TENDERING FOR
TRANSNET’S BUSINESS

PURPOSE OF THIS TENDERING GUIDE
The purpose of this document is to give guidance to tenderers on:

- The structure of Transnet and its divisions
- Transnet’s tender process at a glance
- How to get hold of Transnet’s tender documents
- How to understand the tender documents
- What information and documents to provide with a tender response
- Tips for successfully tendering for Transnet’s business
1. WHAT DOES TRANSNET DO?

Transnet delivers goods throughout South Africa, to the rest of Africa and across the world.

Transnet is the largest freight logistics company in Southern Africa.

1.1 TRANSNET’S MAIN OPERATING DIVISIONS

Transnet Freight Rail

Bulk transport of main commodities (such as coal and iron ore) for export

General freight business (such as general goods, farm produce etc.)
1.2 TRANSNET SUPPORT SERVICE BUSINESSES

**Transnet Rail Engineering**
Manufacturing and maintenance of rolling stock

**Transnet National Ports Authority**
‘Landlord’ of South Africa’s ports

**Transnet Port Terminals**
Managing cargo terminal operations in the ports

**Transnet Pipelines**
Managing the fuel and gas pipeline business, pumps and stores of petroleum and gas products through a network of high pressure, long distance pipelines

**Transnet Capital Projects**
Handles the company’s capital investment programme

**Transnet Properties**
Manages and maintains Transnet’s properties
2. TENDER PROCESS

1. Tender is advertised
2. Collect Tender document (Provide proof of payment, where applicable)
3. Attend briefing session (where applicable)
4. Complete tender form and assemble relevant documents, information and costing for your tender response
5. Submit your tender before the closing date and time
6. If successful, you are awarded the tender and you will be requested to sign the contract
7. Unsuccessful tenderers are informed that they were unsuccessful, with reasons
8. Provide goods/services as tendered, following the specifications in your tender form, which will now also be part of the signed contract

3. EMPOWERING LEGISLATION

As a state body, Transnet must act in the following manner when buying goods and services:

**FAIR** - Everyone must be given the same opportunity to tender. No favouritism.

**EQUITABLE** - Decisions must promote equity in South Africa, with preference to the previously disadvantaged.

**COMPETITIVE** - Open and fair competition must be promoted.

**COST EFFECTIVE** - The best value for money must be obtained.

**TRANSPARENT** - The process must be open, showing there is nothing to hide.

4. PURCHASE OF GOODS AND SERVICES

So how does Transnet buy its goods and services to ensure this?

Mainly through the open tender system.

Or through a quotation system - if the value of the goods or services is low.

With the quotation system, 3 quotes are requested either by telephone or by using a short form Request for Quotations document.
5. WHERE ARE TENDERS ADVERTISED?

- Tender notice boards at each operating division’s tender issuing office
- Construction Industry Development Board (CIDB) website
- Transnet Websites
- National newspapers e.g. Sowetan, Sunday Times, City Press, New Age etc.
- Local/regional newspapers

6. WHERE CAN YOU COLLECT TENDERS?

- To tender you need to collect a hard copy of the tender document
- You might be able to view a draft version online or at the Transnet offices, but if you decide to tender, you need to get the actual hard copy version
- The tender advertisement will have the name of the responsible contact person and the physical address where you can collect the tender document
- The tender advertisement may also indicate the last day on which the tender document is available for collection
- The tender advertisement will also state how much you will have to pay for the tender document, if anything
- This amount is non-refundable, includes VAT and is charged to cover the costs of advertising and copying of documents
- You will have to show proof of payment when collecting the tender document

7. BRIEFING SESSIONS

- In some cases, a compulsory tender briefing session will be held to discuss the tender
- The purpose of a briefing session is to explain Transnet’s requirements in more detail so that tenderers will know exactly what is expected of them
- If you don’t attend compulsory briefing sessions you won’t be able to participate in the tender process
- You can only attend the briefing session if you have a valid tender document
8. RETURNABLE DOCUMENTS

Examples of returnable documents include:
- Copy of ID
- Financial statements
- Confirmation of turnover
- References
- B-BBEE certificate
- Original valid tax clearance certificate (your tax affairs must be in order)
- VAT registration (if your turnover per year is more than the value set in the VAT Act)

