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Procurement Manual for Activities (goods and Services) Directed at Revenue Generation

Document Control

Roles and Responsibilities

Define the management of the document and the responsibilities of each role.

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Version and Revision History

Version	Date	Key Features emanating from S79 Departures
Governance Review	31/07/2024	<ol style="list-style-type: none"> 1. Departure from the "Committee System": Transnet adopted the Bid Preparation and Evaluation Committee (BPEC) Governance Structure. 2. Departure from "Procurement by other means" for Revenue Generation: Transnet can apply other alternative appropriate Procurement Mechanisms

Table of Contents

Document Control	2
Table of Contents.....	3
List of Tables	4
List of Figures	4
Definitions, Abbreviations and Acronyms	5
Section A – Internal Roles and Responsibilities	11
1. Introduction	11
2. Scope and Application.....	13
3. Ethics and Procurement Principles.....	14
4. Roles and Responsibilities – SCM Department & Governance Risk and Compliance 14	
5. Committee Structure.....	14
Section B – Approach to Market.....	16
6. Strategic Management	16
7. Demand and Category Planning.....	16
8. Procurement Approach.....	16
General Procurement Approaches/Mechanisms	17
OD Specific Approaches/Mechanisms	31
9. Market Analysis:	36
Section C – Bidding and Award.....	37
10. Bid Preparation.....	37
11. Bid Specification.....	39
• All risks to Transnet associated with the demand must be identified and addressed in the RFX. Also, identify if a due diligence exercise on the Preferred Bidder will be required based on the nature of the transaction;	39
• ascertain whether suitable skills are available within procurement to address the demand and its management process.	39
12. Bid Administration	44
13. Bid Evaluation and Recommendation.....	48
Tax Compliance	54
14. TPPP Guideline.....	55
15. Bid Adjudication / Award of Business	56
16. Tender Price Negotiations	56
17. Bid Cancellation / Non-Awards	56
Section D – Post Award Considerations.....	57
18. Contract Management.....	57



19.	Expansion and Variation of Contracts.....	57
20.	Piggy backing.....	57
21.	Advance Payments	57
22.	Income Generating and Disposals.....	57
23.	Supplier Performance Monitoring	58
24.	Complaints and Disputes.....	58
25.	Treatment of Disclosures and Declarations	58
26.	Blacklisting/Restriction of Persons Doing Business with Government.....	58
27.	Non-Compliance.....	58
28.	Deviations from this Manual	59
29.	SCM Data Management	59
30.	Appointment of Consultants.....	59
31.	National Treasury Oversight.....	59
32.	Vat Vendors	59
	Appendix A: Legislation, Government Policies & Pacts Applicable to this Manual.....	61

List of Tables

Table 1: Transnet Committee Structure	15
Table 2: Bid Evaluation	50
Table 3: Specific Goal Evidence	55

List of Figures

Figure 1: Governance Document Architecture.....	12
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Definitions, Abbreviations and Acronyms

Definitions

All words and/or definitions in this manual have the same meaning as attributed to them in the SCM Policy unless context indicates otherwise.

Term	Definition
Approved List	A standing panel of pre-qualified suppliers/service providers.
Bid/tender	An invitation to Suppliers/ Service Providers to submit Bid offers or expressions of interest in accordance with set requirements; or A written offer in a prescribed form in response to an invitation by Transnet for the provision of Goods or Services.
Bidder/tenderer	A natural or juristic person or partnership (including joint ventures) who submits a Bid offer or an expression of interest to perform a contract in response to an invitation to do so.
Bid Adjudication Committee	The bid adjudication committee (BAC) is a committee that is responsible for considering the report and recommendations of the BPEC and approve the award of business.
Bid Condition	Requirements of the Bid or stated within the Bid.
Bid Invite (Minimum 3)	A request sent directly to a limited number of suppliers excluding the rest
Bid Preparation and Evaluation Committee (BPEC)	The bid preparation and evaluation committee (BPEC) is responsible for the drafting/development, review and approval of specifications for the procurement of goods and services and is also responsible for the evaluation of bids submitted in response to a public invitation for bids.
Board	The Board of Directors of Transnet SOC Ltd.
Budget Quote/Pricing Benchmark	The utilisation of an RFX mechanism to confirm an estimate of the price of goods and services with no intention to procure.
Buyer/Category Specialist/ Strategic Sourcing Specialist	A member of the SCM team that conducts acquisitions/procuring on behalf of Transnet.
Complex work / Complexity	characterised by requirements for higher levels of skills, greater resources or not well-defined inputs and outputs
Consultants	A consultant is a person or company which provides objective outsider expert and professional advice to Transnet in a particular field (eg processes or systems) which is in their area of expertise, usually on a temporary or contract basis until a particular need has been met. This does not



Term	Definition
	apply to professional services such as legal and engineering construction services
Contractors	A person or entity appointed to provide services which are of a non-specialised n, that are not the core business of Transnet. It is normally not cost effective to maintain these skills within the institution.
Contract Owner	The person with the delegated authority to enter into the contract with the supplier. The Contract Owner has direct control over the applicable cost centre and the relevant approved budget.
Delegated Authority	This is when powers and controls are vested to a Transnet executive, delegated Transnet employee, delegated Transnet committee or Board of Directors as per the Group Delegation of Authority Framework and any other policy or manuals.
Delegation of Authority Framework	A framework for understanding the division of labour and decision-making responsibility which sets out the threshold powers for decision making.
Transnet Directives	A communication that adds, alters, or removes a Transnet Supply Chain Management rule as a result of changes in legislation or efficiency requirements. This addition, alteration or removal is not sufficient to require the revision of the manual.
Emergency	A serious and unexpected situation that poses an immediate risk to life, health, property, environment, business disruption or financial loss which calls for action and there is insufficient time to follow a competitive bidding process.
Framework Agreement	An agreement between Transnet and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, regarding price and, where appropriate, the quantity envisaged.
Fast Track	An efficiency mechanism to promote the expedient conclusion of a process.
Fronting	means Fronting Practices as defined in the Broad-Based Black Economic Empowerment Act, as amended.
Indicative Quote/Pricing	The utilisation of an RFX mechanism with an intention to procure. This is typically utilised as a component of market analysis or an RFI.
Integrated Demand Plan	Plan reflecting all planned Transnet demand.
Investigate	An inquiry to determine and assess the fact of the complaint or an allegation to establish the truth
In Writing or Written	Any worded or numbered expression that can be read, reproduced, and later communicated, and includes electronically transmitted and stored information.
Procurement Process Guidelines	Procurement Process Guidelines of 2024.
Proponent	Any person, whether natural or juristic, that submits



Term	Definition
	an unsolicited proposal to an institution.
Market Analysis	The results of a study from internal and external information, reports and data indicating the landscape and scale of the marketplace that will support the sourcing activities of the organisation for purposes of demand planning and benchmarking.
Transnet National Contract / Transnet Transversal Contract	A centrally facilitated Transnet contract used by more than one OD.
National Treasury Transversal Contracts	Centrally facilitated National treasury contract(s) for goods or services that are required by more than one institution.
Operating Division (OD) National Contract	A centrally facilitated OD contract used by more than one region
Organs of State	Any department of state or administration in the national, provincial or local sphere of government.
Poor/Improper Planning	Instances where employees do not apply the necessary skill and care in carrying out their duties to avoid undue risk or danger.
Practice Note	A communication or resource that provides supplementary information to assist in explaining or prevent misinterpretation of a rule.
Procurement	Procurement is a subset of SCM dealing specifically with activities related to the management of Transnet's demand and acquisition of goods and services.
Request for Information	A Request for Information (RFI) is a market enquiry prepared by the buyer and issued to one or more prospective suppliers. The purpose is to gather information about the category, the supplier's solutions, capacity and or capability, and key market intelligence.
RFX	A generic term that encompasses multiple sourcing processes including RFI, RFP and RFQ.
Request for Quotation	A formal documented request to Contractors / Supplier / Vendors / Consultants to submit a quotation to Transnet that complies with the evaluation criteria stipulated.
Reverse e-Auctioning	An electronic procurement process for buying and selling that aims to achieve the most competitive prices for clearly specified items.
Rotational Procurement	A mechanism used to ensure fairness and an equal opportunity by rotating the procurement utilising a transparent sequence.
SCM Activitie	All those activities required to manage Transnet's demand for goods, services, and infrastructure



Term	Definition
	during the SCM process including: <ul style="list-style-type: none"> - Demand management; - Acquisition/procurement management; - Logistics management; - Disposal management; - Risk management; and - Regular assessment of supply chain performance
Scope of Work	A description of work required. This includes deliverables and timelines.
Simple/straightforward	Where the tasks or activities are of a straightforward nature in terms of which inputs are relatively well known and outputs can be readily defined
Strategic Sourcing Transactions	Strategic sourcing typically involves complex transactions over R 2 million in value via an open tender.
Subscriptions	A paid arrangement for Transnet employees to be granted access to receive publications, systems or similar, for an agreed upon period; typically refers to industry related publications and systems.
Suppliers/service providers	A natural or juristic person or partnership (including joint ventures) that provides in terms of a contract, or may potentially provide, goods or services or any combination thereof to Transnet.
Supply Chain Official/Representative	A generic term to signify the relevant responsible Transnet supply chain team member. The member is context specific.
Transnet	Transnet SOC Limited
Unexpected	An event that was not able to be predicted or planned for.
Unsolicited Bid	An offer unilaterally submitted by a potential supplier of its own accord and received by Transnet outside of its normal procurement process.
Urgent Situation	Cases where early delivery is critical and the invitation of competitive bids is impossible or impractical, not due to improper planning.
Validity Period	The period for which an item (Bid, Contract, Framework) remains valid.
VAT Vendor	Any person who carries on an “enterprise” in South Africa, and the total value of taxable supplies made by that person exceeds or is likely to exceed the registration threshold of R1 million for a 12 month period. Such persons are liable for compulsory registration as a vendor.
Written Price Quotations	A process, usually an RFQ unless used in procurement by other means, where a minimum of 3 quotes are requested/invited via sending a direct request to bidders on a rotational basis.

Abbreviations and Acronyms

Abbreviation/Acronym	Description
AA	Accounting Authority
AGSA	Auditor General of South Africa
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BPEC	Bid Preparation and Evaluation Committee
CAPEX	Capital Expenditure
COPEX	Capitalised Operational Expenditure
CBAC	Central Bid Adjudication Committee
CCP	Compliance Control Point
CIDB	Construction Industry Development Board
CPO	Operating Division Chief Procurement Officer
CSD	Central Supplier Database
DBAC	Divisional Bid Adjudication Committee
DoA	Delegation of Authority as per the Transnet Delegation of Authority Framework
DPIP	Domestic Prominent Influential Person
DPSA	Department of Public Service and Administration
DTIC	Department of Trade, Industry and Competition
EOY	End of Year
EXCO	Executive Committee
ESD	Enterprise Supplier Development
FPPO	Foreign Prominent Public Official
GCE	Group Chief Executive
GCFO	Group Chief Financial Officer
GCPO	Group Chief Procurement Officer
JSE	Johannesburg Stock Exchange
NIPP	National Industrial Participation Programme
NT	National Treasury
OD	Operating Division
ODCPO	Operating Divisional Chief Procurement Officer
OEM	Original Equipment Manufacturer
OPM	Original Parts Manufacturer
OPEX	Operational Expenditure



Abbreviation/Acronym	Description
PAJA	Promotion of Administrative Justice Act
PFMA	Public Finance Management Act
PMGS	Procurement Manual for Goods and Services
POCDATARA	Protection of Constitutional Democracy Against Terrorist and Related Activities Act
POPIA	Protection of Personal Information Act
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
RFX	Generic Request to Market (RFP/RFQ/RFI)
SAICA	South African Institute of Chartered Accountants
SANS	South African National Standards
SARS	South African Revenue Service
SBD	Standard Bidding Document
SCM	Supply Chain Management
SCMO	Supply Chain Management Official
SOC	State Owned Company
SOP	Standard Operating Procedure
TEAR	Tender Evaluation Adjudication Report
TPPP	Transnet Preferential Procurement Policy
UNSC	United Nations Security Council
VAT	Value Added Tax

Section A – Internal Roles and Responsibilities

1. Introduction

This document establishes the Transnet SOC Limited's ("Transnet") manual for the procurement of goods and services activities (within Supply Chain Management) that specifically have a direct impact on Transnet's delivery to its commercial customers (revenue generation) as distinguished in the Supply Chain Management Policy.

One of Transnet's core mandates is to contribute to the economic growth of the Republic of South Africa by ensuring the reduction of costs of doing business in the Republic by means of providing low-cost logistic services to big and small business in various strategic economic sectors through the positioning of its operating divisions while generating revenue for the SOC for purposes of expanding its service offering and creating jobs for the citizens.

Transnet Operating Divisions (ODs) were strategically established to support Transnet's core commercial businesses as a Schedule 2 State Owned Company. The ODs generate revenue for Transnet through manufacturing and delivering of products and logistic services to customers, in response to local as well as global business opportunities.

To ensure that Transnet remains a commercially viable entity or to remain a going concern and ahead of its competitors in the highly competitive and demanding logistic environments that Transnet operates in, the speed of delivery to the customers and low costs of services provided continue to be the most pleasing strategic object.

As such, agile, streamlined, efficient and focused approach in the Transnet business processes, including procurement processes, plays a vital role in ensuring reduced turnaround and lead times which translate to reduced costs for customers.

Transnet SCM Policy distinguishes between procurement that is meant for the normal administration (day-to-day running) of Transnet businesses and procurement of goods and services directed towards the operations for the delivery of goods and services to Transnet customers (commercial or revenue generation).

Normal administration procurement activities are those activities that do not have a direct impact in the delivery of the goods and services to Transnet customers. These are commodities procured by Transnet for Transnet's own consumption in order for the business to run on a daily basis. Some examples are furniture, stationery, vehicles, IT services, tools of trade (laptops and cell phones), groceries, cleaning services, normal maintenance of office space, security services amongst others. Procurement of goods and services that have a direct impact at revenue generation or commercial activities relate to business operations and those activities that have a direct impact in the production of goods for Transnet customers or direct impact in the delivery of services to Transnet customers. Some examples are purchase of operations equipment, maintenance of operation equipment, purchase or spares and part for rolling stock, maintenance of railway lines, procurement related to shut down, purchase of helicopters, maintenance of core business property, services for property valuations, amongst others.

This entails development and application of policies, manuals and frameworks in the procurement process that shall continually adapt to every dynamic market environment and

support Transnet ODs in their endeavours of establishing new business opportunities and actively participates in global markets. This manual focuses on procurement activities with direct impact in the delivery of services to Transnet customers.

Transnet will endeavour to have two separate procurement plans within the Integrated Demand Plan to distinguish and determine the category in which a particular transaction falls for purposes of clarity and audit.

There will be instances where the distinction will not be easy to determine. If it is not clear whether a transaction relates to procurement of normal administration or procurement with direct impact on revenue generation, the following questions should be asked to assist in determining the nature of the impact:

- Does the procurement affect operations or support services? (if it affects operations, possibility is that it has a direct impact on revenue);
- Will the delivered goods or services be used in the production lines or office? (if the transaction is used in production, possibility is that it has a direct impact on revenue);
- Will Transnet be able to continue to deliver to the customer if the transaction is not concluded? (if the delivery will be impacted, possibility is that it has a direct impact on revenue);
- How big is the impact of the transaction on production and delivery to the customer? (the bigger the impact on production, possibility is that it has an impact on revenue); and
- Any other relevant question.

