) number, item description and brand/model name and number,
- b) Letter must be on the original manufacturer's and or third-party undertaking letter head, dated and signed,
- c) Letter must not be older than 30 days at the closing date and time of the bid,
- d) Have contact person's name, physical and postal address, telephone, and email details, and
- e) All information on the letter must be in English.

6.8.1.2 The authorisation letter must be from a manufacturer or an authorised importer or distributor.

6.8.1.3 In the case where the authorisation letter is from an authorised importer or distributor, the bidder must submit, in addition to the authorisation letter, documentary proof from the manufacturer, that the authorized importer or distributor is authorized by the manufacturer. The letter of undertaking and supporting documents must be submitted with the bid at the closing date and time of the bid.

6.8.1.4 The State reserves the right to verify any information supplied by the bidder in the authorisation letter 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.





6.8.1.5 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.

6.8.1.6 Failure to submit a duly completed and signed authorisation letter, with the required annexure(s), in accordance with the above provisions (6.8.4.1 to 6.8.4.3), will invalidate the bid for such goods or services offered.

## 6.9 **PHASE 4 : PRICE AND SPECIFIC GOALS**

### 6.9.1 **Preference Point System**

6.9.1.1 The pricing evaluation will be in terms of regulation 5 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.

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

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

Where,

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

$P_t$  = Comparative price of bid under consideration

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

### 6.9.2 **Applicable Taxes**

6.9.2.1 All bid prices must be inclusive of all applicable taxes.

6.9.2.2 Failure to comply with this condition may invalidate the bid.

6.9.2.3 All bid prices must be inclusive of fifteen percent (15%) Value Added Tax.

6.9.2.4 Failure to comply with this condition may invalidate the bid.

### 6.9.3 **Points Scored for Specific Goals**

6.9.3.1 The following formular will be used to calculate the points for specific goals:

$$PSSG = MPA \times \frac{POE}{100}$$

Where,

PSSG = Points scored for specific goals



MPA = Maximum points allocated for a specific goal

POE = Percentage of equity ownership by an HDI

#### 6.9.4 **Proof of equity ownership and related matters**

6.9.4.1 The specific goals contemplated in paragraph 6.10.3.1 above must be equated to the percentage of an enterprise or business owned by individuals or, in respect of a company, the percentage of a company's shares that are owned by individuals, who are actively involved in the management of the enterprise or business and exercise control over the enterprise, commensurate with their degree of ownership at the closing date of the tender.

6.9.4.2 In the event that the percentage of ownership contemplated in paragraph 6.10.4 to 6.4.10.1 above changes after the closing date of the tender, the tenderer must notify the Office and such tenderer will not be eligible for any preference points.

6.9.4.3 Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.

6.9.4.4 all claims made for specific goals must be considered according to the following criteria:

- a) equity in private companies must be based on the percentage of equity ownership, and
- b) preference points may not be awarded to public companies and tertiary institutions.

6.9.4.5 equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust,

6.9.4.6 documentation to substantiate the validity of the credentials of the trustees contemplated in paragraph 6.9.4.5 above must be submitted to the Office.

6.9.4.7 A consortium or Joint Venture may claim points for specific goals, based on the percentage of the contract value managed or executed by individuals who are actively involved in the management or exercise control of the respective parties of the consortium or Joint Venture.

6.9.4.8 A tenderer must submit proof of its ownership.

6.9.4.9 A tenderer who does not submit proof of their ownership may not be disqualified from the bidding process, but they score points out of 90/10 for price and zero (0) points out of 90/10 for specific goals.

6.9.4.10 Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.

#### 6.9.5 **Responsive Bids**



6.9.5.1 Bidders are required to submit responsive bids by completing all pricing and item information on the provided pricing schedule (Annexure B) for the individual items and all required forms. Non-submission of the pricing schedule (Annexure B) will invalidate the bid response.

#### 6.9.6 Specific Goals

6.9.6.1 The following will be used to calculate the points for Historically disadvantaged individuals as well as specific goals.

- a) A maximum of 10 points may be awarded to a bidder for being a historically disadvantaged individual and/or subcontracting with a historically disadvantaged individual and/or achieving any of the specified goals stipulated in regulation 2022 of the Preferential Procurement regulations. For this bid, the maximum number of points that could be allocated to a bidder is indicated in the paragraph above. The State reserves the right to arrange contracts with more than one contractor.
- b) The government intends to promote the following goals with this bid, and the points to be allocated are indicated against each goal:

**Table 5: Preference Point System**

SPECIFIC GOALS	POINTS ALLOCATED OUT OF 10	FORMULA TO CALCULATE THE POINTS OUT OF 10
Preference points for equity ownership by historically disadvantaged Individuals who, due to the apartheid policy that had been in place had no franchise in national elections before the introduction of the Constitution of the RSA, 1983 (Act 110 of 1983) or the Constitution of the RSA, 1993 (Act 200 of 1993), ("the Interim Constitution") and or	5	$PSSG = MPA \times \frac{PEO}{100}$ <p>Where:</p> <p>PSSG = Points scored for a specific goal</p> <p>MPA = Maximum points allocated for a specific goal</p> <p>PEO = Percentage of equity by an HDI</p>
Who is female	5	
<b>POINTS</b>	<b>10</b>	

- c) The points scored by a bidder in respect of the goals indicated above will be added to the points scored for price.