And where applicable:
- Joint Venture agreement
- Share agreements/certification
- CIDB grading
- Technical specifications and drawings
- Tender briefing attendance form
- Receipt for payment re. tender form

You will need to include certain documents and information in your tender response

The tender document will tell you which returnable documents you must submit

If you don’t include these required documents you will be disqualified

Please pay careful attention to this and make sure that all documents required are included

Without the necessary documents
9. TENDER FORM / DOCUMENT

A Tender Form consists of the following components:

9.1 Notice to tenderers/bidders
- Description of services/goods required
- Anticipated contract period
- Date, time and address for tender briefing
- Date and time of tender closing
- Address where tender should be submitted
- Manner in which tender can be submitted, e.g. original and 2 copies, in tender box, per courier

All tender responses must be addressed to the Secretary of the relevant Acquisition Council. His/her name and address will be in the tender document.

9.2 Tenderer’s undertakings
The tenderer needs to complete the following:
- Declarations of interests
- The supplier’s information (personal or company details)
- Supplier Code of Conduct form
- Sign and stamp each page of the document
- Breach of Law form
- RFP Declaration form
- Non disclosure of information
- Sign and stamp each page of the tender document

9.3 Scope of work
Outlines exactly what type of goods or services are required by Transnet.

The tenderer needs to:
- Inform Transnet about any special conditions which will/may apply
- Explain what type/make of item you are offering
- Take note of compulsory site inspections and/or briefing sessions
- Provide drawings and specifications (where applicable)
- Give estimated quantities as per the tender documents
- Fill in all the required information
- Submit all required “returnable documents”
- Sign and stamp all pages of the tender document
- Complete questionnaires (where applicable)

Make sure you look at each of the following components and take note of them in your tender.

9.4 Price and other commercial aspects
The tenderer needs to:
- State the total price and applicable VAT
- Give a breakdown of the different component costs that make up that price so it is clear how you got to the final total
- The breakdown should include the labour portion, materials costs, import costs, fuel/transport costs, etc.
- VAT should be shown separately
- If the price quoted is not fixed*, specify which portion might change and what these changes will be based on, i.e. what prices might increase due to external factors
- If the price depends on exchange rate fluctuations (i.e. it is imported), the price basis or exchange rate and base date you used to calculate your tender price must be provided
- Also indicate the percentage of imported content
- If you, as the tenderer will be taking out forward cover, please state whether it is included in your tender price or not

* (Fixed price: The price quoted will remain the same for the full period of the contract)
9.5 B-BBEE status
The tenderer must provide the following:
- A valid B-BBEE certificate (if a large enterprise or a Qualifying Small Enterprise (QSE))
  OR
- For Exempted Micro Enterprises (EMEs) - entities with an annual turnover of less than R5 million: A letter from the accounting officer or an auditor or a certificate issued by an accredited verification agency that indicates the entities' annual turnover and the percentage of Black ownership.

Transnet will allow preference based on your B-BBEE status (level). We will also give extra points based on current Black ownership, black management control and employment equity. In the tender document, this will be called ‘Further Recognition Criteria (FRC — Current)’.

Transnet may also ask for a B-BBEE plan that states how you intend to improve your B-BBEE rating over the period of the contract. In the tender document this will fall under ‘Further Recognition Criteria (FRC — Future)’.

See pages 12-14 for more information.

9.6 Tax clearance requirements
The tenderer must submit an original, valid tax clearance certificate.

Transnet will not do business with an entity whose tax affairs are not in order.

9.7 Delivery period
The tenderer must state the delivery period in words – whether delivery will occur in calendar days, working days, weeks or months.

9.8 Quality control
The tenderer must specify which quality management rating they have achieved in the manufacture of the product they are offering to Transnet, e.g. ISO, SABS, etc. (if required).