If it is still not clear, then the CPO will make a decision following consultations with SCM Governance.

The overall Procurement documentation architecture is illustrated in Figure 1.

New governance document architecture

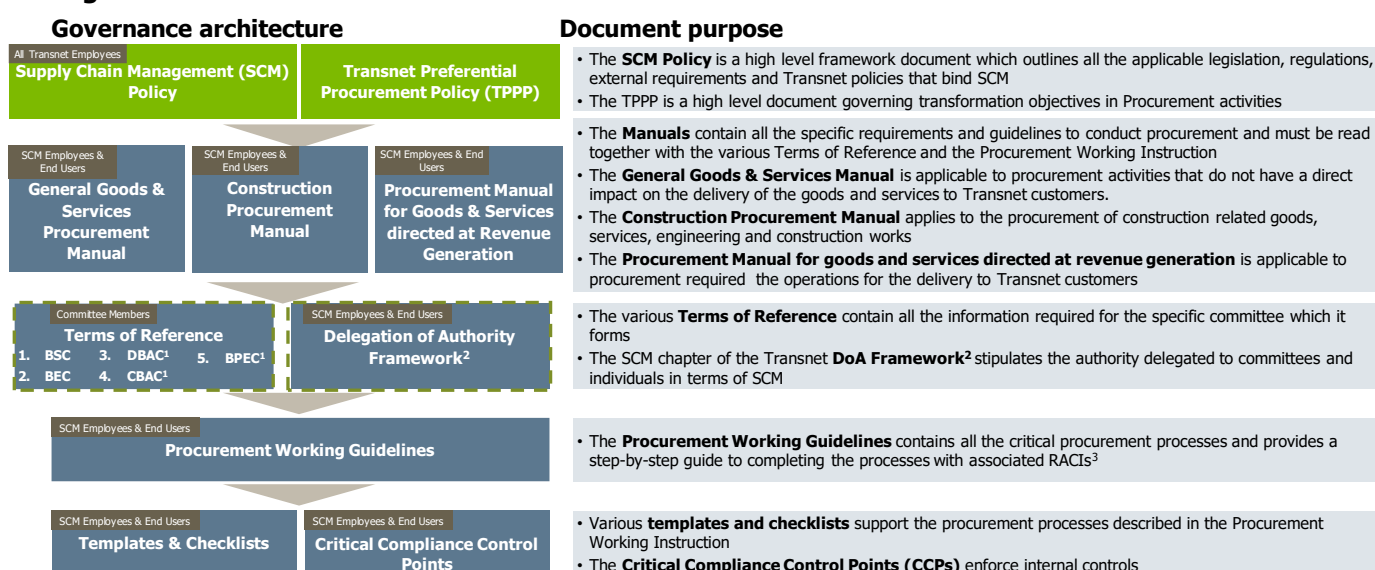


Figure 1: Governance Document Architecture

2. Scope and Application

- 2.1 This Manual sets out the minimum guidelines and standards that shall be adhered to by those involved in Procurement Activities (all activities related to the procurement of goods and services for Transnet) and is specifically relating to:
 - 2.2 guidelines directly aimed at supporting the execution of revenue generating projects for Transnet delivery to its customers;
 - 2.3 delivering the best value for money and ensure efficient, effective and responsible use of resources
 - 2.3.1 procurement processes that are auditable, accountable and transparent;
 - 2.3.2 promoting socially and environmentally sustainable procurement;
 - 2.3.3 guidelines in support of product development and Engineering research initiatives;
 - 2.4 Providing guidance in terms of business rules and the associated legislations to be adhered to in response to business growth opportunities; and
 - 2.5 To bridge long procurement processes and introduce consistent interpretations of revenue generating bidding process
 - 2.6 Applicable to:
 - 2.6.1 All employees, including, but not limited to, temporary staff, contractors, and Suppliers (including, but not limited, to prospective Bidders and/or Tenderers and/or Bidders awarded contracts) and/or consultants at Transnet;
 - 2.6.2 Entities in which Transnet has 50 plus 1 percent (%) shareholding and their employees, including, but not limited to, temporary staff, contractors, and Suppliers and/or consultants; and
 - 2.6.3 Any other persons involved in Transnet Procurement Activities.
 - 2.7 This manual also applies to the procurement of construction related goods, services, engineering and construction works (CIDB work) that have an impact in production of goods for the customers or delivery of services to customers. The relevant section applicable in this manual relate to procurement mechanisms and the governance structures (i.e BPEC). Other aspects for the procurement of construction related goods, services, engineering and construction works (CIDB work) are governed by the Construction Procurement Manual.
 - 2.8 Transnet SCM Activities discussed in this Manual specifically relate to the procurement of goods and services for Transnet and any related procurement-specific activity such as:
 - 2.8.1 Contract management;
 - 2.8.2 Supplier management; and
 - 2.8.3 Performance management.
 - 2.9 The full list of transactions that are excluded from the application of all Procurement Manuals are indicated in the General Goods and Service Manual. These specific exclusions include:

- 2.9.1 Commercial-related activities as defined in the dedicated PSP in terms of the Joint Investment Framework;
 - 2.9.2 Developmental Leases;
 - 2.9.3 Swiss Challenge;
 - 2.9.4 Selection of partners for research and development (R & D); and
 - 2.9.5 Any other exclusion in terms of the Delegation of Authority Framework or Transnet policies, where such exclusions do not relate to procurement activities.
- 2.10 Transnet ODs may be used for interdivisional support where ODs require goods or services that fall within another internal ODs core competency. Such internal arrangements will not be regarded as procurement events and internal cost recovery mechanisms shall be employed. The identified Transnet OD has first right of refusal, where the identified Transnet OD is unable to provide the required goods or services, the procurement process may be followed. The Group Chief Operations Officer has the authority to approve the interdivisional arrangements.
- 2.11 This Manual should be read in conjunction with the list of documents as well as Annexure A: Legislation, Government Policies & Pacts Applicable to the General Goods and Services Manual. In addition, the following are applicable to this manual:
- 2.11.1 All PFMA Section 79 Departures granted to Transnet by National Treasury in respect of procurement of Goods and Services with direct impact on Revenue Generation;
 - 2.11.2 Terms of Reference for the BPEC;

3. Ethics and Procurement Principles

The section of the General Goods and Service Manual dealing with Ethics and Procurement Principles is also applicable in this manual.

4. Roles and Responsibilities – SCM Department & Governance Risk and Compliance

- 4.1 The section of the General Goods and Service Manual dealing with Roles and Responsibilities is also applicable in this manual.

5. Committee Structure

- 5.1 Depending on the estimated value of the procurement transaction and in accordance with the Delegation of Authority Framework, the procurement shall be conducted using a system comprising:
 - 5.1.1 Individual Approval Authority;
 - 5.1.2 Bid Preparation and Evaluation Committee (BPEC); and
 - 5.1.3 The relevant Bid Adjudication Committees (BAC)
- 5.2 The system is governed by the relevant Terms of Reference for each committee and where a conflict arises, this Manual shall govern. Table 1 summarises the description

and function of the committees. The following Terms of References are hereby incorporated into the manual:

5.2.1 Bid Preparation and Evaluation (BPEC) Terms of Reference: Procurement shall establish a BPEC for each and every individual transaction, consisting of at least the 4 members from the following roles: 1 from Procurement, 2 from operations (end users/contract manager/technical) and 1 from SD (including B-BBEE), where applicable. Although Governance, Legal and Risk/Compliance need not be appointed to the BPEC, advice should be sought from these specialist functions where applicable. The end user department will be responsible for nominating only the technical committee members.

5.2.2 Divisional Bid Adjudication Committee (DBAC) Terms of Reference; and

5.2.3 Central Bid Adjudication Committee (DBAC) Terms of Reference.

5.3 No person who is a political office bearer, a public office bearer, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a Bid Preparation and Evaluation Committee or Bid Adjudication committee.

5.4 The evaluation and adjudication committees should be composed of different members to ensure that a transparent review of the evaluation is undertaken. Members of the BPEC may present their reports to the bid adjudication committee and clarify uncertainties. Such members should not have any voting power on the adjudication committee.

5.5 In accordance with the Delegation of Authority Framework, the CPO/BAC considers submissions including requests for the following:

5.5.1 Contract amendments;

5.5.2 Award of business;

5.5.3 Cancellation of tenders;

5.5.4 Framing of approved lists;

5.5.5 Deviation from Competitive Bidding;

5.5.6 Extending bid validity period;

5.5.7 Cancellation of Contracts;

5.5.8 Price Negotiations; and

5.5.9 Restriction.

Table 1: Transnet Committee Structure

Committee	Bid Preparation and Evaluation Committee (BPEC)	Bid Adjudication Committee (BAC)
Definition	The BPEC is an adhoc committee responsible for the development, review and approval of Specifications prior to submission the Delegated Authority to approve the approach to market. The BPEC is responsible for the evaluation of bids submitted in response to an invitation	The bid adjudication committee (BAC) must consider the report and recommendations of the BPEC



	for bids	
Responsibilities	Shall develop, review and approve the Bid in accordance with this Manual and shall as appropriate evaluate only according to the pre-determined criteria contained in the published Bid	Shall approval award of business or not
Summary of Power & Functions	Develop, review and approve Bids prior to issuing to the market and Evaluate, Shortlist, Negotiate, Evaluate Bids, Bid Recommendation after responses are received from the market	Administrative Approval, Governance Approval, Approve mandate for award, Reject recommendation and Approve/Reject cancellation request

Section B – Approach to Market

6. Strategic Management

The section of the General Goods and Service Manual dealing with Strategic management is also applicable in this manual.

7. Demand and Category Planning

The section of the General Goods and Service Manual dealing with Demand and Category Planning is also applicable in this manual. In addition, procurement of goods and services with direct impact on revenue generation should be distinctly categorised in the integrated demand plan. This is to ensure that appropriate prioritisation is applied and transaction are audited according the appropriate governing manual.

8. Procurement Approach

- 8.1 Section 51(1)(a)(iii) of the PFMA states that the Account Authority of the public entity must ensure that the public entity has and maintains an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective.
- 8.2 The approaches detailed in this manual have been identified by Transnet to be the most appropriate procurement mechanisms based on the nature and the impact that these types of procurement activities have on revenue generation for Transnet.
- 8.3 The fundamental principle of establishing an appropriate procuring regime for procurement of goods and services directed at revenue generation is to guarantee that Transnet, as a commercial state-owned company is able to deliver on its contractual commitments in an agile and efficient manner by ensuring that the applied procurement mechanisms/approaches/process allow for agile, transparent, fair and cost-effective methods of acquiring critical goods and services that impact on the delivery to the customers which affects the economy of the country.
- 8.4 To achieve these principal objectives, Transnet will identify its critical supplier stakeholders such as the Original Equipment Manufacturers (OEMs)/Original Parts Manufacturers (OPMs) and other strategic suppliers or service providers and enter into strategic long-term agreements and partnerships within the ambit of the SCM Policy and this Manual. This will support the supply, maintenance, upgrading and



refurbishment of critical infrastructure, rail network, equipment and components to cover the lifecycle of the operations assets that are utilized for delivery to customers. Furthermore, it will sustain the quality of our services to our customers in other revenue streams such as the Transnet Blue Train. These agreements and partnerships will ensure the standardisation of the operations equipment and components, open opportunities for cost savings through leveraging on the economies of scale, transformation objectives and optimisation of resources which will result in value for money.

- 8.5 This manual/SOP sets out the general procurement approaches or mechanisms that an operating division may elect to utilise for the procuring of goods and services that will contribute towards delivering to its customers. It also sets out the OD specific approaches or mechanisms that may be exclusive to each individual OD due to the unique nature of the industries and environments that each OD conducts its business.
- 8.6 The procurement approaches indicated in this manual are normal procurement approaches or mechanism in the commercial space and therefore are not treated as procurement by other means.
- 8.7 The rules of procurement by other means are not applicable in this manual.

General Procurement Approaches/Mechanisms

8.8 OEM/OPM Strategy Mechanism

- 8.8.1 As part of its “Transnet Turnaround Strategy”, The Transnet Board of Directors approved an Original Equipment Manufacturers (OEMs)/Original Parts Manufacturers (OPMs) strategy for the procurement of goods and services that impact the operations to ensure reliability and security of supply for the critical operations equipment and as means of cutting the exorbitant middleman costs that Transnet was found to be paying. This strategy meant that Transnet will procurement directly from the OEMs/OPMs and establish long-term agreements with OEMs/OPMs to achieve stability of the operations machinery and equipment.
- 8.8.2 Therefore, as a default, Transnet SCM officials in operations when procuring of goods or services that have a direct impact in the delivery of services / goods to Transnet customers should apply a procurement approach of direct purchase from the OEM/OPM of that material or equipment when the goods or services are OEM/OPM specific or where there is Intellectual Property (IP) matters involved.
- 8.8.3 The delegated authority, in terms of the DoA Framework, for the approach to Market for any procurement transaction of goods and services with a direct impact on operations revenue generation should check whether the purchase is directed at an OEM/OPM.
- 8.8.4 In instances where the OEM/OPM has indicated, in writing, that it does not deal directly with customers (like Transnet), then the OEM/OPM should be requested to furnish Transnet with a complete list of accredited suppliers that Transnet may consider to form the long term relationship with for the value and amount of stock that Transnet intends to procure over the duration of the intended agreement. Transnet may use the list of accredited suppliers to procure the goods/services. In this case, Transnet may select to use one of the suppliers in the list or multiple taking into consideration the



capacity and capability of the suppliers as well as Transnet needs and security of supply considerations.

- 8.8.5 As part of the approval to approach the market, a team of employees (BPEC) should be established by the CPO for each transaction to negotiate the terms of the contract with the OEM/OPM either through an MoU, RFX, MSA or any other negotiated method.
- 8.8.6 The steps of the process or procurement mechanism to be followed in the OEM/OPM strategy are:
- 8.8.6.1 request for purchase is received from the end-user in line with the integrated demand plan.
 - 8.8.6.2 Confirmation of budget availability (if possible);
 - 8.8.6.3 Development of the scope of work/specification and approval by BPEC;
 - 8.8.6.4 Approval to approach the market in terms of the DoA;
 - 8.8.6.5 BPEC, led by SCM official to negotiate with the OEM/OPM on the following:
 - 8.8.6.5.1 Full scope to be delivered;
 - 8.8.6.5.2 Prices;
 - 8.8.6.5.3 Lead time and delivery details;
 - 8.8.6.5.4 Payment terms;
 - 8.8.6.5.5 Transformation objectives in line the TPPP;
 - 8.8.6.5.6 IP related issues (if applicable); and
 - 8.8.6.5.7 Any other relevant considerations.
 - 8.8.6.6 The outcome of the negotiations must be recorded in an MoU signed by the OEM/OPM. The MoU together with all the compliance documents (SBD forms, Tax Compliance status other applicable prescripts) required, shall be submitted for approval by the delegated authority for adjudication in terms of the DoA Framework. There is no requirement for functionality evaluation of an OEM/OPM.
 - 8.8.6.7 Where the operating division, in agreement with the OEM/OPM, chooses to issue an RFP document, the RFP process shall be treated as a direct single source where additional documents may be requested after a closing date.
 - 8.8.6.8 After approval by the adjudication committee, the OD CPO may sign the MoU and share same with the OEM/OPM.
 - 8.8.6.9 A Contract between Transnet and the OEM/OPM may be concluded on the basis of the MoU and the standard terms and conditions of contract, unless the MoU specifically indicates that it is binding to both parties in which case the MoU shall be regarded as the formal contract.
 - 8.8.6.10 The contract should be managed in terms of the Contracts Management Policy and SOP of Transnet.