- d) Bidders are required to complete the SBD 6.1 forms in order to claim preference points. Only a bidder who has completed and signed the declaration part of the SBD 6.1 preference points claim forms will be considered for preference points.
- e) The bidders must submit Identity Documents (ID), Central Supplier Database (CSD) and CIPC registration documents. These documents will serve as proof of ownership and directorship of the company.
- f) Failure on the part of a bidder to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender will not be allocated with the points claimed.
- g) The State may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made about preference.
- h) Points scored will be rounded off to the nearest 2 decimals.
- i) If two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of points for the specified goals. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- j) A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.
- k) Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.
- l) Failure on the part of the bidder to claim points for specific goals will give the bidder a score of zero (0).

#### 6.9.7 **Specific Goal Objective criteria**

6.9.7.1 The specific goal objective criteria for this bid are to award to a tender(s) who were historically disadvantaged and who are female.

6.9.7.2 In terms of section 2(1) (f) of the PPPFA Act, the state may award a contract to a tenderer that did not score the highest points.

#### 6.9.8 **Applicable Taxes**

6.9.8.1 All bid prices must be inclusive of all applicable taxes.

6.9.8.2 All bid prices must be inclusive of fifteen percent (15%) Value Added Tax.

6.9.8.3 Failure to comply with this condition may invalidate the bid.

#### 6.9.9 **Group Series Evaluation**



- 6.9.9.1 Some of the items are grouped as a group series and will be evaluated accordingly.
- 6.9.9.2 Bidders are required to submit offers for ALL ITEMS on group series. The grouped items are indicated on the pricing schedule attached as Annexure B
- 6.9.9.3 Bidders are required to offer prices for all units of measure specified in the series and for all items within the group series.
- 6.9.9.4 Bidders must ensure that all products within a specified group or series come from the same brand.
- 6.9.9.5 Failure to submit all offers will invalidate the line item.
- 6.9.9.6 For example, if a Bidder intends to bid for SAE 30, the bidder should provide prices for all the units of measure or pack sizes in this category of oil as per the table below:

Table 6: Category of oil example

Units of Measure	Price
210 Litre drum	R 5 000
20 Litre	R 1 500
5 Litre	R 400
5 Kilogram	R 200
500 Millilitre tin	R 100
<b>Group comparative price</b>	<b>R 7 200</b>

- 6.6.9.2 The group comparative price will be evaluated. Where applicable the state reserves the right to apply quantities to arrive at a group comparative price based on quantities.

## **7. PART 2: ADDITIONAL BID REQUIREMENTS**

### **7.1 COMPANY REGISTRATION WITH CIPC**

- 7.1.1 Bidders must submit proof of registration with the Companies Intellectual Property Commission.
- 7.1.2 In cases where the shareholding percentage is not clearly indicated on the CIPC registration document, additional documentation issued by the relevant authority must be submitted by bidders at the closing date and time.



## 8. CONDITIONS OF CONTRACT

8.1.1.1 **General Condition of Contract** must be initialled on every page to indicate that the bidder has read and understood the terms and conditions.

8.1.1.2 **Special Conditions of Contract** must be initialled on every page to indicate that the bidder has read and understood the terms and conditions.

## 8.2 TERMS AND CONDITIONS

### 8.2.1 COLLECTION OF USED OIL

8.2.1.1 The "collection of used oil" typically refers to the process of gathering and managing used or waste oil for proper disposal, recycling, or reclamation. This process is crucial for environmental protection and resource conservation, as used oil can be harmful if improperly disposed of and can contaminate soil and water sources.

The collection of oil may involve various steps, including:

- a) **Collection Points:** Establishing designated collection points where individuals or businesses can drop off their used oil. These collection points may be located at recycling centres, auto repair shops, waste management facilities, or other authorized locations.
- b) **Transportation:** Once collected, the used oil is transported to processing facilities or recycling centres. This may involve the use of specialized vehicles or containers designed to transport hazardous materials safely.
- c) **Processing:** At the processing facility, the used oil undergoes treatment to remove contaminants and impurities. This may include filtration, separation, or distillation processes to recover usable oil components.
- d) **Recycling or Disposal:** The processed oil may be recycled and reused in various applications, such as lubricating oils, fuels, or asphalt production. Alternatively, if recycling is not feasible, the oil may be disposed of in accordance with regulations governing hazardous waste management.
- e) **Compliance:** Throughout the collection and processing process, it's essential to comply with local, national, and international regulations governing the handling, transportation, and disposal of used oil. This helps prevent environmental pollution and ensures public health and safety.