9.9 Warranties
- Warranty periods must be clearly indicated
- In some cases Transnet may require a specific warranty period
- Tenderers must accept the warranty conditions
- If tenderers do not accept warranty conditions, they must provide reasons in a separate document or their covering letter

9.10 Penalties
- Transnet has the right to impose penalties for non-performance or late deliveries
- Penalties will be stated in the tender document and will be discussed and agreed upon with the supplier before the contract is entered into

Remember:
Price is not the only factor!
- Various criteria are taken into account when evaluating tender responses (including quality, proposed supplier development and B-BBEE status)
- The mere fact that the tenderer has offered the cheapest price does not guarantee that business will be awarded to him/her
- Transnet reserves the right to split the award between more than one tenderer
10. TENDER EVALUATION CRITERIA

The tender document will state the criteria that will be used to evaluate the tender responses. The tender evaluation criteria are determined before the tender is put out. They can include the following:

- Failure to attend compulsory site/clarification meeting
- Unsigned tender documents
- Tenders deposited after the closing time and date or at the wrong address
- Failure to submit returnable documents asked for e.g. tax clearance certificate
- Being blacklisted from doing business with Transnet or Government
- No CIDB registration for required grading for construction tenders
- Non-compliance with or contravening legislative provisions
- Not signing a non-disclosure agreement where this was a requirement
- Not complying with material forms and conditions of tender
- Not quoting a price
- Misrepresentation of facts (fraud)
- Failure to declare an interest with a Transnet employee

11. HOW A TENDER COULD BE DISQUALIFIED

- Not attending tender briefings
- Late entries will be disqualified
- Price basis
- Discounts
- Freight charges
- B-BBEE status / scorecard
- Delivery period
- Previous experience / references
- Financial stability
- Technical compliance
- Lead times
- Quality
- After-sales support or service
- Warranties
- Insurance cover
- Guarantees
12. TIPS FOR SUCCESSFUL TENDERING

12.1 Do your homework and start early

- Get a copy of the tender documents as soon as you can, preferably on the day the tender is issued to the market (You can read a draft tender document before deciding to buy the document)
- Give yourself enough time to plan and prepare a submission

12.2 Review and understand the requirements

- Read the tender document carefully and thoroughly
- Attend any scheduled briefing session and ask questions if the information is unclear
- If you need further help or clarification, ask the Transnet contact person, mentioned in the tender document
- Make sure you have all the requested accreditations and documents
- Read the contract terms and conditions and make sure you can comply

12.3 Study the evaluation criteria and respond as requested

- Study the criteria and note any weighting placed on each of them (i.e. how big a role does each criterion play in the final evaluation)
- Satisfy each of the criteria as best you can
- Work out the budget and resources required to fulfill the work
- Don’t underprice as you may not be allowed to increase your price once the tender is awarded, the contract may be cancelled and you and your company may be blacklisted for underperformance
- Give a breakdown of your price/cost
12.4 Check your tender response for completeness and accuracy

- Make sure you include all the requirements and specifications for goods and services to be supplied
- Be 100% sure that you will be able to deliver as tendered
- Inform Transnet how you will meet the requirements
- Check for arithmetical errors in your tender price or other calculations
- Include details of the relevant experience you have in relation to the proposed contract
- Indicate who can give reference of your work/performance on previous contracts
- Attach all returnable documents

12.5 Check the closing date, time and place for delivering the tender

- Late tenders will not be considered
- Make sure you have enough time to prepare and submit your tender
- Submit the tender in the right place/tender box
- Make sure the document is completed in full and that all the pages have been signed/initialled
- Don’t wait until the last minute to deliver/submit your documents
- Do not submit more than one tender in the same envelope
Reasons for excluding a tenderer include:

- Underperforming, i.e. late delivery, sub-standard quality and poor service levels, etc.
- Unethical conduct
- B-BBEE fronting
- Acting unlawfully, e.g. by taking part in anti-competitive practices, committing fraud or corruption, trying to bribe a Transnet official
- Cover quoting, i.e. wilfully submitting more than one quote to unethically manipulate the award in your favour
- Submitting fraudulent or falsified documentation
- Litigating against Transnet in bad faith
- Bribery, corruption, fraud/misrepresentation

Transnet can decide to restrict (black-list) companies from doing business with Transnet or bidding for any tenders for a period of up to 10 years.
14. PREFERENTIAL PROCUREMENT

14.1 BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

Transnet fully endorses and supports the Government’s B-BBEE Programme and is fully committed to ensure that black businesses receive an equitable share of its business.

