

## SECTION 4: PRICING AND DELIVERY SCHEDULE

*Respondents are required to complete the table below:*

Activity No.	Activity	Unit of Measure	Quantity	Total Price (Rands) Excl. VAT
<b>1</b>	<b>MARKET RESEARCH STUDIES ACTIVITIES</b>			
<b>1.1</b>	<b>Inception Report</b> Project plan with clear milestones, timeframes and deliverables.	Sum	1	
<b>1.2</b>	<b>Review of the Tariff Methodology report:</b> <ul style="list-style-type: none"> <li>➤ Comprehensive Assessment of the tariff methodology and description of the components thereof, taking into account the following (but not limited to): <ul style="list-style-type: none"> <li>• Impending incorporation of TNPA into a subsidiary of Transnet or as a stand-alone entity;</li> <li>• TNPA undergoing a build phase necessitating cash requirements earlier rather than later;</li> <li>• Due consideration of the requirements of the Ports Act and ERT Act;</li> <li>• Potential conflict between the Ports Act, ERT Act, and the regulatory framework, or alternatively identification of changes/amendments required to the regulatory framework due to the ERT Act;</li> <li>• Due consideration of other regulatory frameworks adopted by other regulatory authorities in South Africa;</li> </ul> </li> <li>• Appropriate asset valuation methodology: Irrespective of the corporate structure of TNPA; Consideration of TNPA's debt carrying capacity – inclusive of "take-on" debt for TNPA due to Corporatisation and post-Corporatisation debt required to support the capital investment programme; and Reasons/ justifications for the use of the recommended asset valuation method vs. Valuation of Assets Methodology.</li> <li>• Considerations for properties outside port limits: Given the provisions of port regulations and other legislation, is TNPA entitled to recover costs through tariffs whilst the property remains outside port limits?; and Appropriate rule set for consideration of, among others, the treatment of land purchased outside port limits together with costs and revenues associated with such properties – should TNPA be entitled to recover such expenditure whilst the property remains outside port limits?</li> <li>• PRSA distinction and treatment of Capex and CWIP</li> </ul>	Sum	1	

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	<ul style="list-style-type: none"> <li>○ – Capex: Capital spend in the first year is treated as Capex and included in the determination of the RAB, with a return earned for a year.</li> <li>○ – CWIP: As soon as the asset is re-classified from Capex to CWIP, the PRSA no longer recognises the expenditure on the capital project until the asset is commissioned/operationalised. This means that no return is earned whilst the project lies in CWIP. Is this fair practice? Should TNPA be allowed a return on CWIP? i.e., to recoup monies expended during the build phase before asset commissioning?;</li> <li>• Appropriate funding model for a port infrastructure utility;</li> <li>• Appropriate levels of debt and appropriate levels of cost of debt for an SOE;</li> <li>• Appropriate treatment of tax, irrespective of the corporate structure;</li> <li>• Appropriate treatment of wear and tear provisions for the determination of tax;</li> <li>• Appropriate cost of equity approach – determination of the levels of risk and the corresponding beta, together with considering risk premia to compensate for any additional/ emerging risk.;</li> <li>• Assessment of the impact of RR Methodology and decisions of PRSA on the tariff base, given the history of below inflation tariff adjustments;</li> <li>• Independent Analysis of PRSA decisions to determine compliance with Port Directive requirements;</li> <li>• Appropriate Implementation of the User Pay Principle: Ring-fencing/ vertically integrated Real Estate Business (Market based rentals) and Marine Business (Tariff Book); and</li> <li>• With due consideration of Section 30 and Section 73(1)(b) of the Ports Act – does the PRSA have a mandate to regulate the Real Estate Business and utilise revenues generated by this portfolio to cross-subsidise the Marine Business?</li> <li>➤ The appropriateness of Rate of Return methodology for the South African Port system.</li> <li>➤ The roles of PRSA and TNPA in the context of tariff setting and tariff approvals.</li> <li>➤ Can TNPA have un-regulated revenues and if confirmed the treatment and impact of such un-regulated revenues.</li> </ul>			