- 8.9 Limited Bidders Procurement Mechanism (Minimum of 3 suppliers / service providers)**
- 8.9.1 In instances where the goods or services are not OEM/OPM specific, SCM should use a limited bid procurement approach by inviting bids from a minimum of three (3) bidders that are capable of supplying the required goods or services.
- 8.9.2 Even though an open tender process is regarded as the most competitive procurement process, it is not the most suitable or most appropriate procurement mechanism in certain instances. To maintain the element of competitiveness and agility, Transnet adopts the limited bidders mechanism as an appropriate mechanism.
- 8.9.3 Limited Bidders Mechanism is where the bidding process is reserved for a specific group or category of possible suppliers, at the discretion of the relevant delegated authority.
- 8.9.4 To ensure that the approach envisaged in paragraph 8.9.3 remains fair and transparent and that most bidders in the market are given a fair opportunity, SCM Representative shall not use the same bidders when the same goods or services are being sourced and therefore must rotate the bidders approached for tendering. In other words, bidders that were approached in a tender may not be included in a subsequent tender for the same or similar goods or services.
- 8.9.5 If it is not possible for the bidders to be rotated due to there being a limited number of known bidders in the market and the required goods or services are repetitive in nature, SCM representative should consider putting in place a long term contract or an approved list of suppliers for that commodity using an open tender process and observing the rules applicable to panels and approved list.
- 8.9.6 In the case where a minimum of 3 bidder/suppliers cannot be invited based on Market Analysis, the delegated authority to approach the market in terms of the DoA should consider the reasons and make a decision for continuing with the tender process. Where there is no market Analysis to support inviting less than 3 bidders, It is proposed/recommended that the delegated authority considers using an expedited open tender process in case there are potential bidders that Transnet is not aware of.
- 8.9.7 Where a minimum 3 bidders were invited and less than 3 bids were received, the delegated authority for adjudication should apply their discretion to award or not award the business. The reasons for not receiving the minimum 3 bids should form part of the adjudication submission (TEAR report). The adjudicating body should ascertain themselves that a fair process was followed and that appropriate bidders were invited.
- 8.9.8 In a case where 3 bidders were invited to bid and the number of responses received is more than the number of quotes invited or there are bidders who responded that were not in the list of bidders who were invited, those bids should be excluded from the evaluation and only the bids invited shall be evaluated.
- 8.9.9 For transactions above R2m (Including VAT) a BPEC shall be appointed. The terms of reference for the BPEC are applicable. For transactions up to R2m, a Buyer and one end-user representative may complete the process of evaluation.
- 8.9.10 When a buyer is procuring using the limited bid mechanism, the following process shall be followed:



- 8.9.10.1 request for purchase is received from the end-user in line with the integrated demand plan.
 - 8.9.10.2 Confirmation of budget availability (if possible);
 - 8.9.10.3 Development of the scope of work/specification and approval by BPEC;
 - 8.9.10.4 Approval to approach the market in terms of the DoA;
 - 8.9.10.5 BPEC issues an RFX document to the identified limited bidders;
 - 8.9.10.6 Responses from the bidders are received through the Transnet e-tender submission platform;
 - 8.9.10.7 The BPEC evaluates all the responses in line with the BPEC Terms of Reference (above R2m). No BPEC is required for below R2m transactions
 - 8.9.10.8 BPEC prepares a submission to the adjudication authority. This may take the form of a TEAR report or any other form that will detail the sequence of events that led to the recommendation.
 - 8.9.10.9 The Adjudicating authority makes the decision to award to the recommended bidder(s) in line with the DoA Framework.
- 8.9.11 When a Buyer is procuring via the limited bidders procurement approach the following constraints apply:
- 8.9.12 Suppliers shall be given a reasonable time (a minimum of 48hrs which must fall within working days) to respond to the bid.
- 8.9.12.1 Where the time for a Supplier to respond is less than 48hrs (within working days), the CPO or their duly delegated representative must grant approval and is required to record the reasons for audit purposes.
 - 8.9.12.2 Quotes/bids shall be received via Transnet e-tender submission platform and filed according to document retention protocols;
- 8.9.13 Purchasing of Goods or Services shall not be deliberately apportioned or divided into parts to avoid governance mechanisms. This will be considered a contravention of the Supply Chain Management Policy and will result in action being taken. Parcelling is prohibited.
- 8.9.14 Parcelling does not necessarily occur if similar or the same Goods/Services are being procured by the same OD but through separate procurement events. In such scenarios, the CPO must sign-off the procurement event, with confirmation from end-user that such procurement was planned or unplanned and state the budget amount available. In certain instances, there may be a legitimate reason for separate procurement event, e.g. where bids are split per region in order to ensure participation by local companies.
- 8.9.15 It is the responsibility of the CPO or his/her duly delegated persons to ensure that Parcelling is not being committed in the processes.
- 8.10 Direct Sole Source**
- 8.10.1 Sole Source: in some instances, it may be impossible to invite a minimum of 3 bids due to the fact that only 1 supplier is able to supply the goods or services as monopoly or sole supplier.



- 8.10.2 Where there is no competition in the market and only one supplier is able to provide the goods or services that supplier is regarded as a sole source supplier. An OEM/OPM is not necessarily regarded as a sole source as there may be other OEMs/OPMs that provide similar goods or services or the OEM/OPM may have accredited agents and the OEM/OPM request that Transnet purchases from the agents.
- 8.10.3 An OEM/OPM may provide in writing that its accredited agents are not approved to provide the required goods or services which will result in the OEM/OPM being sole source.
- 8.10.4 In case of a sole source, the same processes stipulated in the OEM/OPM strategy mechanism (8.8 above) may be adopted.
- 8.11 Direct Single Source**
- 8.11.1 Where a rational observation of the market and an equitable pre-selection process is used to decide on one supplier among a few prospective bidders to make a proposal. In this case all prospective suppliers are not the OEMs/OPMs or the required goods or services are not OEM/OPM specific.
- 8.11.2 In the case of a **direct single source or direct sole source** process, procurement should follow a shortened negotiated method of procurement.
- 8.11.3 A shortened process means that the identified bidder can be requested to respond or submit a bid containing only the legislative required documents as well as a price proposal.
- 8.11.4 This process also allows for procurement to engage the bidder after the closing date stated in the bid document to request the bidder to submit outstanding documents (including mandatory returnable documents) to ensure that the bidder fully complies with the bid requirement and proceed with the process.
- 8.11.5 The process to be followed in case of a direct single source:
- 8.11.5.1 request for purchase is received from the end-user in line with the integrated demand plan.
 - 8.11.5.2 Procurement determines that a direct single source approach is the most appropriate mechanism based on justifiable grounds and rationale.
 - 8.11.5.3 Confirmation of budget availability (if possible);
 - 8.11.5.4 Development of the scope of work/specification and approval by BPEC;
 - 8.11.5.5 Approval to approach the market in terms of the DoA;
 - 8.11.5.6 BPEC issues an RFX document to the identified supplier/service provider;
 - 8.11.5.7 Responses from the supplier/service provider is received through the Transnet e-tender submission platform.
 - 8.11.5.8 BPEC evaluates the bid to confirm that the bidder will be able to deliver on Transnet requirements and that the price is market related .
 - 8.11.5.9 BPEC negotiates prices (where applicable);



8.11.5.10 BPEC prepares a submission to the adjudication authority. This may take the form of a TEAR report or any other form that will detail the sequence of events that led to the recommendation for award.

8.11.5.11 The Adjudicating authority makes the decision to award to the recommended bidder in line with the DoA Framework.

8.12 Customer Buy-Back / Step-in

8.12.1 Buy-back / Step-in are commercial agreements where there is an arrangement reached with the customer, for the customer to use its available resources, capabilities and capacity to supply Transnet with agreed goods and /or services that would or may otherwise have been required to be procured by Transnet to resolve a crisis situation affecting the customer. This is a situation where following Transnet's own internal procurement mechanisms would not enable the crisis to be resolved timeously. This agreement [known as the Mutual Cooperation Agreement (MCA)] should be entered into prior to any occurrence of the incident that needs to be resolved by the customer, at which point a procurement event will be triggered.

8.12.2 These goods or services are critical and directly affect the timely or continued service delivery to the particular customer and where the customer has available or is able to source and provide the goods to Transnet in the timelines required. This mechanism may also occur in instances where a group of customers in a particular region or corridor come together and offer assistance to Transnet in the form of goods or services that Transnet needs to resolve a crisis situation that would cause business disruption in that region or corridor.

8.12.3 Therefore, the method of payment becomes critical in such transaction as it would have been agreed in the commercial contract. Transnet should avoid step-in terms that would require monetary/cash payment to the customers/clients but rather agree on terms that allow for a rebate or deducting the amount of the cost of the goods or services from the customer's total charged tariff amount over an agreed period of time.

8.12.4 Due to the technical and legal nature of the use of this mechanism, specific approval authorities have been provided for in the DoA Framework for approval to utilise the step-in clause in the MCA. The decision to enter into the MCA with the customer is separate from the procurement process and must be dealt with in accordance to the commercial agreement delegations.

8.12.5 This approach should not be used to circumvent or avoid conducting procurement processes internally or to favour the customers/clients. Therefore, all other available Transnet procurement approaches must have been considered and ruled-out as viable mechanisms before resorting to use the step-in mechanism. These reasons should part of the submission requesting approval to approach the market using step-in.

8.12.6 In line with legislative requirement applicable in a particular industry, the customer must be compliant to those requirements in order for Transnet to be able to award business through the step-in clause. In other words, if the goods or services required are a subject CIDB, the customer must be CIDB registered with the applicable grading in line with the CIDB Act and prescripts.

8.12.7 In implementing the step-in clause, procurement should verify that the customer will meet Transnet's specification and scope of work quality and standards for the goods or services that will be delivered.



8.12.8 The steps of the step-in procurement process to be followed are:

- 8.12.8.1 There must be an existing Mutual Cooperation Agreement (MCA) between Transnet and a customer or a group of customers. The MCA must include a customer step-in clause.
- 8.12.8.2 There must be an event and or trigger that can be resolved by a step-in or buy-back arrangement i,e to resolve a crisis. This mechanism can only be used in those situations that will have a negative impact on the commercial contract with customer, including the following:
- Crisis / Force Majeure
 - Equipment breakdown
 - Lack of equipment maintenance due to delays in the procurement of spares or parts
 - resulting in hardship.
 - Operational crisis
 - Derailments
 - Other events which are strictly operational and crisis-responsive in nature.
- 8.12.8.3 It should not be for addressing situations that occurred prior to the MCA being concluded unless there is evidence indicating that attempts were made to utilise other available procurement mechanism to address the problem which all have failed.
- 8.12.8.4 All instances of customer step-in/buy-back must be administered by SCM at specific ODs working together with commercial.
- 8.12.8.5 This procurement mechanism shall be assessed by SCM Governance prior to submission for approval to approach the market.
- 8.12.8.6 The reasons for the utilisation of this mechanism must also state why other mechanisms will not be able to yield the same outcome in terms of delivery of the goods and services, the low/market-related prices and quality of the goods amongst other things that otherwise will be yielded by the customer step-in.
- 8.12.8.7 The submission for approval to approach the market for procurement of goods with direct impact on revenue generation must be written and sent through the approval processes as per the DOA framework.
- 8.12.8.8 Once approval to approach the market has been obtained, a process similar to the sole source, as stated in this manual, shall be followed.
- 8.12.8.9 A document containing the scope of work required to resolve the step-in matter as approved by the DoA to approach the market and any other material information should be provided to the customer and a corresponding written undertaking to conduct the work should be received from the customer.



- 8.12.8.10 The documents will form part of the evidence that will be used to justify the commercial credit note to be provided to the customer.
- 8.12.8.11 There shall be no sourcing evaluations conducted by Transnet.
- 8.12.8.12 However, the documents (response from the customer) should be submitted for adjudication in terms of the DoA. The documents must also be accompanied by the statutory required documents such as the SBD Forms and Tax Compliance verification, etc.
- 8.12.8.13 Transnet should conduct adjudication based on the response provided by the customer prior to the delivery of the goods or services to formally award the business to the customer and confirm that the scope of work will be delivered at the best value for money i.e prices are market related, other applicable prescripts complied with, delivery will be faster/quicker than the Transnet timelines, etc. This adjudication will form part of evidence for the credit note to be granted by Transnet to the customer.
- 8.12.8.14 TIA shall provide real-time assurance for all customer Buy-Back/Step-In transactions regardless of value.
- 8.12.8.15 Customer Buy-Back/Step-in transactions shall be retrospectively reviewed by the Fraud Risk Management department where applicable.
- 8.12.8.16 Contract Management will be done in terms of the commercial agreement (MCA) between Transnet and the customer.

8.13 **Direct Approved List**

- 8.13.1 An approved list is a mechanism to prequalify suppliers and limit the need to continuously evaluate many bids.
- 8.13.2 The decision to use an approved list as a mechanism of strategically sourcing or amend an approved list must be approved by the CPO or their duly delegated representative after taking into consideration.
- 8.13.3 The nature of the demand for goods or services should determine whether an approved list will be the most suitable for a particular commodity, (commodities requiring long-term contracts should be avoided for fixed term approved list. Other considerations should be:
- 8.13.3.1 The proposed accompanying terms of reference;
 - 8.13.3.2 Availability of budget (where applicable);
 - 8.13.3.3 Transformation Guidelines;
 - 8.13.3.4 Supply market analysis; and
 - 8.13.3.5 Any other relevant consideration in the circumstances.
- 8.13.4 The approved list must be scoped and specified, evaluated and awarded (if price was evaluated) in the normal manner by the relevant delegated authority, otherwise an approved list does not normally lead to an award.
- 8.13.5 When an approved list approach is selected to strategically source required goods or services preferential criteria must still be evaluated according to the terms of reference supporting the list.

There are two types of approved lists that may be selected:

8.13.6 Standing approved list, remains valid indefinitely provided:

8.13.6.1 The suppliers on the list will be subject to periodic quality testing to maintain their name on the list. Should suppliers fail to meet quality standards, their names may be removed from the approved list.

8.13.6.2 Bidders' products may be subjected to testing in order to determine their suitability for inclusion on the approved list and may be placed on the approved list provisionally pending the outcome of the testing process.

8.13.6.3 Detailed specifications for the good/s or service/s, outlining the approved list process, defining minimum standards, defining testing and re-testing and auditing requirements must be in place to ensure technical, testing and quality standards are applied consistently and permit fair competition

8.13.6.4 Potential new suppliers may be allowed to approach Transnet (through the SCM process) at any time to be provided an opportunity to be added to the relevant standing approved list and must be considered immediately by the relevant committee and be taken into the approval process.

8.13.6.5 Tests may be conducted in line with the functional requirements in the appropriate environment (static testing in lab and dynamic testing in-service) and changes and updates to the approved list must be made promptly to ensure potential new suppliers are given a fair opportunity to be included in upcoming procurement events.

8.13.6.6 Although the standing approved list remains valid for an indefinite period, it must be advertised every 36 months in order to afford new suppliers an opportunity to be included. However, such approved lists can be updated at any time before the 36 months if a new supplier wishes to have its products tested.