> Thus it prefers to do business with local business enterprises who share these values and are willing to contribute to meaningful B-BBEE initiatives.

> In the tender process, “preference points” will be given to companies who provide a valid B-BBEE Verification Certificate. However, further “bonus” points will be allocated to companies based on their current level of black ownership, management and employment equity (FRC - Current) and also based on the extent to which the company commits to improving its B-BBEE level over the contract period (FRC – Future).

- Valid B-BBEE Verification Certificates must be issued by:
  - Verification Agencies accredited by the South African National Accreditation System (SANAS)
  - Registered Auditors approved by the Independent Regulatory Board of Auditors (IRBA)

- The Verification Certificate must show the points achieved by the evaluated enterprise for each element of the scorecard as well as the overall B-BBEE rating

Enterprises will be rated based on their annual turnover:

1. Large Enterprises  Annual turnover > R35 million
   Rated on all seven elements of the B-BBEE scorecard.

2. Qualifying Small Enterprises  Annual turnover > R5 < R35 million
   Rated on any four elements of the scorecard.

3. Exempted Micro Enterprises  Annual turnover < R5 million
   - EMEs obtain an automatic rating of Level 4
   - If they have black ownership greater than 50%, EMEs obtain a Level 3 B-BBEE rating
   - EMEs must provide a certificate from an auditor, accounting officer or SANAS accredited verification agency confirming their turnover, black ownership and B-BBEE status level

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Example of a B-BBEE scorecard
The New Growth Path (NGP) is a policy developed by Government in 2010 to ensure the Government’s development objectives for South Africa are achieved (e.g. transformation, job creation, rural development).

- Transnet supports this policy and plays an important role in making sure these objectives are achieved.
- The manner in which Transnet purchases goods and services as an organ of state must help develop and transform the local supply base.
- Transnet engages in targeted supplier development initiatives to support localisation and industrialisation and provide meaningful opportunities for black South Africans, focusing on youth (18-35), black women, people with disabilities, small businesses and rural integration.

**Joint Ventures and Subcontractors**

- Tenderers can decide to enter into Joint Ventures with a B-BBEE company or subcontract portions of the contract to a B-BBEE company.
- The percentage of the total contract value that would be allocated to the B-BBEE company must be stated in the tender as well as the rating certificate of the B-BBEE joint venture partner or subcontractor.
- Both must submit returnable documents.

**B-BBEE Fronting**

Fronting commonly involves reliance on data or claims of compliance based on misrepresentations of facts. Transnet views fronting in a very serious light and entities found guilty of this offence will be placed on Transnet’s List of Excluded Tenderers.

**B-BBEE Registration**


**14.2 THE NEW GROWTH PATH**

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- The manner in which Transnet purchases goods and services as an organ of state must help develop and transform the local supply base.
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14.3 SUPPLIER DEVELOPMENT (SD)

- Transnet has implemented an SD programme to increase the competitiveness, capacity and capability of the South African supply base
- This is achieved through skills transfer, increasing the local content of items procured and building new capability in the local supplier base
- If more goods and services can be sourced locally from previously disadvantaged individuals in the economy, more local development will take place which will benefit Transnet, the South African industry and the population of South Africa

How does Transnet ensure Supplier Development and the achievement of the NGP objectives?

- Depending on the value of the tender, Transnet will ask all large local and foreign tenderers to submit a Supplier Development Document that will show their commitment and support to the NGP Policy and how their appointment will help achieve the NGP objectives
- Larger companies are encouraged to ‘partner’ with smaller local companies to develop the local supplier base

SD focus areas:

- Industrialisation
- Localisation (local capability and capacity building)
- Transfer of Technology and Intellectual Property Rights
- New Skills Development
- Job Creation/Preservation
- Small Business Promotion
- Rural Integration and Regional Development

![Regional development](image1)

![Small business promotion](image2)

![New skills development](image3)

![Job creation](image4)
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