### 8.2.2 ANALYSIS OF OIL

8.2.2.1 Oil analysis refers to the process of analysing various properties and characteristics of lubricating oil or other types of oil to assess its condition, quality, and performance. This analysis is commonly conducted



to monitor the health and integrity of machinery and equipment, particularly those that rely on oil for lubrication or operation.

The analysis of oil typically involves several key components:

- a) **Physical Properties:** This includes the examination of physical characteristics such as viscosity, density, color, and clarity. Changes in these properties can indicate contamination, degradation, or other issues affecting the oil's performance.
- b) **Chemical Properties:** Chemical analysis involves assessing the chemical composition of the oil, including the presence of additives, contaminants, and degradation byproducts. Common tests include measuring acidity, oxidation levels, and the presence of metals or other impurities.
- c) **Wear Debris Analysis:** This involves examining the oil for the presence of wear debris, such as metal particles or fragments from machinery components. The type, size, and concentration of wear debris can provide insights into the condition of the equipment and potential sources of wear or damage.
- d) **Particle Counting:** Particle counting is used to quantify the concentration and size distribution of solid particles suspended in the oil. Elevated particle levels can indicate issues such as abrasive wear, contamination, or inadequate filtration.
- e) **Spectroscopic Analysis:** Spectroscopic techniques, such as infrared (IR) spectroscopy and atomic emission spectroscopy (AES), are used to identify and quantify specific chemical compounds or elements present in the oil. This can help detect contaminants, degradation products, and additive depletion.
- f) **Microscopic Examination:** Microscopic examination involves visually inspecting oil samples under a microscope to identify and characterize particles, contaminants, or wear debris present in the oil.

8.2.2.2 The results of oil analysis provide valuable insights into the condition of machinery and equipment, allowing for proactive maintenance, troubleshooting, and decision-making. By monitoring changes in oil properties over time, maintenance professionals can identify potential issues early, optimize equipment performance, extend component life, and prevent costly downtime or failures.

8.2.2.3 Overall, oil analysis is an essential tool for condition monitoring, predictive maintenance, and reliability engineering in various industries, including manufacturing, transportation, power generation, and aerospace. It helps ensure the efficient and reliable operation of machinery and equipment, contributing to safety, productivity, and cost-effectiveness.



### 8.2.3 **BUYING OF USED OIL**

Buying old oil typically refers to the process of purchasing or recycling used or waste oil. This oil may come from various sources, such as vehicles, machinery, or industrial processes, and is no longer suitable for its original purpose. Instead of being discarded, old oil can be collected, processed, and reused or repurposed in different ways.

Businesses or individuals involved in buying old oil often operate recycling or waste management facilities where they can properly handle and treat the used oil. The collected oil may undergo filtration, purification, or other treatment processes to remove contaminants and impurities, making it suitable for reuse as lubricants, fuels, or other industrial applications. Additionally, some companies may purchase old oil for further processing into biodiesel or other renewable energy sources.

Overall, buying old oil helps to promote environmental sustainability by diverting waste from landfills and reducing the need for virgin resources. It also contributes to the circular economy by facilitating the reuse and repurposing of valuable materials.

### 8.2.4 **Counter Conditions**

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

8.2.4.2 The National Treasury reserves the right to change or supplement any information or to issue any addendum to this bid before the closing date and time. The National Treasury and its officers, employees and advisors will not be liable in connection with either the exercise of, or failure to exercise this right.

8.2.4.3 If the National Treasury exercises its right to change or supplement information in terms of the above clause, it may seek amended bid documents from all bidders.

### 8.3 **Fronting**

8.4 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 does not support any form of fronting.

8.4.1.1 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 this bid document. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade, Industry and Competition, be established during such enquiry / investigation, the onus will be on the bidder to prove that fronting does not exist.





8.4.1.2 Failure to do so by the bidder within a period of fourteen (14) days from date of notification by National Treasury may invalidate the bid / contract and may also result in the restriction of the bidder to conduct business with the public sector for a period not exceeding ten (10) years, in addition to any other remedies the National Treasury may have against the bidder concerned.

**8.4.2 Right Of Award**

8.4.2.1 The State reserves its following rights -

- a) To award the bid in part or in full,
- b) Not to make any award in this bid or accept any bids submitted,
- c) Request further technical information from any bidder after the closing date,
- d) Verify information and documentation of the bidder(s),
- e) Not to accept any of the bids submitted,
- f) 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, and
- g) If an incorrect award has been made to remedy the matter in any lawful manner it may deem fit.

**9. THIRD PARTY AGREEMENTS AND SUB-CONTRACTOR AGREEMENTS**

9.1 No agreement between the bidder and any third party will be binding to the State.

9.2 In the event that bidder intends using sub-contractors to execute the Contract or part thereof, the bidder must note that it shall remain responsible and accountable for the completion of the work or delivery of services requirements.