8.13.7 Fixed term approved list can be framed from 1 to 5 years. The standard acceptable time period is 3 years. The following must be taken into consideration:

8.13.7.1 No new applications for inclusion on the list may be considered during the period that the existing list is in effect.

8.13.7.2 At the end of the fixed period, the list must be re-advertised and a new list must be framed, if there is still a need for such an approved list. Suppliers who were included on the previous approved list must re-apply for inclusion onto the new list.

8.13.7.3 3 (three) years is the standard framing period. A fixed term approved list may be framed for a maximum of 5 (five) years with GCPO approval.

8.13.8 Sourcing an approved list of Suppliers must include a term of reference, or equivalent, which details how the approved list will operate (either on a rotational or quotation basis), the timeframe of the approved list as well as the pricing methodology. The SCM Representative must consider the following when framing the list:

8.13.8.1 The fixed term approved list may be used either on a rotational or a quotation basis. Where the intention is to use the list on a rotational basis, the rates of the suppliers must be the same or similar for all the bidders on the approved list in order to promote the principle of cost-effectiveness.



8.13.8.2 For fixed term approved lists, the work orders should not exceed the specified time period of the approved list, this means that all work order made against the approved list should be done within the timeframe of the approved list. Should circumstances arise that requires work to be done beyond the time frame of the approved list, a contract variation process must be followed to extend the duration of the approved list.

8.13.8.3 The RFX document must indicate the minimum and maximum number of suppliers required to frame the list and should clearly state what Transnet will do should the minimum and maximum number of suppliers not be met during the tender process.

8.13.8.4 The RFX document should contain/detail the instances where Transnet may be allowed to step outside of the approved list or the Framework Agreement when the Bidders that have been placed on the list are unable to deliver in terms of Transnet's requirements at a particular point in time.

8.13.9 The approved list can be utilised using either of the two mechanisms below:

8.13.10 Ad-Hoc: There is no contractual relationship until such time as the list needs to be utilised. When there is a need, Bidders are invited to submit a bid and are evaluated, or a rotational system is used where rates are the same for all Bidders on the Approved List. All legislative requirements (eg SBD Forms) must be evaluated each time the approved list is being utilised.

8.13.11 Framework Agreement: A contractual relationship could be concluded with all/some or one of Bidders on the Approved List. During the stage of setting up the approved list for purposes of having a framework agreement (contractual), all legislative requirements (eg SBD Forms) must be evaluated. However, once the Framework agreement is in place, there is no need to evaluate these requirements every time the framework is utilised.

8.13.12 For rotational approved lists, equalised pricing is a key requirement in pre-qualifying suppliers. Negotiation is the core mechanism that should be used to allow for equalised pricing.

8.13.13 Any rotational system implemented should consider section: [Rotational Procurement](#).

8.13.14 Suppliers may be removed from an approved list if the supplier:

8.13.15 Has been added to National Treasury's List of Excluded Bidders;

8.13.16 Fails to comply with the requirements of such approved list;

8.13.17 Material factors under which the supplier was added to the approved list no longer hold, such as being a sole representative or agent of an OEM

8.13.18 Has been convicted of any offence under any law relating to wages, hours of work or other conditions of employment;

8.13.19 Fails to perform satisfactorily after having been awarded business.

8.13.20 Sub-contracts the whole or any portion of a contract for the supply of Goods or Services in respect of an approved list to an entity not declared at the original application to be approved.



- 8.13.21 Sub-contracts the whole or any portion of a contract for the supply of Goods or Services in respect of an approved list to an Enterprise or person whose name does not appear on the list;
- 8.13.22 Has ceased to carry on business under the name on the approved list and has not informed Transnet of this change;
- 8.13.23 Has requested that its name be removed from the approved list.
- 8.13.24 Before a supplier is removed from an approved list, the Bidder concerned shall be notified in writing of the intention to remove it from the list including reasons for the removal.
- 8.13.25 The Bidder shall be afforded an opportunity to make representations as to why its name should not be removed from the list. Bidders must be afforded reasonable time (minimum 7 (seven) working days) to respond to Transnet's notice of intention to remove the bidder.
- 8.13.26 Approval for the removal of a supplier from the approved list must be recommended by the relevant CPO and approved by the DBAC/CBAC and notify the GCPO.
- 8.14 Direct Emergency Procurement:**
- 8.14.1 A situations where there are serious and unexpected situations that pose an immediate risk to business continuity that may cause financial loss which calls for immediate action and there is insufficient time to follow any of the bidding process in this manual.
- 8.15 Direct Unsolicited bid,**
- 8.15.1 including where Transnet receives a submission that is innovative, unique and meets the requirements of a sole source.
- 8.15.2 Unsolicited Bids are those Bids where a Supplier submits to Transnet without Transnet having requested such a Bid or instances where the suppliers requests Transnet to perform prototype testing on a product where the supplier is willing to cover the costs. The later is different to a supplier who wishes to be included in a standing approved list prior outside of the advertising cycle of the approved list.
- 8.15.3 Transnet does not encourage the consideration of Unsolicited Bids.
- 8.15.4 Transnet is not obliged to consider an Unsolicited Bid but may consider such a proposal only if it meets the following requirements:
- 8.15.5 A comprehensive and relevant project feasibility study has established a clear business case or there is compelling advantages and benefits presented to Transnet to consider the proposal or the prototype testing; and
- 8.15.6 The product or service involves an innovative design; or
- 8.15.7 The product or service involves an innovative approach to project development and management; or
- 8.15.8 The product or service presents a new and cost-effective method of service delivery.
- 8.15.9 The Unsolicited Bid must contain the following information in terms of the proponent:



- 8.15.10 The proponent's name, address, identification or registration number (if a corporation), VAT registration number and the contact details of its authorised representative;
- 8.15.11 Identification of any confidential or proprietary data not to be made public;
- 9.9.11.1. The names of other South African institutions that have received a similar unsolicited proposal;
- 9.9.11.2. The proponent's current SARS Tax Clearance Certificate and in the case where the proponent is a consortium or joint venture, a current SARS Tax Clearance Certificate for each member thereof;
- 9.9.11.3. A declaration of interest containing the particulars set out in Standard Bid Document (SBD) 4, issued by the National Treasury,
- 9.9.11.4. A declaration of the proponents past supply chain practices containing the particulars set out in SBD 8, issued by the National Treasury; and
- 9.9.11.5. A declaration from the proponent to the effect that the offering of the Unsolicited Bid was not as a result of any non-public information obtained from officials of the relevant institution or any other institution.
- 8.15.12 The Unsolicited Bid must set out the following information in terms of the product or service offered:
- 9.9.12.1. A concise title and abstract (approximately 200 words) of the proposed product or service;
- 9.9.12.2. A statement of the objectives, approach and scope of the proposed product or service;
- 9.9.12.3. A statement describing how the proposal is demonstrably innovative and supported by evidence that the proponent is the sole provider of the innovation;
- 9.9.12.4. A statement of the anticipated benefits or cost advantages to Transnet including the proposed price or total estimated cost for providing the product or service in sufficient detail to allow a meaningful evaluation by Transnet;
- 9.9.12.5. A statement showing how the proposed project supports Transnet's strategic growth and development plan and its other objectives; and
- 9.9.12.6. The period of time for which the proposal is valid for consideration, which may not be less than six months.
- 8.15.13 Transnet must reject the Unsolicited Bid if the proposal:
- 9.9.13.1. Relates to known institutional requirements that can, within reasonable and practicable limits, be acquired by conventional competitive bidding methods;
- 9.9.13.2. Relates to products or services which are generally available;
- 9.9.13.3. Does not fall within the Transnet's powers and functions;
- 9.9.13.4. Does not comply substantially with requirements

- 9.9.13.5. Has not been submitted by a duly authorised representative of the proponent; or
 - 9.9.13.6. Contravenes the provisions of any law.
- 8.15.14 If the Transnet decides to reject the Unsolicited Bid, it must:
- 9.9.14.1. Notify the authorised representative of the proponent by post, that Transnet has rejected the Unsolicited Bid;
 - 9.9.14.2. Ensure that Transnet does not make use of any of the intellectual property or proprietary data in the Unsolicited Bid; and
 - 9.9.14.3. Return to the proponent by mail all documents received in the Unsolicited Bid including any copies of these documents.
- 8.15.15 If Transnet decides to consider the Unsolicited Bid, it must send a letter to the bidder confirming the decision to consider the Unsolicited Bid.
- 8.15.16 The Unsolicited Bid must be considered as appropriate in terms of the following
- 9.9.16.1. If a submission of the product or service is unique, innovative and provided by a sole provider, the institution may enter into direct negotiation with the proponent, outside the normal competitive bidding process.
- 8.15.17 Based on the value and duration of proposed in the Unsolicited Bid, an SCM Representative should address the Unsolicited Bid as per the requirement of [Section: Strategic Sourcing](#).
- 9.9.17.1. The Unsolicited Bid must be considered by a BPEC constituted of technical subject matter experts. The minutes of the evaluation meeting must be recorded.
 - 9.9.17.2. The evaluation committee should investigate and verify whether there are no other suppliers in the market.
 - 9.9.17.3. If the BPEC has resolved to procure the goods and services, depending on the contract value, the single or sole source procurement mechanism may be followed and thereafter a recommendation made to the delegated authority to approve the award.
 - 9.9.17.4. All copies of the Unsolicited Bid, records of discussions, records of deliberations and copies of correspondence relating to it, will be kept by the SCM Representative who led the process for record purposes.
- 8.15.18 The following information must be contained in the recommendation:
- 9.9.18.1. A detailed description of the goods or services;
 - 9.9.18.2. A detailed description of benefits Transnet is to derive from the envisaged acquisition;
 - 9.9.18.3. The costs associated with the acquisition of the service or product;
 - 9.9.18.4. The validity period of the Unsolicited Bid;
 - 9.9.18.5. Proof of certification that the Bid was submitted by the person who holds the intellectual property rights in the goods or service; and

9.9.18.6. Certification by the evaluation team that there are no other suppliers who can provide the goods or services.

8.16 Reverse Auctions:

8.16.1 Reverse e-auction is an electronic procurement process for buying and selling that aims to achieve the most competitive prices for clearly specified items. This method is usually used for off-the-shelf purchases and may be an open tender process for more competition. However, it may also be used for other limited or restricted bidding approaches/mechanisms.

8.16.2 The CPO or their delegated representative identifies goods or services that will be suitable for reverse e-auctioning.

8.16.3 The section of the General Goods and Service Manual dealing with reverse auctions (Appendix E) is also applicable in this manual.

8.17 Direct Two-Stage Bidding / Expression of Interest

8.17.1 This mechanism is used in assessing the availability of goods and services where there is no clear specification of requirements or where the suitability of service providers must first be determined prior to the undertaking of any development work.

8.17.2 The utilisation of two-stage bidding list is a means of strategic sourcing.

8.17.3 Two-stage bidding may be utilised where:

8.17.4 Due to the nature of the Goods and Services being acquired, the suitability of service providers must first be determined prior to them being invited to bid for the Goods / Services (pre-qualification);

8.17.5 Where there is no clear specification of requirements, and it is not feasible/possible for Transnet to formulate detailed specifications for the Goods/ Services required; or

8.17.6 Where Transnet seeks first to establish the various possible solutions available in the market in order to determine the best solution for Transnet.

8.17.7 The process involves the following two steps:

8.17.8 Stage 1: RFI Stage or Expression of interest:

8.17.8.1 Bidders are invited to submit their proposals via an open RFI after approval to approach the market has been obtained or bidders are invited to show their interest by providing a solution to an identified need.

8.17.8.2 The evaluation criteria in the first stage may include criteria such as technical, quality, contractual terms, conditions of supply and the professional and technical competence of the suppliers.

8.17.9 The RFI must clearly indicate Transnet's intention during the second stage of the process: i.e. whether:

8.17.9.1 Suppliers will be subjected to pre-qualification criteria and be short listed in order to proceed to the second stage;

8.17.9.2 Transnet will issue an Open Bid based on the responses and specifications received in the first stage; or

8.17.9.3 Transnet will approach one or a shortlist of Bidders based on the responses and specifications received in the first stage.

8.17.10 The RFIs received must be evaluated in terms of pre-determined criteria which have been made available to all contenders in the RFI.

8.17.11 A recommendation is made to the relevant delegated authority regarding the outcome of the first stage, and the eligibility of the bidders to participate in the second stage.

8.17.12 Relevant delegated authority's approval of the recommendation effectively authorises the second stage of the process.

8.17.13 Stage 2: RFP Stage:

8.17.13.1 Depending on the option exercised in stage 1, Transnet may either issue an Open Bid or limit the second stage to only one or a shortlist of Bidders, as approved by the delegated authority.

8.17.13.2 Bidders are invited to bid in the normal manner.

8.17.13.3 The bids are evaluated and awarded in the normal manner.

8.18 Open Tender Process

8.18.1 If time permits and the OD wants to test the market for one reason or another, an open tender mechanism is still available for use in procurement that has direct impact on the delivery to its customers. The open tender process is materially the same as detailed in the General Goods and Services Manual except with regards to the committee system where the BPEC is applicable in this Manual.

OD Specific Approaches/Mechanisms

Although these mechanisms may be indicated as specific to particular ODs, the other ODs are allowed to utilise a mechanism that is specified to a different OD when the circumstances warrant.

8.19 Transnet Freight Rail (TFR)

8.19.1 Emergency Credit Card

The application of this mechanism is subject to compliance with all relevant and applicable legislation in relation to the use of credit cards and other bank cards by state institutions. The end-user, through procurement, should consult finance to request a credit card to be issued.

8.19.1.1 In certain cases where the traditional procurement mechanisms (including the normal emergency mechanism) are either impractical or impossible to conduct, an emergency credit card mechanism may be utilised to resolve a situation that may otherwise compromise revenue generation for TFR or cause business disruption or customer dissatisfaction where TFR could not avoid the situation.

8.19.1.2 The Blue Train is a revenue generating stream for Transnet through TFR. The customers in this instance are all the patrons and clients that ride the Blue Train to various destinations. The customers of the Blue Train are upper class members of the society who spend high amount values in tour tickets and additional sale amenities in the train.



8.19.1.3 In some instances, despite all necessary measures having been taken to ensure that the required stock levels to accommodate the patrons during the train tours, the train may be caused to station in the outlying areas for prolonged unplanned periods of time depending on the reasons for the call to station.

8.19.1.4 During this time, the food and other necessities may deplete due to the journey being longer than what it was planned for. Some necessities cannot be stocked in bulks due to various reasons. When those items have depleted, they need to be replenished immediately and conducting an emergency procurement process will be impractical and not cost-effective for a supplier to deliver in the middle of the outskirts.

8.19.1.5 The emergency credit card may be used to replenish those necessities that would be necessarily required during the time that the train is stationed and for the remainder of the journey to ensure that the customers remain comfortable.

8.19.1.6 The emergency credit card procurement process shall take the following steps:

8.19.1.6.1 An emergency stationing of the Blue Train situation must have been called.

8.19.1.6.2 The emergency must have happened during a tour of the Blue Train with customers onboard.

8.19.1.6.3 There must be insufficient time to conduct an emergency procurement process and it must be clear that an emergency procurement process will not be cost-effective due to the position of the train and delivery would be impractical and costly.

8.19.1.6.4 The senior manager or above responsible for the Blue Train shall make a request to the CPO or his/her delegated person for invoking or use of the emergency credit card for the Blue Train.

