1. **Application of CPA**

The application of contract price adjustment (CPA) to tender submissions
Note: This Section will not be applicable to Professional services contracts (See relevant section hereunder for guidelines on this).

- The rates exclude VAT.
- CPA will kick in after sixteen (16) months from the base date.
- The Base date is one (1) month prior to tender closing, and the cut-off date is One (1) month prior to delivery.
- Note that only 85% subjected to escalation and 15% is fixed.
- Proportion linked to the index for Price
- Failure to propose contract price adjustment, or submit a CPA formula with the tender submission, will result in the pricing being considered fixed.
- NTCSA will not accept Rate of Exchange adjustment to be included in any CPA formula.
- Local indices may not be used for CPA purposes for any imported component.
- There must be separate CPA formulae for local and foreign CPA. Local and foreign escalation may not be combined into one formula.

2. **Tender Submissions**

NTCSA Proposed CPA breakdown for Local Goods and Service

Formula A						
Index Reference	***Proposed portions/Weightings of each index***	***Description of Index***	***Full Title of Index as published***	***Source Publisher of Index***	***Base Month***	**Base Price/Base Index Figure**
A1	*85%*	*Statistics SA*	*Consumer Price Index (CPI) Table D - 3*	*Statistics SA*		
A2	*85%*	*SEIFSA*	*Table L-2(B) Road Freight Costs*	*Statistics SA*		
A3						
	15%	***Fixed portion not subject to CPA***				
Total	***100%***					

Note: Tenderers to take note that, if the NTCSA proposed CPA breakdown is not populated, they are required to refer to the Pricing Schedule in the NEC or other Contract or standalone Pricing Schedule for NTCSA's proposed CPA breakdown.

NTCSA CPA Conditions/Requirements

- Tenderers are required to submit CPA that is aligned to NTCSA's proposed CPA breakdown in this Tender; or Tenderers may submit an alternative CPA proposal from NTCSA's CPA proposal, and this will be considered if deemed acceptable to NTCSA;
- Note that for contracts exceeding a duration of 12 months if there is no CPA catered for by the tenderer; then prices will be deemed to be fixed and firm.
- A minimum of 15% of the total agreement value is to be fixed when a CPA formula is applied,
- Each CPA formula must add up to a final total of 100.
- Only official published CPA indices that are in the public domain must be used.
- No in-house indices may be used for CPA.

- There may be more than 1 CPA formula (Formula A, B, C etc) or a combination of all the cost components into 1 Formula (depending on how the pricing is to be submitted.
- If there are specific line items for Labour and Transport, individual Formulae might be used.

Note: NTCSA reserves the right to negotiate CPA terms and conditions during negotiations held with tenderers.

3. BASE DATE AND BASE PRICE

- In instances of indices or other references published monthly, the Base Date is to be the month before the month in which the Enquiry closes.

- In instances where the reference figures, e.g. market prices, are published daily or at intervals more than once a month; then the average for the month before the month in which the Enquiry closes should be used as the Base Price.

4. CPA FOR PROFESSIONAL SERVICES

- The preferred index to be used for adjusting these agreements is the country specific CPI Headline index.

Closing date of tender:	
Name of tenderer:	
Full names of authorised signatory:	
Signature:	
Date of signature:	