9.3 The bidder must declare its intention to subcontract and the percentage of subcontracting thereof and must provide full description of subcontractor.

**10. STANDARDS**

10.1 Standards are established criteria or guidelines that measure quality, safety, consistency, and performance across different fields. They act as benchmarks for products, services, processes, or practices, ensuring they meet specific requirements. Developed through consensus among industry stakeholders, regulatory bodies, or standards organizations, standards promote interoperability, reliability, and consumer protection. Examples include ISO for quality management, ASTM for materials, IEEE for technology, and OSHA for workplace safety. Adhering to standards ensures compliance, boosts efficiency, and builds credibility with customers and stakeholders.

10.2 Bidders must take note of the below standards that they must adhere to for this commodity:

10.2.1 American Petroleum Institute (API)



10.2.2 European Automobile Manufacturers Association (ECEA)

10.2.3 Japanese Automotive Standards Organisation (JASO)

## **11. SUBMISSION OF BIDS**

### **11.1 PHYSICAL AND HARDCOPY BID SUBMISSION**

11.1.1 Bidders are required to submit hard copies at the National Treasury, 240 Madiba Street, TIC, and Deposit the bid in the tender box.

11.1.2 The hard copy of the bid response will serve as the legal bid document.

11.1.3 Bidders' attention is drawn to the sequential submission format as per the checklist on Table 1.

11.1.4 Bidders must submit the bid at the Tender Information Centre (TIC) situated at corner 240 Thabo Sehume and Madiba Streets, Pretoria in the following format:

- a. One (1) original hard copy
- b. One (1) memory stick or USB with all the documents on the original hard copy and an Excel version of the pricing schedule. Bidders must ensure that the USB is marked with the bidder's name.

11.1.5 All documents on the USB submitted must be an exact copy of the hard copy documents. Any discrepancies between the USB document and the original hard copy, the hard copy will take precedence.

11.1.6 A bid should be submitted in a sealed envelope or sealed suitable cover on which the name and address of the bidder, the bid number and the closing date must be visible.

11.1.7 Submit all bid queries via email to [Demand.Acquisition3@treasury.gov.za](mailto:Demand.Acquisition3@treasury.gov.za).

## **12. LATE BIDS**

12.1 Bids received after the closing date and time at the TIC will NOT be accepted for consideration and where practical, be returned unopened to the bidder.

## **13. COMMUNICATION AND CONFIDENTIALITY**

13.1 The Chief Directorate: Transversal Contracting (TC) within the Office of the Chief Procurement Officer (OCPO) may communicate with bidders where clarity is sought after the closing date and time of the bid and prior to the award of the transversal contract, or to extend the validity period of the bid, if necessary.

13.2 Any communication to any State 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 Whilst all due care has been taken in connection with the preparation of this bid, the National Treasury makes no representations or warranties that the content in this bid or any information communicated to



or provided to bidders during the bidding process is, or will be, accurate, current, or complete. The National Treasury, and its officers, employees and advisors will not be liable with respect to any information communicated which is not accurate, current, or complete.

- 13.4 If a bidder finds or reasonably believes it has found any discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury (other than minor clerical matters), the bidder must promptly notify the National Treasury in writing of such discrepancy, ambiguity, error or inconsistency in order to afford the National Treasury an opportunity to consider what corrective action is necessary (if any).
- 13.5 Any actual discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury will, if possible, be corrected and provided to all bidders without attribution to the bidder who provided the written notice.
- 13.6 All communication between the bidder and the National Treasury TC office must be done in writing as per the Contact Details below.
- 13.7 No representations made by or on behalf of the National Treasury in relation to this bid will be binding on the National Treasury unless that representation is expressly incorporated into the contract ultimately entered between the National Treasury and the successful bidder(s).
- 13.8 All persons (including all bidders) obtaining or receiving this bid and any other information in connection with this bid, or the tendering process must keep the contents of the bid and other such information confidential, and not disclose or use the information except as required for the purpose of developing a response to this bid.

#### **14. CONTACT DETAILS**

- 14.1 **General:-** National Treasury, Office of the Chief Procurement Officer, Chief Directorate: Transversal Contracting, Private Bag x115, Pretoria, 0001. Physical address: 240 Madiba Street, corner Thabo Sehume and Madiba Streets, Pretoria
- 14.2 **Bid Enquiries:-** All enquiries should be in writing to [demand.acquisition3@treasury.gov.za](mailto:demand.acquisition3@treasury.gov.za) The closing date for receipt of all enquiries is **6 May 2024**. All enquiries beyond the closing date will not be considered.

#### **15. PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS**

- 15.1 Once the evaluation process is complete there will be a recommendation report by the BEC to the Bid Adjudication Committee (BAC) who has the authority to either support (approve) or not support (not approve) the recommendation/s and appointment/s.
- 15.2 On approval of the recommendation/s and appointment/s, the successful bidder(s) will sign an



appointment letter together with the master transversal agreement for the supply and deliver lubricating oil, weapon oil, hydraulic brake fluid, grease , antifreeze , diesel exhaust fluid, buying and collection of used oil to the state for a period 1 July 2024 to 30 June 2027 and unsuccessful bidder(s) will be informed accordingly.