8.19.1.6.5 An email requesting the CPO or his/her duly delegated person to approve the utilisation of the emergency credit card should be sent providing all the necessary details of the emergency including the list of what is required to be replenished, estimated total cost of the purchase, where the credit card will be used, the coordinates of the blue train and any other necessary information.

8.19.1.6.6 The CPO or his/her delegated person, after having assessed the circumstances of the emergency and relevant information, shall decide to approve, or not approve the utilisation of the emergency credit card procurement.

8.19.1.6.7 The senior manager or higher shall proceed to use the credit card or instruct any other Transnet employee that will be best equipped to utilise the emergency credit card in order to resolve the situation. The credit card shall only be used to the extent that was approved by the CPO or sub-delegate.

8.19.1.6.8 In some instances, it may happen that some critical items were omitted from the list that was sent to the CPO, and the employee decides to



purchase those items. In such cases, the CPO or sub-delegate must be alerted immediately in writing.

8.19.1.6.9 The utilisation of the emergency credit card may not exceed a total amount of R50 000 (fifty thousand rand) per day.

8.19.1.6.10 After the purchasing with the emergency credit card has been concluded, the receipts must be kept safe, scanned and sent to the CPO for record keeping and audit trail. The entire information must be sent to Finance for record keeping.

8.20 Transnet Engineering (TE)

8.20.1 Directed Procurement Mechanism

8.20.1.1 Current procurement practices do not necessarily support standardisation as a key criterion resulting in diverse fleets of equipment, which in turn place an additional burden on the operational support system for Transnet. The resultant diversity dilutes the demand and subsequently the quality of goods and products used in the production lines. This also affects localisation negatively.

8.20.1.2 Where practical, standardisation will be pursued by developing fit, form and function specifications for specific systems or components. In some cases, a bespoke Transnet-design will be specified as is. In other cases, interfaces will be specified, providing OEMs the opportunity to select their preferred solution and adapt it to interface with the Transnet standard interface. Finally, in cases where standardization does not offer advantages, OEMs will be free to propose solutions that meet the basic specified performance requirements.

8.20.1.3 To ensure security of supply and localisation, Transnet has initiated a programme for the development of a sustainable supply chain, specifically focused on the directed development of the Rail Sector and aligned with the steady state demand that will ensure sustainability through the recovery of the enabling investment and security of demand through long-term contracting.

8.20.1.4 Leverage the economic opportunity through developing specific industrial capabilities, as well as maximizing existing investment in plant, skills, and technologies, within the country for attaining self-reliance and increased local production.

8.20.1.5 Focus on products and product systems for which there is sufficient demand to justify investment in the industrialization / localization.

8.20.1.6 Transnet therefore in tends to invest in the development of local suppliers and ensure sustainability of the programme through the direct purchasing mechanism that will see the establishment of long term contracts with the successful suppliers, ensuring a steady state of demand that will recover the initial investment and provide the bias for sound business planning.

8.20.1.7 To ensure best possible value for money and security of supply, participating suppliers will have to subject themselves to a process of supplier development that would include:

8.20.1.7.1 Rigorous Supplier performance Management: Regular business reviews (quality, on-time delivery, cost, process Improvement)

8.20.1.7.2 Continuous product improvement, Competitive costing – open book costing & ability to meet demand.

8.20.1.8 The step-by step process for this mechanism is similar to the limited bidders mechanism stated in 8.10 above, the difference being that the procurement will only be limited to suppliers in the Direct Purchasing programme.

8.20.2 Tendering for External Opportunities (revenue generation)

8.20.2.1 From time to time, Transnet Engineering engages in tendering activities where the operating division looks for opportunities outside of Transnet to conduct business. TE manufactures, assembles, refurbishes and provides maintenance services for rolling stock equipment for sale to customers or as a service. This type of business requires TE to engage in a number of procurement events for various parts, components and services in order to prepare the goods for the customer or plan for the services to be rendered to the customers.

8.20.2.2 In the business environment of TE, the competition is tough, and agility becomes the distinguishing factor. When TE is bidding for business, delivery and lead times are an integral part of the proposals. To ensure that TE is able to meet the timelines committed in the business proposals, a procurement process that is flexible, agile, reduces time to source and enables faster decision making is required to ensure that all the components are available at the required time and at the right price in order for TE to be able to collect revenue and make profit from the business opportunity.

8.20.2.3 certain challenges faced by TE due to unsuccessful or unprofitable business is as a result of an inadequate TE pricing model. Due to time constraints for responding to business opportunities, TE is unable to engage suppliers of necessary components to receive correct information on the prices.

8.20.2.4 This procurement mechanism entails the following steps:

8.20.2.4.1 **Establishment of a commercial bidding committee:** TE shall establish a commercial bid committee that will work on all bidding opportunities and managing the revenue generation contract's sourcing process for TE. The committee shall comprise of a team of multidisciplinary subject matter experts in the technical, commercial, and legal fields:

8.20.2.4.2 Key to this committee is the involvement of a procurement official that will be responsible for sourcing of the required material and components for the delivery of the customer requirements.

8.20.2.4.3 The committee must work with a bill of materials (BOM). The BOM is an extensive list of raw materials, components, and instructions required to construct, manufacture, or repair a product or service. A bill of materials usually appears in a hierarchical format, with the highest level displaying the finished product and the bottom level showing individual components and materials.

8.20.2.4.4 The BOM shall be provided to the procurement official who is the member of the committee for the committee to use the BOM to source all relevant information that will assist in getting accurate material prices for the purposes of consolidating a bid response that has a chance of winning the business.



8.20.2.4.5 Budget quotes RFI process are used to get estimates of the cost of Goods or Services without creating the expectation of business being awarded. It must be made clear that this information is required for purposes of responding to a bid/business opportunity. The record of the budget quotes requests and responses should be kept by the committee.

8.20.2.4.6 TE may either use the OEM strategy, approved list (framework agreement) or limited bidders mechanism or any other appropriate mechanisms to identify the suppliers that will be approached for budget quotes.

8.20.2.4.7 Procurement member of the committee is responsible for obtaining the budget quotations. Once the budget have been received, such information will be used to inform the pricing that TE will formulate for responding to the business opportunity.

8.20.2.4.8 The commercial bid committee should prepare the quotation request document based on the scope of work of the business opportunity as well as the budget quotes process and any other relevant information.

8.20.2.4.9 A request for quotation should be issued to all of the suppliers that participated in the budget quotation using the limited bidders mechanism. This does not preclude the committee from choosing to invite other suppliers if there is reason to believe that their prices might be less and will be able to deliver for the business opportunity. The quotation must also request the necessary legislative requirements (eg SBD Forms and Tax Compliance Status confirmation etc) to be submitted for evaluation.

8.20.2.4.10 In some instances, where Transnet has identified that the business opportunity will be best approached with an OEM as a partner, the use of the OEM strategy procurement mechanism may be considered.

8.20.2.4.11 The evaluation should be conduct by the commercial bid committee for recommendation to the Bid Adjudication Committee in terms of the DoA framework for approval to award the tender.

8.20.2.4.12 The tender is then awarded to the successful supplier.

8.20.2.5 Brand Specific Requirements by Client: This procurement process shall be followed if the customer has requested/specified a product of a specific brand.

8.20.2.5.1 The Commercial Bid Committee shall make a determination whether to approach the brand owner to avoid dealing with middlemen/agents in line with the process for a direct single source for revenue generation mechanism.

8.20.2.6 Should there be a need for price negotiations between parties, the chapter dealing with price negotiations shall be applied. The Committee should make a determination whether a price negotiation should be pursued and a request for price negotiations should be sent to the relevant DoA for approval.

8.20.2.6.1 The Transnet Policy for Contract Management shall guide the process of managing the contract.

8.21 Transnet Properties (TP)

Real Estate/fixed assets business is the core function of Transnet Property Asset/Real Estate and Property Management functions. These core functions are amongst others, Acquisition, Lease, Development, Development Lease and Sale/Disposal. The Standard Operating Procedures of these functions are contained in the aforementioned functions' policies and procedures.

8.21.1 Property disposal or Leasing

Even though the disposal of property is purely commercial in nature there may be cases where TP decides to dispose or lease its property directly in the real estate market using procurement processes. The process shall be conducted through any mechanism outlined in this Manual. The preference points system that will be applied will be income generating formula as prescribed in PPR, 2022.

In cases where TP core functions decide to execute their activities through third party services such as Agents, the following approaches will apply:

8.21.1.1 Property Sale Agents:

The acquisition of Property Sale Agents to execute the sale/disposal of Transnet Real Estate or any goods and services related thereto, shall be procured through any mechanism outlined under General Procurement Approaches/Mechanisms outlined above.

8.21.1.2 Auctioneers:

Where Transnet disposes of its real estate or any property or goods through an auction and requires the services of Auctioneers to execute such auctions or any goods and services related thereto, the acquisition shall be procured through any mechanism outlined under General Procurement Approaches/Mechanisms above.

8.21.2 Revolving Maintenance Integrated Solutions

The acquisition of Roving Maintenance Integrated Solution or any goods and services related to maintenance of Transnet Property facilities/real estate, shall be procured through any mechanism outlined under General Procurement Approaches/Mechanisms above.

The Roving Maintenance Integrated Solutions also lends itself to the establishment of bespoke Research and Development initiatives and Enterprise Supplier Development and these will form an extension of the General Procurement Approaches/Mechanisms utilised as is necessary and applicable.

9. Market Analysis:

9.1.1 The market analysis process is a key driver to the sourcing process and forms the basis for the development of a procurement strategy.

9.1.2 Market analysis may also inform the formal commercial strategy, market-related prices and parameters for negotiations.

9.1.3 An in-depth Market analysis may include developing an understanding of the following market dimensions:

9.1.3.1 Market related pricing

- 9.1.3.2 Market structure;
- 9.1.3.3 Competition/role-players;
- 9.1.3.4 Supply chains;
- 9.1.3.5 Substitute goods or services;
- 9.1.3.6 Supplier preferencing;
- 9.1.3.7 Market capacity and capability (e.g new technology, is the product still in use or obsolete)
- 9.1.3.8 Transformation opportunities (ESD & Preferential Procurement)

9.1.4 Basic Market analysis may include the following:

- 9.1.4.1 Market related price
- 9.1.4.2 Transformation opportunities
- 9.1.4.3 Competition/role-players

9.1.5 Developing an understanding of market related pricing may include elements of the following methods, should the procurement request require it:

- 9.1.5.1 Historic pricing offered by the market;
- 9.1.5.2 Manufactured cost versus offered price analysis;
- 9.1.5.3 Commodity indices review;
- 9.1.5.4 Review of existing contracts;
- 9.1.5.5 Review of available catalogues or established price lists;
- 9.1.5.6 Total cost of ownership analysis;
- 9.1.5.7 Budget quotes / price benchmarking (only SCM may approach suppliers)

9.1.6 The use of RFIs may facilitate such market research, and determine supplier interest, capability and capacity in the category of supply/services.

- 9.1.6.1 Where market analysis does not present a complete view of the market, or reveals uncertainty about the solutions available, or the capabilities and availability of suppliers, it may be best to issue an RFI to the market prior to proceeding with a relevant procurement process.

Section C – Bidding and Award

10. Bid Preparation

- 10.1 Bid documents and information shall be made available to Suppliers via the appropriate e-tendering portal except in cases where the mechanism allows a different approach.
- 10.2 The Bid documents must provide Bidders with clear and comprehensive information necessary to enable them to submit responsive Bids. Documents must clearly explain



all relevant aspects of the Bid including, but not limited to, the Goods to be supplied/Services to be provided, the place of delivery or installation, the schedule for delivery or completion, minimum performance requirements and the warranty requirements where applicable.

- 10.3 Bid documents must contain at a minimum, descriptions of the mandatory returnable documents, contractual conditions, relevant specifications/scopes of work, the related evaluation criteria and pricing schedule, where applicable.
- 10.4 Bid documents must clearly state how Suppliers should prepare Bid responses for submission and specify that Bids must be returned by Suppliers in accordance with this condition. Relevant Standard Bidding Documents (SBD) shall be used where applicable. The closing date and submission method must be clearly stated. Where compulsory or non-compulsory briefing sessions or site visit are deemed necessary, Bid documents must indicate as such and include the date, venue and time of the meeting.
- 10.5 For those transactions that are “solution based” or those that require bidders to propose a solution to Transnet, the bid document must indicate that Transnet will accept only one solution provided by the bidder and that a bidder who submits more than one solution/bid will be disqualified.
- 10.6 Where the Sourcing Strategy requires the Bid to be awarded to more than one Supplier (“split award”), this must be stated in the Bid documents, with reasons for splitting provided. Bid documents must include details of how business will be split.
- 10.7 Considerations and methods for splitting awards include:
 - 10.7.1 Ensuring security of supply. Where large volumes are to be purchased and risk exists that a single supplier may not be able to meet the requirement, volumes may be apportioned based on a predetermined split.
 - 10.7.2 Balancing transformation objectives with price. In order to promote varied participation, the bid may be split based on price where the lowest price is allocated a larger volume and additional volume allocations are made proportionally on a downward sliding scale in accordance with the requirements stipulated in the Bid documents.
 - 10.7.3 Regional supply considerations. Allocations may be made based on certain regions’ requirements with business awarded to the top ranked supplier/s in identified regions.
 - 10.7.4 Any combination of the above-mentioned considerations/methods may be considered as well as any other justifiable splitting approach.
- 10.8 In all instances of award splitting, the principle of cost-effectiveness must be maintained, and care exercised to ensure that splitting does not lead to unnecessary price increases. Fairness and transparency must also be upheld with business awarded to the top-ranking suppliers in accordance with the split methodology declared in the Bid documents. In this regard, the bid document must indicate to the suppliers that Transnet reserves the right not to split the award as envisaged if such split would lead to conflict with the principles of cost-effectiveness. Therefore, there should be a fall-on position that will not prejudice any bidder that is still within the ambit of cost-effectiveness.



11. Bid Specification

11.1 The Bid Preparation and Evaluation Committee (BPEC) is responsible for the development, drafting and sign-off of the bid specification.

11.2 As part of the Demand Management Process, Procurement shall establish a BPEC, consisting of at least the following roles: Procurement (Chairperson), operations (end users/contract manager/technical), SD (including B-BBEE) and SHEQ, where applicable. Although Governance, Legal and Risk/Compliance need not be appointed to the BPEC, advice should be sought from these specialist functions where applicable. The end user department will be responsible for nominating only the technical committee members. Other possible representatives are finance, treasury, maintenance, logistics/warehousing and disposal.

11.3 Functions of the BPEC:

11.3.1 Validate specifications/scope of work

Once the technical specification/scope of work has been finalised, the end user department or head of the technical specification sub-committee must sign off confirming that the specification is:

- Fit for purpose;
- objective; and
- unbiased and not slanted in favour of any bidder.

11.3.2 Determine preferential procurement Specific Goals

under the guidance of a SD official, conduct a market analysis to determine the opportunities for setting preferential procurement specific goals to advance Designated Groups and SD.

11.3.3 Consider the following:

- Options for rationalisation of the range of goods/works/services
- What are the implications if a chosen option is to reduce or consolidate the required goods/services

11.3.4 Identify and mitigate risks:

- All risks to Transnet associated with the demand must be identified and addressed in the RFX. Also, identify if a due diligence exercise on the Preferred Bidder will be required based on the nature of the transaction;
- ascertain whether suitable skills are available within procurement to address the demand and its management process.