## **16. TAX COMPLIANCE REQUIREMENTS**

- 16.1 It is a condition of this bid that the tax matters of the successful bidder(s) are in order, or that satisfactory arrangements have been made with South African Revenue Service (SARS) to meet the bidder's tax obligations.
- 16.2 The Tax Compliance status requirements are also applicable to potential foreign bidders / individuals who wish to submit a bid.
- 16.3 It is a requirement that bidders grant a written confirmation when submitting this bid response that SARS may on an on-going basis during the tenure of the transversal contract disclose the bidder's tax compliance status and by submitting this bid such confirmation is deemed to have been granted.
- 16.4 Bidders are required to be registered on the Central Supplier Database (CSD) and National Treasury shall verify the bidder's tax compliance status through the CSD or through SARS.
- 16.5 Where Consortia / Joint Ventures / Sub-Contractors are involved, each party must be registered on the CSD, and their tax compliance status will be verified through the CSD or through SARS.

## **17. NEGOTIATIONS**

- 17.1 The State reserves the right to negotiate with the shortlisted bidders prior or post award. The terms and conditions for negotiations will be communicated to the shortlisted bidders prior to invitation to negotiations. This phase is meant to ensure value for money is achieved through the measure of quality that will assess the monetary cost of the items or services against the quality and or benefits of that item or services.

## **18. DUE DILIGENCE**

- 18.1 The State reserves the right to:
- 18.2 Conduct due diligence during the evaluation process to determine the ability of the bidder to honour contractual obligations that might emanate from this tendering process. The due diligence is not only limited to the bidder but to all parties the bidder might have confirmed to do business with for the fulfilment of the contract that might be awarded.
- 18.3 Conduct due diligence prior to final award or at any time during the transversal contract period and this may include pre-announced/ non-announced site visits. During the due diligence process the information submitted by the bidder will be verified and any misrepresentation thereof may disqualify



the bid in whole or parts thereof.

- 18.4 Conduct any evaluation verifications prior to final award or at any time during the transversal term contract period.
- 18.5 Where applicable, through the BEC subject item samples to applicable clinical evaluations, applications, or test at any State facility to verify compliance with the technical specifications. This will be arranged with the bidder.

**19. MULTIPLE AWARD**

- 19.1 The State reserves the right to award the same item to more than one (1) bidder to address item availability and compatibility. Due diligence will be applied to ensure that pricing is affordable, market related and aligned to end-user requirements.

**SECTION C: CONDITIONS OF CONTRACT**

**20. CONCLUSION OF MASTER TRANSVERSAL AGREEMENT AND PARTICIPATION AGREEMENT**

- 20.1 The Master Transversal Agreement between National Treasury and the Supplier(s)<sup>2</sup> collectively referred to as Parties shall come into effect after the Supplier(s) have been issued with an unconditional letter of acceptance of their bids.
- 20.2 The preferred bidder(s) shall be appointed in terms of this bid. The Parties must ensure that the terms and conditions of the PA do not contradict the provisions of this bid document. If the terms of the PA contradict the provisions of this bid document to the extent that the duration, pricing as well as the good and/or services have changed in terms of this transversal contract, such PA shall be deemed not to be in terms of this RT23-2024 transversal contract. Therefore, any transaction that flows therefrom shall not be considered a transaction in terms of the RT23-2024 transversal contract.
- 20.3 The following will form part of the Master Transversal Agreement documents between the Parties in as far as RT23-2024 is concerned:
  - 20.3.1 Bid Documents,
  - 20.3.2 Award Letters,
  - 20.3.3 Contract Circular and its annexures,
  - 20.3.4 Master Transversal Agreement, and
  - 20.3.5 Participation Agreement.

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<sup>2</sup> For section C of this Special Conditions of Contract, awarded bidders are referred to Suppliers.



20.4 If there is any contradiction between the abovementioned documents, the order of precedence will be as follows; only in as far as it relates to goods and/or service -related matters:

20.4.1 Participation Agreement,

20.4.2 Master Transversal Agreement, and

20.4.3 Bid documents.

20.5 If there is any contradiction relation to all other matters,

20.5.1 Master Transversal Agreement,

20.5.2 Participation Agreement,

20.5.3 Service Request, and

20.5.4 Bid documents.

## **21. PARTICIPATING STATE INSTITUTIONS**

21.1 SOUTH AFRICAN POLICE SERVICES (SAPS)

21.2 CITY OF JOHANNESBURG METROBUS (COJ)

21.3 DEPARTMENT OF PUBLIC WORKS , ROADS, AND TRANSPORT :MPUMALANGA PROVINCE

21.4 DEPARTMENT OF DEFENCE (DoD)

## **22. POST AWARD PARTICIPATION**

22.1 PFMA public institutions listed in Schedules 1, 2, 3A, 3B, 3C, 3D and Local Government are all welcome to participate on the transversal contract.

22.2 The participating letter will be customised to allow participation on completion and signing thereof as the transversal contract is arranged by means of a competitive bidding process by National Treasury, subject to a written letter by the Contract Manager or a delegate from TC.

22.3 Supplier(s) will be notified of new participants; the list of participants will be published on the website. Model change, price adjustments and any other transversal contract information will be published on the website for both the benefit of Supplier(s) and Participants.

22.4 In terms of Treasury Regulation 16A6.5 Accounting Officer/Accounting Authority of National and Provincial departments, constitutional institutions and public entities listed in schedule 1, 3A and 3C to the PFMA may opt to participate in a transversal term contract facilitated by the relevant treasury.

22.5 Public entities listed in schedule 2, 3B and 3D to the PFMA, may participate in transversal term contract facilitated by the relevant treasury through approval from their accounting authorities.

22.6 Regulation 32 of the Municipal SCM Regulations provides that a Supply Chain Management policy may



allow the accounting officer to procure goods or services for a municipality or municipal entity under a contract secured by another organ of the state.

### **23. DELIVERY AND SERVICE REQUEST**

#### **23.1 Delivery requirements**

23.1.1 Bidders must adhere to firm lead times for delivery as quoted for the duration of the contract period.

23.1.2 Transit and storage conditions applicable to relevant product must be adhered to.

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

23.1.4 No delivery must take place without the contractor being in possession of a duly completed written or electronic order.

23.1.5 The contractor must ensure that deliveries are only handed over and accepted by duly authorised personnel.

23.1.6 The contractor must ensure that all delivery notes are duly signed by authorized personnel.

23.1.7 For a delivery note to be regarded as duly signed, the following information must be reflected on the delivery note in neat and legible handwriting:

- a) signature of authorised personnel with full particulars (initials, surname, rank, and PERSAL number); and
- b) Date and time of receipt of the delivery.

#### **23.2 Ordering requirements**

23.2.1 The order will be submitted to the contractor per any of the e-mail numbers as contemplated in the contract.

23.2.2 The contractor shall immediately upon receipt of the order, ensure and verify that such order is duly completed, and that such order reflects at least the following information:

23.2.3 The contractor must verify the technical aspects and pricing of the order in detail and must ensure that all information is correct and that such orders correspond with the contract pricing.

#### **23.3 INVOICES**

23.3.1 The contractor must verify all information on the invoice and must ensure that all information is correct and corresponds with the information detailed in the written or electronic order before the delivery of the Parts.

23.3.2 The contractor shall ensure and verify that each invoice reflects at least the following information:

23.3.3 detailed description of the item/s;



- 23.3.4 item code/s;
- 23.3.5 quantity
- 23.3.6 price; and
- 23.3.7 Order number.
- 23.3.8 Invoices must be delivered simultaneously with the delivery of the ordered items and must only be handed over to duly authorised personnel of the participating end-user department(s).

#### 23.4 **PRODUCT ADHERENCE / BRAND CHANGE**

- 23.4.1 If a bidder offers a specific brand against an item and the item is subsequently awarded to the bidder, it is required of the successful bidder to continue to supply the brand awarded throughout the contract period. No alternative will be accepted within the first year of the contract. Alternative brand will only be done on a six-month basis.
- 23.4.2 If the brand is discontinued and or replaced with a new brand, National Treasury, Transversal Contracting must be notified of such an occurrence and upon approval, an official amendment will be issued. The service provider is required to submit supporting documents from the manufacturer substantiating the changes.
- 23.4.3 No approval will be granted without a letter from a manufacturer.
- 23.4.4 It must be noted that the new brand will be required to undergo the evaluation process before receiving approval for the brand change issued by the National Treasury. The new brand must adhere to the technical specifications for the item.
- 23.4.5 Furthermore, service providers are to take note that the price of the new brand should not be higher than the current contract price of the original brand.
- 23.4.6 Service providers are not allowed to deliver new brands other than the brand awarded to them before the approval of brand change from the National Treasury.
- 23.4.7 The National Treasury reserves the right not to approve any brand change applications.

#### **24. TRANSVERSAL CONTRACT PRICE ADJUSTMENT**

##### 24.1 **Formula**

- 24.1.1 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.
- 24.1.2 Applications for transversal contract price adjustments must be accompanied by documentary evidence in support of any adjustment claim.
- 24.1.3 The following transversal contract price adjustment formula will be applicable for calculating transversal





contract price adjustments (CPA).