11.3.5 Develop the procurement strategy including the following:

- market analysis and historical spend;
- take into account industry norms/standards to determine price structure;
- the appropriate procurement mechanism;
- envisaged award allocation e.g. single or split award.



11.3.6 Determine a Market-Related Price – Methods for determining a Market-Related Price include:

- Comparing price variances between the lowest price bid with the highest and/or other bidder's price;
- catalogue or established price lists at a set date;
- prices from other similar purchases; historical pricing where supported by appropriate documentation taking into account inflation and market fluctuations;
- price based on prior competition;
- independent in-house price estimate;
- benchmarking against prices that other organs of state and private sector companies similar to Transnet are paying for the same Goods/Services; and
- comparison to substantially similar items, comparison to similar prices in a specific geographical area.

11.3.7 Approval of specifications for transactions above R2m (including VAT).

11.4 Specifications should focus on achieving value for Transnet.

11.4.1 Where value is the optimal use of resources to achieve an intended outcome. Ensuring that the maximum benefit is derived from the available resources.

11.5 Principles for compiling comprehensive specifications/scopes of work include the following:

11.5.1 Specifications should be fit for purpose and aligned to operational requirements;

11.5.2 Specifications should be based on relevant characteristics and/or performance requirements.

11.5.2.1 References to brand names, catalogue numbers, or similar classifications should be avoided unless specified/prescribed by the customer.

11.5.2.2 If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words "or equivalent" should be added after such reference unless specified/prescribed otherwise by the customer.

11.5.2.3 The specification should permit the acceptance of offers for goods which have similar characteristics, and which provide performance at least equivalent to those specified unless specified/prescribed otherwise by the customer.

11.5.2.4 The quality of goods/services required should, however, not be over specified to the extent that it will be impossible for others to offer such a product unless specified/prescribed otherwise by the customer.

11.5.3 Specifications should be clear, concise and consistent and avoid ambiguity;

11.5.4 Specifications should be legally and technically sound;

11.5.5 Specifications should incorporate applicable regulatory, environmental and/or sustainability requirements;

11.5.6 Specifications should consider associated risks;

11.5.7 Specifications should allow for Total Cost of Ownership (TCO), allowing for the consideration of all cost factors involved in the acquisition, operation, and disposal of goods and services.

11.5.8 Specifications should preference standardisation and catalogue items rather than bespoke solutions;

11.6 Bid evaluation criteria must be stated up front in the Bid documentation. Bids received may only be evaluated in accordance with the initially stated criteria.

11.7 The following criteria must be indicated in Bid documentation:

11.7.1 Points/weighting per criterion;

11.7.2 Minimum qualifying scores for functionality;

11.7.3 Applicable specific goals;

11.7.4 Directed procurement criteria;

11.7.5 Objective criteria;

11.8 The Bid document to be published must contain full evaluation criteria approved by the BPEC or the delegated authority including as appropriate, but not limited to:

11.8.1 Only legal and functionality pre-qualification criteria;

11.8.2 Functionality;

11.8.3 Evaluation criteria weightings;

11.8.4 Applicable values/ Scoring guides;

11.8.5 Thresholds;

11.8.6 Objective criteria (where applicable); and

11.8.7 Any other minimum qualifying requirements.

11.9 Mandatory returnable documents must be clearly indicated in the Bid documents. The BPEC must think carefully about what is to be included in the list of mandatory returnable documents, since non-compliance with mandatory requirements will result in automatic disqualification. The list of mandatory returnable documents must therefore be kept to a minimum. The BPEC may only determine certain activities and documents to be mandatory after taking the following into consideration:

11.9.1 The non-submission or non-participation would materially affect the evaluators in making a fair and informed decision;

11.9.2 The process would be deemed compromised or unfair if the documents were requested from the Bidder after the closing date and time;

11.9.3 It would contravene a law;

11.9.4 Transnet would suffer reputational harm;

11.9.5 It relates to material information such as specification, price, compliance, and transformation; and/or

11.9.6 Any other relevant consideration or prescribed law.



- 11.10 Technical prequalification criteria relate to minimum qualifications that a bidder must have to be considered further. Typically, these include “must-have” functionality and legislative requirements. Such criteria must be determined with circumspection as bidders may not be considered further should they fail to meet any of the set prequalification criteria. Furthermore, prequalification criteria must clearly prescribe the minimum requirements that Transnet requires. As pre-qualification criteria involves a “Yes” or “No” assessment, verifiable evidence to substantiate the prequalification criteria should also be requested, where possible.
- 11.11 The decision to use pre-qualification criteria in a specific Bid must be approved by the relevant BPEC/CPO/GCPO.
- 11.11.1 The recommendation of the CPO or his/her duly delegated representative;
- 11.11.2 That the Bid to be published clearly and simply states the pre-qualification criteria as a special condition in line with any applicable legislation or standards of a particular industry or business sector;
- 11.11.3 The Sourcing Strategy;
- 11.11.4 Market supply constraints; and
- 11.11.5 Any other relevant consideration and/or prescribed laws.
- 11.12 Where it is decided that pre-qualification criteria is appropriate for use in a particular Bid, the Bid documents must contain a specific Bidding condition that clearly and simply states the pre-qualification criteria indicating that only Bidders who possess that qualifying factor are eligible to respond.
- 11.13 Where functionality is to be evaluated, the evaluation criteria must be clearly linked to the specification/scope of work and be objectively measurable/ evaluated.
- 11.14 If functionality will be used as an evaluation criterion, the evaluation criteria for functionality must be objective. The Bid documents must specify:
- 11.14.1 The evaluation criteria for measuring functionality;
- 11.14.2 The points for each criterion and, if any, each sub-criterion;
- 11.14.3 The minimum qualifying score for functionality; and
- 11.14.4 The weightings for functionality threshold
- 11.15 The minimum qualifying score for functionality for a Bid to be considered further must be stated in the Bid documents. It must be determined separately for each Bid and may not be:
- 11.15.1 Too low that it may jeopardise the quality of the required goods or services; or
- 11.15.2 Too high that it is unreasonably restrictive.
- 11.16 The RFX documents must contain a condition stating clearly that the award of the Bid may be subjected to price negotiation with the preferred Bidders should their price be found not to be market related.
- 11.17 The Bid documents must include a uniform pricing schedule clearly indicating how uniform basis. No amendments of the uniform pricing schedule will be accepted after the closing time of the bid.



- 11.17.1 For transactions between R0 and R 50 000 000 the 80 / 20 preference point system must be applied;
- 11.17.2 For transactions in excess of R50 000 000 the 90 / 10 preference point system must be applied.
- 11.18 Where it is unclear as to which preference point system is applicable, as indicated in 18.17 above, the lowest acceptable bid will determine the preference point system. This may also be used to determine the market related price in cases where there is no available historical data and its new markets.
- It is therefore important that both 80/20 and 90/10 preference point systems are indicated in the bid documents when there are uncertainties. The above statement alone is not sufficient. Both tables which add up to 10 and 20 points should be stipulated in the tender document demonstrating both scenarios and how much each specific goal will be allocated when the specific goal are equal to 10 or 20 points.
- 11.19 Where objective criteria as contemplated in paragraphs 2(1)(f) of the PPPFA will be applied, the Bid documentation must state as such and indicate what the objective criteria are. Functionality or any other criteria (Specific goal identified in the Transnet Preferential Procurement Policy) already evaluated may not be used as objective criteria.
- 11.20 Objective criteria may be used only in exceptional circumstances where the circumstances of the specific Bid warrants it. The BPEC, in the minimum 3 bids and multiple source procurement process, will determine whether objective criteria will be included. The CPO or his/her duly delegated representative will determine whether objective criteria will be used for transactions below R3m.
- 11.21 Objective criteria that will be used in the evaluation of a Bid must be disclosed in the published Bid document, failing which Transnet will be bound to award the Bid to the highest points earner.
- 11.22 Where objective criteria have been included in the Bid, Transnet has a discretion to apply the criteria. Should Transnet decide to apply objective criteria as stated in the Bid document, consideration must be made on the principles of fairness and other relevant principles, including allowing the affected bidder an opportunity to make representations as to why they should not be overlooked.
- 11.23 The NIPP obligation is triggered by the imported content of a contract and not necessarily the entire contract value if there are local portions to the contract. The NIPP obligation will amount to 30% of the imported content of the contract.
- 11.23.1 For transactions exceeding \$5 000 000 (United States Dollars), the SBD 5 NIPP form must be included as a returnable document in the Bid documentation.
- 11.23.2 The DTIC and not Transnet will negotiate and conclude NIPP Agreements with impacted Suppliers. Suppliers subject to NIPP obligations have seven years to discharge any NIPP obligation applicable to them.
- 11.24 RFX documents shall include a clause indicating that all bidders must not submit information relating to 3rd parties as part of their bid submission unless there is an agreement between the bidder and the 3rd party, for the bidder to submit such information, or the bidders have formed a JV/Consortiums or the information is relating to a subcontractor.



- 11.25 RFX documents shall be aligned with corporate Enterprise Supplier Development initiatives, such as job creation, where appropriate.
- 11.26 RFX documents shall state that relevant information shall be processed in line with the POPIA.

12. Bid Administration

This applies in as far as it is practical when read together with each of the procurement approaches in paragraph 8.

- 12.1 The Transnet e-tender system is the only accepted mechanism for Bid submission.
- 12.2 The e-tender system will automatically generate the RFX numbers. The RFX template must be used, and all relevant sections completed.
- 12.3 Bidders may request clarification of any items contained in the advertised Bid before the Bid closing date. Only the responsible and authorised SCM Representative (Strategic Sourcing Specialist/BPEC) may communicate with Bidders.
- 12.4 All clarifications or amendments to bids must be communicated to all the bidders with interest in a particular tender via the Transnet website and/or sent via email to bidders invited by email, without revealing any particulars of the Bidder that requested the clarification, within reasonable time before Bid closing so that all respondents may have fair access to all relevant information.
- 12.5 Transnet SCM, after having engaged with the End-User, may amend any Bid condition, validity period or extend the closing date before the original closing date has lapsed. Material amendments to the specification or evaluation criteria should be avoided in order to not impact on fairness, however, where changes are required prior to Bid closing such changes may be made provided that reasonable time remains for Bidders to adjust their bids accordingly.
- 12.6 Any material amendment to the bid condition must be approved by the relevant delegated authority who approved the approach to market. This includes any addenda to the RFX, changes in evaluation criteria, changes in pre-qualification requirements and changes in the pricing schedule. However, any other immaterial changes that are no material can be approved by the CPO or his/her subdelegate
- 12.7 No amendment of evaluation criteria is allowed after Bid closing.
- 12.8 Transnet's RFX templates must contain a disclaimer alerting Bidders to check the Transnet website regularly for any possible amendments.
- 12.9 Any material amendment to the bid condition must be approved by the relevant delegated authority who approved the approach to market. This includes any addenda to the RFX, changes in evaluation criteria, changes in pre-qualification requirements and changes in the pricing schedule. Any other immaterial changes can be approved by the CPO or his/her subdelegate.
- 12.10 The closing date for a Bid may be extended by the SCM representative or his/her duly delegated representative after seeking approval from the CPO or his/her duly delegated representative prior to the closing date of the bid. Consultation between the SCM representative and End-user HOD or his/her duly delegated representative

regarding the proposed extension must take place prior to seeking approval from the CPO, after considering:

- 12.10.1 The number of requests for extension;
 - 12.10.2 The risk of harm the extension would cause to any party;
 - 12.10.3 The success of the Bid without extension; and
 - 12.10.4 Any other relevant considerations in the circumstances or prescribed law.
- 12.11 The e-tender uploading process as indicated in the RFX templates, will apply.
- 12.12 Submissions that are received via the e-tender platform will have a recorded date and time stamp.
- 12.13 An electronic submissions report showing all submissions made prior to closing time shall be included in the Bid file.
- 12.14 Bids received late should not be considered.
- 12.14.1 Bids are late if they are received after the closure time specified on the Bid documents or submission website.
- 12.14.2 Late Bids should not be admitted for consideration unless there is clear evidence justifying the bidders not being able to submit on Transnet website where Transnet is at fault. Depending on a case-by-case, the circumstances and not a lot of time has passed, a bidder may be allowed to send their bid to secured email and to be received by the DBAC/CBAC secretary for processing and opening.
- 12.14.3 If Transnet has been informed or becomes aware of a bidder's inability to submit a tender in our e-tender submission portal due to technical glitches and there is sufficient time left before the closing of the tender, ICT should immediately access the submission portal (storage blob) to investigate the glitch and try to resolve it to avoid any tender being submitted late (after the closing time) through other means. The following process for accessing the submission portal should be adhered to:
- 12.14.3.1 Bidder formally alerts a buyer of a possible technical issue in the submission portal which prevents the bidder from submitting or the bidder requires confirmation that their bid has been successfully submitted in the system.
 - 12.14.3.2 Buyer attempts to resolve the issue and take the bidders through the submission process. These attempts have failed.
 - 12.14.3.3 Buyer acknowledges that the supplier/system is experiencing technical issue.
 - 12.14.3.4 Buyer must log a call on behalf of the bidder and provide the following information:
 - 12.14.3.4.1 Tender number
 - 12.14.3.4.2 Bidder contact details
 - 12.14.3.4.3 Screen dump of the error message received when attempting to submit or any error being uncounted. The URL to log the call is: <https://casdm.ongijima.com/CAisd/pdmweb.exe>



- 12.14.3.5 Buyer must notify SCM Systems & Data team of the call logged and provide them with the call log reference number.
- 12.14.3.6 SCM Systems & Data team should contact the buyer and bidder to attempt to resolve the issue.
- 12.14.3.7 If the SCM System & Data team fails to resolve the issue, they must update the call reference number in the SDM to escalate the matter to be assigned to an ICT person as second line of support.
- 12.14.3.8 ICT 2nd line support should attempt to resolve the problem. In cases where the storage blob must be accessed, ICT will use the call reference number on SDM as supporting evidence as well as the system log for audit purposes.
- 12.14.3.9 Upon resolving the query, the call reference number on SDM must be updated by ICT 2nd line support and the buyer must be notified in order to assist the relevant bidder to still submit on the e-submission portal.
- 12.14.4 If no Bids are received by the closure time specified on the Bid documents, the Bid should be re-advertised and a different procurement mechanism may be considered.
- 12.14.5 E-tender portal system failure must be considered as motivation for extending the Bid closure period or re-advertising the bid.
- 12.14.6 Published notification of system failure, by Transnet Systems and Data department or GCPO constitute system failure.
- 12.15 The employee must make sure that they pull the system generated register to confirm and reconcile the list of bidders for the particular tender against the number of documents (bids) received immediately after the closing date and before publishing on the National Treasury e-tender portal.
- 12.16 In the event that the list of bidders appearing on the system generated tender submission register does not correspond to the number of bids received in SharePoint, the employee responsible must request the iSCM Systems and Data Department to download those outstanding bids and transfer them to be included in the evaluation process.
- 12.17 Transnet will not accept a bid or will disqualify a bidder who submits a bid in the Transnet e-tender submission through another suppliers' profile. In other words, each bidder must register its profile using its company details and use the corresponding registered profile to log an intent to bid as well as submitting any bid must submit its bid through its own profile under the same company name that will eventually bid for the tender. No company shall submit a bid on behalf of another company.
- 12.18 In case of a Joint Venture, any of the parties/companies to the Joint Venture may use its registered profile to submit a bid on behalf of the Joint Venture.
- 12.19 The e-tender portal system is designed to ensure access control and does not allow access to bid documents by Transnet evaluators prior to the closing date and time.
- 12.20 In the situation where the Transnet e-tender portal is not available functional for a long period, the GCPO will make the decision and communicate that the manual/physical tender box process will be utilised until the e-tender challenges are resolved. During



this time the Tender Administration Standard Operating Procedure (SOP) issued by the security department will guide the process.

- 12.21 SCM Representative shall ensure that any document or information which has been submitted in pursuance to a Bid award remains valid for the duration of the process.
- 12.22 The required Bid validity period for bid submissions should be stated in the Bid documentation. In order to determine an appropriate validity period for a Bid, all internal processes and possible delays must be taken into account. Unless circumstances require a longer or shorter period, Bid documents must state that the Bids must hold good for at least 180 (one hundred and eighty) working days from closing date of the bid.
- 12.23 Requests for approval to extend initial and subsequent validity periods shall be submitted in writing to the CPO his/her duly delegated representative. This request must be done in consultation with the relevant SCM Representative and contain the reasons for the delay.
- 12.24 Bidders who fail to respond to a request for the extension of bid validity before the validity lapses, or who decline such a request shall not be considered further in the Tender evaluation process.
- 12.25 Any tender that becomes invalid or non-award due to the expiry of the validity period shall be submitted to the relevant DoA for cancellation and close out as well as detailed explanation on the circumstance leading to the expiry of the validity period. Consideration of consequence management should be placed on the employee (SCM Representative running the transaction) that was responsible for ensuring that the validity does not expire.
- 12.26 Submissions shall be safeguarded by procurement from the time of receipt until the conclusion of the procurement process. The SCM Representative should ensure that full and proper records of all documentation pertaining to a procurement event are kept and filed in the tender files. Thereafter all tender submissions to be handed over to Document Management and Control for further safekeeping as per applicable legislation.
- 12.27 For each tender awarded where there was more than one competitor, the SCM employee responsible must communicate the outcome the losing bidders within reasonable time via the Transnet submission website or emails. The following information must be communicated in this regard:
 - 12.27.1 Details of the winning bidder;
 - 12.27.2 Details of all unsuccessful bidder(s); and
 - 12.27.3 Price of the winning bidder.
 - 12.27.4 Statement informing all unsuccessful bidders of their right to request reasons for their bids not being successful in terms of section 5 of the Promotion of Administrative Justice Act (PAJA).



- 12.28 For purposes of this requirement, the date of award is the date which the bidder accepts the award in writing. The 10 working days commences after the bidder has accepted the award.
- 12.29 SCM employees are not required to issue individual regret letters to unsuccessful bidder(s). However, employees must adhere to the requirement to publish the winning bidder and unsuccessful bidder(s) in terms of paragraph 19.23 and ensure that bidders are aware of their right to request reasons. When a request for reasons has been received, the employees must immediately furnish that particular bidder with the reasons for their bid not being successful

13. Bid Evaluation and Recommendation

This applies in far as it is practical when read together with each of the procurement approaches in paragraph 8.

- 13.1 the BPEC shall develop and use evaluation scorecards aligned with the defined evaluation criteria to standardise the evaluation of all Bids. Each area must be evaluated by a minimum of two 2 qualified evaluators from technical. SCM Representative remains the facilitator of the evaluations.
- 13.2 No deviation from the evaluation criteria included in the Bid documentation is allowed. All evaluation criteria included in the Bid documentation must be evaluated strictly in accordance with the criteria declared; no items may be omitted, added or amended.
- 13.3 Evaluations are to be conducted in a secure area where no unauthorised access to Bid documentation is allowed. BPEC members must maintain strict confidentiality and by no means share or duplicate any contents of or information contained in Bid documentation with any unauthorised parties. All evaluators must sign attendance registers for every day of evaluation. Confidentiality agreements and declarations of interest must be signed by all evaluators prior to evaluations commencing and when there is a change during to an evaluators interest (intended or not) during evaluation, it must be declared to the BPEC.
- 13.4 Bid evaluation is to be conducted in three stages as described in Table 2 as applicable to the specific Bid.
- 13.4.1 Evaluation stages must be conducted sequentially, unless approved by the BPEC in exceptional circumstances.
- 13.4.2 Where parallel evaluations are conducted, bidders must be disqualified at the correct stage.
- 13.4.3 Non-responsive bids shall not be evaluated further.
- 13.5 If a document (mandatory/non-mandatory) was valid on the closing date such a document shall be regarded as valid throughout the evaluation process. However, business may not award without the valid document if required by the law or Bid requirements. In such instances, the SCM Representative responsible for that Bid shall



request the valid document from the Bidder. An award may not be made to a Bidder who has failed to submit a valid document at the award stage.

13.6 All tenders must be evaluated using a method that allows evaluators to view the bid documents electronically, and no more manual printing of documents is allowed unless there are justifiable grounds showing that printing of documents is more conducive than viewing the bid documents electronically. Group governance has the authority to determine whether there is justifiable ground to evaluate the bids using printed documents and the documents to be kept in a secured environment.

13.6.1 The Chairperson of each Bid Preparation and Evaluation Committee (BPEC) must ensure that all evaluators are able to gain access and view, electronically, all the bid documents for purposes of conducting a fair and transparent evaluation process.

13.6.2 The Chairperson of the BPEC must be provided with signed appointment letters of the evaluators together with the relevant information of the tenders (including commencement date of evaluations and anticipated final date of evaluations) prior to the commencement of any evaluation in order to grant the evaluators access to the documents electronically.

13.6.3 Once access is granted (read only) the evaluators will use the information for purposes of evaluation and must not be downloaded and/or copied in any way and saved in their individual computers/devices. This must be clearly explained to all appointed evaluators prior to commencement of the evaluation.

13.6.4 During the evaluation process, the evaluators will not be allowed to use their cell-phones or work on other matters to avoid taking of pictures and sharing of confidential information with people who are not part of the BPEC.

13.6.5 It is therefore mandatory that all the evaluators be in one room where the chairperson of the Bid Evaluation Committee will be able to monitor, invigilate and observe the process. Where it is impractical for all the evaluators to be in one room (distance and different provinces etc) the onus to ensure that information is not leaked rests with the evaluator in possession of the information and consequence management must be applied where there has been negligence or deliberate leaking of information.

13.6.6 The OD CPOs must ensure that there are designated desktops or laptops which are stationed in a particular designated evaluation room where all evaluators can be granted access to the bid documents. In case of impracticality, the evaluator(s) who is not in the same designated room must still conduct the evaluation in Transnet premises where an observer/invigilator can be allocated. The evaluators may also use their laptops or desktops to evaluate but should be in the same room or different rooms with an observer at all times to avoid delays in evaluation where the allocated room is unavailable.

13.6.7 All RFX documents should request bidders to separate their bid submissions into three (3) i.e. technical evaluation, price and administrative (including B-BBEE and/or other specific goals where applicable). This request cannot be used to disqualify bidders.

13.6.8 Despite requests for bidders to separate information when uploading it onto the system, some bidders still combine their information. As a result, before the evaluation begins, splitting or separating of information, such as administrative (admin and substantive), technical submission, pricing submission, etc., can be done by the SCM official responsible for the tender with the line manager;

13.6.9 In instances where, as part of the bid, other information (i.e. samples, etc.) is to be submitted at a designated physical tender box or delivered physically to a particular office etc,

all precautionary measures to ensure the safety and security of the information are to be maintained;

13.7 In addition to the above and in light of the inherent risk to confidentiality of information, the procurement officials must have in place the following controls to prevent abuse, ensure that confidentiality of bids is not compromised and also to ensure that compliance with the requirements of POPIA is maintained:

13.7.1 When evaluations are being conducted, all Transnet procurement processes must still comply with the public procurement prescripts and controls. ODs must put in place additional measures to ensure compliance to existing controls where necessary;

13.7.2 The evaluation of bids must take place in a controlled environment;

13.7.3 At the closing date of the bid, flow of information from the Transnet e-Tender Submission Portal to the dedicated laptops/desktops for evaluation are only to be maintained by the SCM official with the assistance of the systems and data departments;

13.7.4 For high value tenders (HVT) where there is more than 1 competitor TIA should be invited to observe the evaluation process as they would normally do in a manual process and for all transactions below the high value threshold, a designated official from SCM Governance or any other second line of assurance should be allocated to observe the process;

13.7.5 Declaration of interests and confidentiality agreements must be completed and submitted in the normal manner;

13.7.6 The ground rules for evaluation must be explained by the relevant procurement official prior to the start of the evaluation team activities;

13.7.7 Evaluation sessions must be recorded, and the recordings retained by the relevant procurement official;

13.7.8 Written minutes/record of deliberations and decision making must be captured and retained by the relevant procurement official and signed by the Chairperson of the BPEC;

13.7.9 To preserve the integrity and confidentiality of the individual scores of the evaluators prior to consolidation, the assessments and individual evaluation scoresheets must be completed and sent to the appropriate procurement official for consolidation during the BPEC meeting. Scores cannot be obtained or changed following the evaluation meeting unless the reconciliation process was followed and the particular evaluator signs next to change and record the reasons for the change.

Table 2: Bid Evaluation

Stage	Steps	Description	Stage Completion
Stage 1: Test for Responsiveness	1.1 Test for administrative responsiveness	Check that all required documents have been submitted.	Bid must be administratively responsive and substantively responsive to advance to Stage 2
	1.2 Test for substantive responsiveness	Check that the Bid meets the minimum criteria, including technical pre-qualification criteria if applicable, and does not materially depart from the scope of work or specification or any terms, conditions or requirements included in the Bid documents.	



Stage	Steps	Description	Stage Completion
Stage 2: Evaluation of Thresholds	2.1 Functionality thresholds	Evaluation of functional criteria based on scoring criteria stated in Bid documentation. All evaluators' individual scores are averaged to arrive at the final score.	Bids must meet functionality thresholds to advance to Stage 3.
Stage 3: Establishment of Final Weighted Score	3.1 Evaluation of Price & Preference	The preference point system in accordance with PPPFA Regulations is applied. Uniform pricing schedule is evaluated.	The final weighted score is a combination of price and preference, in accordance with PPPFA regulations
	3.2 Test for Market related pricing	Benchmarking conducted prior to issuing the Bid should be used to establish whether the prices are market related	

Stage 1

13.8 Test administrative responsiveness: Normally this is a test on the submission of returnable documents and a checklist is used to assess whether:

13.8.1 The bid was submitted on time;

13.8.2 Bid documents are fully signed and submitted;

13.8.3 Bid administrative documents (declarations, certificate of acquaintance, certificate of attendance of compulsory briefing session, etc);

13.8.4 Mandatory returnable documents; and

13.8.5 Bid documents used for scoring;

13.9 Test for substantive responsiveness: Bid that fails to meet the specified pre-qualification criteria, where relevant, will be considered an unacceptable Bid and will be disqualified from further evaluation. This step also checks whether the bid conforms with all the terms and conditions for the bid including the scope or specification.

13.10 Check whether documents have been submitted including:

13.10.1 Completed pricing schedule;

13.10.2 Proof for pre-qualification;

Stage 2

13.11 Functionality/Technical Evaluation: Where functionality is included as a criterion, points scored must be rounded off to the nearest two decimal places. A Bid that fails to obtain the minimum qualifying functionality threshold specified in the Bid documents is not an acceptable Bid and will not be evaluated further.

13.12 Each member of the BPEC that evaluates Bids relevant to their areas of expertise will complete an evaluation individually. All scores must be justifiable with reference to the Bid submission. No knowledge beyond that submitted in the Bid may be used to influence scoring.



- 13.13 Clarifications may be sought from Bidders where Bids are unclear, however no additional submissions may be made. Where prices are unreasonably low, clarification should be sought.
- 13.14 BPEC members must always remain objective, fair and ethical. Each bidder must be given the points that are deserving strictly in line with the evaluation criteria.
- 13.15 If the evaluation criteria was set in an objective manner, the scores of the evaluators should be close to each other.
- 13.16 Where there are discrepancies between individual evaluators' scores, after a reconciliation process was performed, this should be highlighted in the report submitted including documented reasons/rationale for the discrepancies to the BAC/CPO in order for the delegated adjudication authority to decide whether a risk is posed and whether re-evaluation is warranted.
- 13.17 Reconciliation process is when the chairperson of the BPEC identifies discrepancies between individual evaluators' scores and request the affected evaluators to relook at the bid documents to establish whether the information was submitted as stipulated in the tender (RFX) document and the evaluators are then requested to reconsider their scores and reconcile based on the outcome of the evidence provided.
- 13.18 This process does not allow the chairperson to force any of the evaluators to change scores if they strongly believe that the initial score should remain despite the evidence. It is entirely up to the individual evaluator to make a decision to change a score to reconcile based on the evidence.
- 13.19 If after a reconciliation process an evaluator(s) decides to amend/change their scores for one reason or another, it is recommended that the reason or justification for amending/changing the scoring are recorded in the scoring sheet next to the amended/changed score or any place in the scoring sheet or any other record
- 13.20 Once all individual scorecards are complete, all scores are to be averaged to arrive at the Bid's final score for functionality.
- 13.21 Each Bid that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria.

Stage 3

Evaluation for Price and Preference Points (specific goals)

13.22 The SCM BPEC members shall conduct the evaluation on price and preference using the required PPPFA calculators and formulae.

13.22.1 The 80/20 preference point system allocates 80 points to price and 20 points to preference. Price accounts for 80 in line with the formula below:

$$P_s = 80 \left(\frac{P_t - P_{min}}{P_{min}} \right)$$

Where:

Ps= Points scored for price of Bid or offer under consideration

Pt = Price of Bid under consideration

Pmin=Price of lowest acceptable Bid

13.22.2 The 80/20 preference point system allocates 90 points to price and 10 points to preference. Price accounts for 90 in line with the formula below:

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

Where:

Ps= Points scored for price of Bid or offer under consideration

Pt = Price of Bid under consideration

Pmin=Price of lowest acceptable Bid

13.23 The preference point system to be used must be in strict accordance with the latest official version of the TPPP and applicable directives.

13.24 In a situation where all acceptable bids received fall outside of the stated preference point system, despite what is stated in the bid document, Transnet shall use the lowest acceptable bid to determine the applicable preference point system.

13.25 When calculating comparative prices:

13.25.1 Conditional discounts (those where Transnet has to place minimum specified orders or fulfil certain conditions before the discounts may come into effect) shall not be considered for evaluation purposes but shall be included in the contract and implemented when payment is made.

13.26 Where evaluation scores do not provide a single successful Bidder, the following shall apply:

13.26.1 Where two (2) or more Bids have scored the highest equal points based on price and preference, the successful Bid shall be the one with the highest score on preference;

13.26.2 If two or more Bids have equal points, including equal preference points for specific goals, the successful Bid shall be the one scoring the highest score for functionality, if functionality is part of the evaluation process; and

13.26.3 Should two (2) or more Bids be equal in all respects, in a controlled environment, the award shall be decided by the drawing of lots by an independent person/function appointed by the CPO and witnessed by the BPEC and recorded accordingly.

13.27 The Bidder with the highest final score must be recommended for contract award unless objective criteria as contemplated in paragraphs 2(1)(f) of the PPPFA justifies the award to another tenderer.

13.28 A TEAR report on the findings of the evaluation as per the approved template, highlighting all risks, outcome of probity checks (where applicable), ranking Bidders in order of evaluation score and recommending a preferred Bidder must be prepared by the BPEC upon finalisation of the evaluation process.