The indicative calculator that will be used for transversal contract price adjustment is shown on Table 7:

**Table 7: Indicative Transversal Contract Price Adjustment Calculator**

$Pa = (1 - V)Pt \left( D1 \frac{R1t}{R1o} + D2 \frac{R2t}{R2o} + D3 \frac{R3t}{R3o} + \dots + Dn \frac{Rnt}{Rno} \right) + VPt$		
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

## 24.2 Formula component definitions

### 24.2.1 Adjustable amount

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

### 24.2.2 Fixed portion

24.2.2.1 The fixed portion represents the 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 transversal contract period.

**24.2.3 Cost components and proportions**

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

24.2.3.2 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 transversal contract.

**Table 8: Transversal Contract Price Adjustment Cost Components**

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

**24.3 Applicable indices / references**

24.3.1 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:

**Table 9: Indicative Indices**

Cost Component	Index Publication	Index Reference
D1- Imported Raw Material/Finished Product (If Applicable)	Imported Raw Material/Finished Product (If Applicable)	Supplier /Manufacturer invoice (s) and remittance advice,



D2- Local Raw Material/Finished product (if Applicable)	STATS SA P0142.1- Producer Price Index OR Supplier / Manufacturer 3invoice(s)	Supplier/Manufacturer invoice(s) and remittance advice
D3-Transport	STATS SA CPI P0141 Table E	Transport
D4 – Labour	STATS SA CPI P0141 Table E OR Labour Agreement	All items OR Labour Agreement
D5- Other	Supporting Documents	Supporting Documents

#### 24.4 Base Index Date

24.4.1 The base index date applicable to the calculator is defined as the date at which the price adjustment starts. In this bid the base index date is **April 2024**.

#### 24.5 End Index Date

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

#### 24.5.2 Price Adjustment Periods

Table 10: Price Adjustment periods

Price adjustments will be done biannually. The adjustment to contract prices must be applied for at the following dates:

Adjustment	CPA application to reach the office at the following dates	End Index Date	Dates from which adjusted prices will become effective
1 <sup>st</sup> Adjustment	1 August 2024	June 2024	1 November 2024
2 <sup>nd</sup> Adjustment	1 February 2025	December 2024	1 May 2025

<sup>3</sup> Same as footnote 1



Adjustment	CPA application to reach the office at the following dates	End Index Date	Dates from which adjusted prices will become effective
3 <sup>rd</sup> Adjustment	1 August 2025	June 2025	1 November 2025
4 <sup>th</sup> Adjustment	1 February 2026	December 2025	1 May 2026
5 <sup>th</sup> Adjustment	1 August 2026	June 2026	1 November 2026
6 <sup>th</sup> Adjustment	1 February 2027	December 2026	1 May 2027

#### 24.6 Rates of Exchange (RoE) – Base and Average rates

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

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

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

24.6.1.3 The imported cost component (D1) will be adjusted together with all the other cost components above and at the predetermined dates.

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

**Table 11: Rates of exchange**

Currency	Rates of exchange
	Six (6) months average for the period 01 August 2023 to 31 January 2024
US Dollar	
Pound Sterling	
Euro	
Yen	



- 24.6.1.5 Should the bidder make use of any other currency not mentioned above, the bidder is requested to calculate the average for the period 01 August 2023 to 31 January 2024 the Reserve Bank published rates for the specific currency. Visit [www.reservebank.co.za](http://www.reservebank.co.za) to obtain the relevant rates. The following link may be used for this purpose: <https://www.resbank.co.za/en/home/what-we-do/statistics/key-statistics/selected-historical-rates>
- 24.6.1.6 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:

Table 12: Average exchange rates

Adjustment	Average exchange rates for the period:
1 <sup>st</sup> Adjustment	1 July 2023 to 29 January 2024
2 <sup>nd</sup> Adjustment	1 January 2024 to 30 July 2024
3 <sup>rd</sup> Adjustment	1 July 2025 to 28 January 2025
4 <sup>th</sup> Adjustment	03 January 2026 to 29 July 2026
5 <sup>th</sup> Adjustment	1 January 2027 to 27 June 2027

## 24.7 General

- 24.7.1 Unless prior approval has been obtained from National Treasury, Transversal Contracting, no adjustment in transversal contract prices will be made.
- 24.7.2 Applications for transversal contract price adjustment must be accompanied by documentary evidence in support of any adjustment.
- a) 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.
- 24.7.3 Transversal contract price adjustment 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.
- 24.7.4 In the event where the Supplier's CPA application, based on the above formula and parameters, differs from Transversal Contracting verification, Transversal Contracting will consult with the Supplier to resolve the differences.



- 24.7.5 Bidders are referred to the paragraph regarding counter conditions.
- 24.7.6 An electronic transversal contract price adjustment calculator will be available on request from Transversal Contracting.
- 24.7.7 The State reserves the right to negotiate a transversal contract price adjustment or not to grant any transversal contract price adjustment.

## **25. INSURANCE AND INDEMNITY**

- 25.1.1 The contractor is responsible for the safekeeping of the oil from the risk of loss of the items awarded/ordered up until delivery is confirmed.
- 25.1.2 After delivery, the state will indemnify itself of any loss.