13.29 Where bids are issued that are rate based due to quantities that cannot be determined / estimated due to possibility of future fluctuations (increase / decrease) based on operational activity, bid award can be based on the available budget which will not be disclosed to the awarded supplier. In such instances, the award value based on



available budget must be motivated and captured in the demand / strategy document and / or the approval document/s to issue the RFQ / RFP.

- 13.30 Where arithmetic errors are identified in submitted pricing Bid documents, the BPEC must:
- 13.30.1 Consider the signed total price.
 - 13.30.2 Analyse the tender price according to the Delivery/pricing schedule.
 - 13.30.3 Identify any gross misplacement of decimal point in any unit rate.
 - 13.30.4 Identify omissions in the Delivery/pricing schedule.
 - 13.30.5 Identify arithmetic errors in the calculation of line items – item totals, page totals, section totals or the actual total.
 - 13.30.6 Inform the Bidder of the errors and ask the Bidder to confirm the price stated in the total price or adjusted price.
 - 13.30.7 Adjust the price to the correct figure; and
 - 13.30.8 Evaluate the tender based on the confirmed price.
- 13.31 The market analysis conducted prior to issuing the bid to market should be used as a benchmark to determine whether prices received are Market-Related. In addition, Transnet has an obligation to clarify unreasonably low or high prices with bidders. Where the bid price is too high, post-tender negotiation must be conducted. Where the bid is unreasonably low Transnet must ask the Bidder to explain its low price and confirm with the Bidder that it would be able to deliver as per the specification, notwithstanding the low price. (i) If Transnet is not satisfied with the explanation given and there is high risk of non-performance, such Bidder should be disqualified as a non-responsive bid at the correct stage of evaluation (substantive) and reasons clearly document. (ii) Similarly, if the Bidder confirms that it cannot perform the full scope of work at the prices quoted, they should be disqualified as non-responsive. (iii) If Transnet accepts the explanation given, Transnet must proceed with the award of business. However, the Bidder must be made to understand that Transnet will not entertain any subsequent requests for price increases on the basis that the initial bid price was too low.

Tax Compliance

- 13.32 It shall be confirmed that recommended Bidder(s) are tax compliant through their registration on the CSD or by providing a SARS eFiling tax compliance PIN for confirmation prior to finalising the award of the bid. The tax compliance letter included for CSD registration, or the tax compliance status screen view obtained using the PIN shall be printed on the day of the meeting of BAC/DoA and included in the Bid file.
- 13.33 Where foreign Bidders with tax obligations in South Africa are recommended for award, proof of tax compliance must be obtained from the Bidder. Foreign Bidders who do not have South African tax obligations and have no history of conducting business in South Africa must complete a pre-award questionnaire on SBD 1 for their tax obligation categorisation. Where a recommendation for award of a bid has been made to a foreign bidder, Transnet must submit the bidder's completed SBD 1 to SARS at the following email address: GovernmentInstitute@sars.gov.za. The SARS will issue a



confirmation of tax obligations letter to Transnet confirming whether or not the foreign entity has tax obligations in South Africa.

- 13.34 Should a Bidder be found to not be tax compliant, the Bidder must be notified in writing of their non-compliant status and the bidder must be requested to submit written proof from SARS of their tax compliant status or proof that they have made an arrangement to meet their outstanding tax obligations within 7 (seven) working days. Upon rectifying their status, the Bidder must provide proof of their tax compliance status which shall be verified via the CSD or eFiling. This does not apply to Emergency Procurement situations. A process for this is stated in the Bid Adjudication section.
- 13.35 No Bid may be awarded to a Bidder whose tax affairs have not been declared to be in order by SARS. Proof that SARS has declared the Bidder's affairs to be in order is the tax status of the bidder as reflected in the SARS system report. The BPEC should check the status on the day that the matter is being adjudicated and submit the report on the day.
- 13.36 This requirement does not apply to emergency procurement situations. During an emergency, Transnet will proceed to award the business to the bidder that is non-tax compliant with a condition that no payment will be made to the bidder until all its tax matters have been resolved. This must be formally agreed with the bidder before commencing with the work. Refusal by the bidder to accept the condition, grants Transnet the right to approach another bidder or 2nd ranked bidder to address the emergency situation.
- 13.37 Bids from Bidders who have failed to provide proof of tax compliance as per 36.3 must be rejected.
- 13.38 Where goods and/or services have been provided satisfactorily without any dispute, processing of payment shall not be delayed as a result of outstanding tax matters, unless directed otherwise by SARS.

14. TPPP Guideline

- 14.1 A specific regime for the procurement of goods and services has been catered for in the Transnet Preferential Procurement Policy.

Table 3: Specific Goal Evidence

Specific Goals	Acceptable Evidence
B-BBEE	B-BBEE Certificate / Sworn-Affidavit B-BBEE Certificate (in case of JV, a consolidate scorecard will be accept) as per DTIC guidelines
30% Black Women Owned Entities	B-BBEE Certificate / Sworn-Affidavit / CIPC B-BBEE Certificate (in case of JV, a consolidate scorecard will be accept) as per DTIC guidelines
50% Black Youth Owned Entities	Certified copy of ID Documents of the Owners and B-BBEE Certificate / Affidavit (in case of JV, a consolidate scorecard will be accept)
Entities Owned by People with Disability (PWD)	Certified copy of ID Documents of the Owners and Doctor's note confirming the disability and/or Employment Equity Act 1(EEA1) form.
Entities/Black People living in rural areas	Entity's Municipal/ESKOM bill or letter from Induna/chief confirming residential address not older than 3 months



South African Enterprises	CIPC Registration Documents
EME or QSE 51% Black Owned	B-BBEE Certificate / Affidavit (in case of JV, a consolidate scorecard will be accept) as per DTIC guidelines
Entities that are 51 % Black Owned	B-BBEE Certificate / Sworn-Affidavit B-BBEE Certificate (in case of JV, a consolidate scorecard will be accept) as per DTIC guidelines
Promoting exports orientated production for Job creation	Returnable section/annexure.....on job creation
Local Content and Local Production	Returnable Local Content and production Annexures
NIPP	NIPP Returnable documents
Creation of new jobs and labour intensification	Returnable section/annexure.....on job creation.
The promotion of supplier development through sub-contracting or JV for a minimum of 30% of the value of a contract to South African Companies which are: I. HDI's – Women, Youth and people with disabilities II. Entities with a specified minimum B-BBEE level (1 and 2) III. EMEs and/or QSEs black-owned	<ul style="list-style-type: none"> • Sub-contracting agreements; • Subcontractors CIPC – B-BBEE Certificate / Sworn-Affidavit / B-BBEE Certificate as per DTIC guideline <p>In case of a joint venture:</p> <ul style="list-style-type: none"> • Declaration / Joint Venture Agreement • A consolidated JV B-BBEE scorecard
The promotion of enterprises located in a specific province/region/municipal area for work to be done or services to be rendered in that province/region/municipal area	CIP - Registered address of entity

15. Bid Adjudication / Award of Business

The section of the General Goods and Service Manual dealing with Bid Adjudication / Award of Business is also applicable in this manual except that it is the BPEC that will make the recommendation for the Adjudication Committee in terms of this Manual. Furthermore, the section of the General Goods and Service Manual dealing with “**standby Contractor**” and “**Validity Period**” is also applicable in this manual.

16. Tender Price Negotiations

The section of the General Goods and Service Manual dealing with Tender Price Negotiations is also applicable in this manual.

17. Bid Cancellation / Non-Awards

The section of the General Goods and Service Manual dealing with Bid Cancellation/Non-Award is also applicable in this manual.

Section D – Post Award Considerations

18. Contract Management

The section of the General Goods and Service Manual dealing with contract management is also applicable in this manual.

19. Expansion and Variation of Contracts

The section of the General Goods and Service Manual dealing with Contract Variations and Expansions is also applicable in this manual.

20. Piggy backing

The section of the General Goods and Service Manual dealing with piggy backing is also applicable in this manual

21. Advance Payments

The section of the General Goods and Service Manual dealing with Advance Payments is also applicable in this manual.

22. Income Generating and Disposals

22.1 Income Generating contracts and Asset disposal shall be conducted in line with the relevant commercial policies governing them. This section does not deal extensively with pure income generating transactions. However, the PPR, 2022 prescribes the formulae that may be used to calculate the points for price and preference in respect of a tender for the disposal of assets and other income generating transaction as follows:

For 80/20:

$$ps = 80 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

Where

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

22.1.1 Allocation of points for Specific goals for 80/20 will be in accordance with the relevant commercial policy and in absence of such a policy, the allocation will be in line with the TPPP thresholds.

For: 90/10

$$ps = 90 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right)$$

Where

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

22.2 Allocation of points for Specific goals for 90/10 will be in accordance with the relevant commercial policy and in absence of such a policy, the allocation will be in line with the TPPP thresholds.

22.3 Transnet may negotiate a fair market price with the three preferred bidders if the prices offered are below fair market prices.

23. Supplier Performance Monitoring

The section of the General Goods and Service Manual dealing with Supplier Performance Monitoring is also applicable in this manual.

24. Complaints and Disputes

The section of the General Goods and Service Manual dealing with complaints and disputes is also applicable in this manual.

25. Treatment of Disclosures and Declarations

The section of the General Goods and Service Manual dealing with Treatment of Disclosures and Declarations is also applicable in this manual.

26. Blacklisting/Restriction of Persons Doing Business with Government

The section of the General Goods and Service Manual dealing with Blacklisting and Restrictions is also applicable in this manual.

27. Non-Compliance

27.1 Irregular expenditure is incurred when a procurement /expenditure/ revenue generating transaction that does not comply with legislation Irregular expenditure must be managed in accordance with the relevant National Treasury Instruction on PFMA Compliance and Reporting as well internal Transnet Policies.

27.1.1 Any employee who becomes aware of or suspects the incurrence of irregular expenditure or non-compliance must immediately, in writing, report such instances to the GCPO or his/her duly delegated representative for investigation. If irregular expenditure is found, the SCM Governance who will refer it to the Loss Control function.

27.1.2 Instances of non-compliance with internal policies (such as the SCM policy) where no legislative requirement is breached will not result in irregular expenditure; however, corrective actions including possible consequence management and strengthening of internal controls must be implemented.

27.1.3 Where irregular expenditure has been incurred, Transnet may not withhold payment due to the irregularity. Payment must be made to Suppliers who were in no way responsible for the irregularity and have provided the goods and services in good faith and without having been complicit in the irregularity. Payment may be made against either a legal claim/demand for payment or an invoice.



- 27.2 Fruitless and wasteful expenditure is incurred when expenditure is made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be managed in accordance with the relevant National Treasury Instruction on PFMA Compliance and Reporting as well internal Transnet Policies.

28. Deviations from this Manual

- 28.1 Requests to deviate from this Manual or the Procurement Process Guideline in respect of internal process requirements may, in exceptional circumstances, be submitted via the GCPO to the CBAC for consideration and approval. No deviation from legislated requirements is allowed.
- 28.2 Requests for deviation from internal processes must address the following as a minimum:
- 28.2.1 From which part/s of the Procurement Manual/Procurement Process Guideline deviation is being sought;
- 28.2.2 Compelling reasons for the departure from the internal processes, including sound reasons why the relevant process is inappropriate and/or insufficient; and
- 28.2.3 Description of the alternative process that will be put in place to ensure the integrity of the transaction, including details of how the alternative process will comply with all relevant legislative requirements.

29. SCM Data Management

- 29.1 The Manager: Systems/Data Management must ensure that the necessary systems, reports and data are managed according to processes 2.1 -2.4 in the Procurement Process Guideline.

30. Appointment of Consultants

The section of the General Goods and Service Manual dealing with Appointment of Consultants is also applicable in this manual

31. National Treasury Oversight

- 31.1 National Treasury may attend any bid committee meetings (BPEC or BAC) in an observer capacity and must inform Transnet when he/she will be attending. The representative does not have voting rights and is subject to the same conflict of interest declarations/disclosures as committee members.
- 31.2 National Treasury approval or participation must be sought where any regulation, instructions, notes and/or circulars prescribe it.

32. Vat Vendors

- 32.1 Price evaluation must be conducted inclusive of all applicable taxes. As such, where the bidder is a registered VAT vendor, the evaluation team must ensure that the price quoted is VAT inclusive. There may be cases where an EME is not a registered VAT



vendor but has submitted a bid with pricing inclusive of VAT. In such circumstances, the evaluation team must request the bidder to provide reasons for the inclusion of VAT. There may be justifiable reasons for the inclusion of VAT e.g. the value of the award may take the Bidder into the threshold for VAT registration.


- 32.2 In a case where a bidder submits a bid where it is indicated that the bidder is not a registered VAT Vendor (does not collect VAT) at the time of tender closing, then that bidder should be evaluated as such even if the status of the bidder changes during the tender process or after.
- 32.3 In a case where the value of the transaction is very high that it is expected that all the bidders would be VAT vendors and one or more of the bidders are not, Transnet may request financial statements and any other relevant information from the bidder to assess whether the bidder/s is not contravening any tax laws. Depending on the outcome of the assessments further consultation and engagements may be necessary to determine the way forward.
- 32.4 Transnet will have to comply with the VAT payment requirements for the duration of the contract.

Appendix A: Legislation, Government Policies & Pacts Applicable to this Manual

- The Broad-Based Black Economic Empowerment Act, 53 of 2003 as amended, including the Department of Trade & Industry's 2007 and 2013 Codes of Good Practice
- The Companies Act, 71 of 2008 as amended.
- The Competition Act, 89 of 1998 as amended.
- The Constitution of the Republic of South Africa Act, 108 of 1996
- The Construction Industry Development Board Act (CIDB Act), 38 of 2000 including the CIDB Regulations and Standard for Uniformity, as amended.
- The Conventional Penalties Act, 15 of 1962
- The Electronic Communications and Transaction Act, 25 of 2002
- The Framework for the Operationalisation of Government's Procurement Policies in State Owned Enterprises (dated 31 July 2001)
- The Financial Intelligence Centre Act, 38 of 2001
- The Industrial Strategy
- The National Industrial Participation Programme (refer to Chapter 10 of the PPM)
- The National Development Plan (NDP)
- The National Environmental Management Act, 107 of 1998
- The Occupational Health and Safety Act, 85 of 1993
- The Preferential Procurement Policy Framework Act (PPPFA), 5 of 2000 as amended, including the Preferential Procurement Regulations of 2022 - effective 16 January 2023
- The Prevention and Combating of Corrupt Activities Act, 12 of 2004 as amended.
- The Promotion of Access to Information Act (PAIA), 2 of 2000 as amended.
- The Promotion of Administrative Justice Act (PAJA), 3 of 2000 as amended.
- The Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 33 of 2004
- Protection of Personal Information Act, 4 of 2013
- The Public Finance Management Act (PFMA), 1 of 1999 as amended (The Supply Chain regulations issued in terms of this Act are not applicable to Transnet)
- Directives and Instruction Notes including Guidelines issued by National Treasury (and other government agencies) from time to time which are applicable to entities listed in Schedule 2 of the PFMA including any departures that may be granted.
- The United Nations Global Compact
- The Organisation for Economic Co-operation and Development Principles on for Integrity in Public Procurement

**Approved by the Central Bid Adjudication Committee (CBAC) on 16 September 2024.
Effective 1 October 2024**

Signed by the Group Chief Procurement Officer



Mr Vuledzani Nemukula (GCPO)

Date: 15 October 2024