## **26. QUALITY ASSURANCE**

- 26.1 The service provider must ensure that its services always comply with all applicable legislation with reference to Clause 2 during the Contract period.

## **27. DELAYS AND/OR UNSATISFACTORY PERFORMANCE**

- 27.1.1 The contractor shall, at all times, ensure that it renders the services in accordance with the provisions of this contract and within the delivery times or periods as agreed to between the parties.
- 27.1.2 In a case where a contractor is unable to deliver or honour the contract, the provisions of paragraphs 22 and 23 of the General Conditions of contract must be followed.

## **28. USE OF CONTAINERS**

- 28.1 The containers must maintain the quality, safety, and stability of its contents.
- 28.2 Containers should withstand the mechanical hazards of handling, transport, and storage, prevent leakage, and provide an appropriate level of protection from environmental conditions or contact with metal where relevant.
- 28.3 Conditions of the container must be acceptable to the end user at the point of delivery. The materials of construction must have no chemical or physical effect on the goods.
- 28.4 Products are to be packed in suitable containers in such a manner as to ensure adequate protection against deterioration in storage from the effect of light and/ or moisture.

## **29. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES**

### **29.1 Contract Administration**

- 29.1.1 The administration and facilitation of the transversal contract is the responsibility of National Treasury and all correspondence in this regard must be directed to [TCcontracts2@treasury.gov.za](mailto:TCcontracts2@treasury.gov.za)



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

### 29.2 **Contract Performance Management**

29.2.1 Contract performance management will be the responsibility of Participants and where Supplier performance disputes cannot be resolved between the Supplier and the Participant, National Treasury: Transversal Contracting must be informed for corrective action.

29.2.2 The reporting template for Participants to effect contract performance management will be provided post award.

### 29.3 **Post Award Reporting**

29.3.1 Suppliers will be expected to report on the implementation of the transversal contract on a quarterly basis.

29.3.2 A reporting template will be provided post-award of the transversal contract.

29.3.2.1 National Treasury may conduct implementation meetings with either the Participants and/or Suppliers to discuss any transversal contracting implementation matters.

29.3.2.2 All supplier performance reports must be submitted to: [TCcontracts2@treasury.gov.za](mailto:TCcontracts2@treasury.gov.za).

## 30. **RISK MANAGEMENT**

30.1 The contractor's systems and procedures shall incorporate both preventative and detective safeguards capable of preventing and detecting fraudulent transactions.

30.2 The contractor shall report in writing to the state any suspected irregularities involving an official, or any other person immediately upon the suspicion arising.

30.3 In terms of the operations of this contract, the contractor shall:

30.4 Take adequate steps (including rotation of staff where practical) to minimize the risk of collusion among its staff and/ or government officials.

30.5 Assist the state in investigating such irregularities by providing any information and/ or evidence that it may have. The information provided shall be sufficient to enable the state to institute investigations and / or take corrective action or institute disciplinary action against employees in the employment of the state.

30.6 Avail any of its staff at no additional cost to the state to assist in any investigations, disciplinary or criminal actions.

30.7 The contractor shall be liable for all costs or damages incurred by the state where:



30.8 Costs or damages are a result of irregularities involving the staff of the contractor.

30.9 Where preventative and detective safeguards failed.

**31. DISPUTE RESOLUTION**

31.1 In the event of any dispute arising from this contract, the Parties shall make every effort to settle such dispute amicably within a period of 7 (seven) days.

31.2 If the Parties (the contractor and end-user institution) are not capable of settling the dispute amicably, within a period of 7 (seven) days, such dispute shall be elevated to the National Treasury.

31.3 Should the dispute still remain unresolved by the National Treasury, the dispute will be adjudicated by the competent Court with jurisdiction to hear the matter.

**32. TERMINATION**

32.1 The State shall be entitled to terminate this agreement if one or more of the following occur: –

32.1.1 The service provider decides to transfer the contract or cede the contract;

32.1.2 The service provider does not honour contractual obligations including submission of information;

32.1.2.1 The service provider is provisionally or finally liquidated, making it impossible for the service provider to perform its functions in terms of this Contract;

32.1.3 The service provider enters settlement arrangements with their creditors;

32.1.4 The service provider commits an act of insolvency;

32.1.4.1 In the event that the service provider is a member of an unincorporated joint venture or consortium and the membership of such joint venture or Consortium changes.

32.1.4.2 The State reserves its right to terminate the Contract in the event that there is a change in ownership of the service provider that has the effect that over 50% ownership of the service provider belongs to the new owner without prior written approval of the State.

32.1.4.3 Either Party may terminate this Contract for breach in the event that the other party fails to comply with any of its obligations in terms of this Contract and have failed to remedy such breach within fourteen (14) calendar day's written notice to remedy such non-compliance.

32.1.4.4 Notwithstanding the provisions above, either Party may terminate this Contract by giving the other Party 30 (thirty) days' written notice to that effect.

**END**