Activity No.	Activity	Unit of Measure	Quantity	Total Price (Rands) Excl. VAT
	<p>➤ How should private sector investments in port infrastructure (if deemed compliant with the Ports Act) be treated in the regulatory model, given that TNPA can only recover assets that <b>it owns</b>? What would be an appropriate mechanism for private sector to recover their investment?</p> <p>Provide written responses to stakeholder comments received through the PRSA public consultation processes and offer back-end logistical and administrative support during the PRSA roadshows.</p>			
1.3	<b>Draft Report (MS Word, PowerPoint &amp; Excel Spreadsheets):</b> Key findings and recommendations on the appropriate Tariff Methodology for TNPA.	Sum	1	
1.4	<b>Final report (MS Word, PowerPoint &amp; Excel Spreadsheets):</b> Key findings and recommendations on the appropriate Tariff Methodology for TNPA.	Sum	1	
1.6	<b>Stakeholder Support</b> Provide written responses to stakeholder comments received through the PRSA public consultation process as well as back-end logistical and administrative support during the PRSA roadshows.	Sum	1	
<b>Total Price Excluding Disbursements (Excluding VAT)</b>				
<b>2</b>	<b>DISBURSEMENTS</b>	<b>Unit of Measure</b>	<b>Quantity</b>	<b>Total Price (Rands) Excl. VAT</b>
2.1	<b>Flights</b> (Economy class)	Sum	1	
2.2	<b>Accommodation</b> (3 star accommodation)	Sum	1	
2.3	<b>Car Hire</b> (Group B)	Sum	1	
2.4	<b>Parking</b>	Sum	1	
<b>Total Price for all Disbursement (ZAR) (Excl. VAT).</b> Refer to pricing notes below*				
<b>Grand Total Price Including Disbursements (Excluding VAT)</b>				
* Total Price Excluding Disbursements (Excluding VAT) + Total Price for all Disbursement (ZAR) (Excl. VAT).				
<b>VAT 15%</b>				
<b>Grand Total Price Inclusive of VAT</b>				

**Below is the list of Key Resources identified, however, the tenderer may further list other required resources (Tenderer to Populate Table Below):**

Key Resources		Estimated hours to complete the scope of Services in full	Hourly rate, Excluding VAT	Hourly rate, Including VAT
1	Project Leader / Manager			
2	Senior Economic Regulatory & Market Specialist			
3	Senior Financial Analyst			
4	Legal Advisor			
5	Financial Modeller			

*Respondents are to note that Transnet will round off final pricing scores to the nearest 2 (two) decimal places.*

**Notes to Pricing:**

- a) Respondents are to note that if the price offered by the highest scoring bidder is not market-related, Transnet may not award the contract to that Respondent. Transnet may-
  - (i) negotiate a market-related price with the Respondent scoring the highest points or cancel the RFP;
  - (ii) if that Respondent does not agree to a market-related price, negotiate a market-related price with the Respondent scoring the second highest points or cancel the RFP;
  - (iii) if the Respondent scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the Respondent scoring the third highest points or cancel the RFP.

If a market-related price is not agreed with the Respondent scoring the third highest points, Transnet must cancel the RFP.
- b) Prices must be quoted in South African Rand [ZAR] inclusive of VAT.
- c) Prices are to be quoted on a delivered basis and all items of the pricing schedule must be priced, failing which the respondent's proposal will be made non-responses and not proceed to the next stage of evaluation.
- d) Any disbursement not specifically priced for will not be considered/accepted by Transnet. Travel bookings must be made in line with the Transnet Travel Policy. The overall cost quoted shall be inclusive of all travel and accommodation costs that will be required to complete the scope of services in full. Accommodation and Flights shall be arranged at Government Rates (3 star accommodation) and Economy Class Flights and Basic Car Hire (Group B). Disbursements will be reimbursed at cost price upon presentation of an undisputed invoice. Any disbursement invoiced that is not in line with aforementioned guidelines will not be accepted by Transnet for payment. Bidders may be required to provide a detailed breakdown of projected disbursement costs upon request by Transnet prior to finalisation of award.
- e) To facilitate like-for-like comparison bidders must submit pricing strictly in accordance with this pricing schedule (Section 4) and not utilise a different format. Deviation from this pricing schedule (Section 4) could result in a bid being declared non-responsive.

- f) Hourly rates of professional resources will be benchmarked against the standard Department of Public Service and Administration (DPSA) rates for consultants. Where bidders proposed rates are in excess of the DPSA rates, negotiation will be undertaken.
- g) Rates proposed must be aligned with the DPSA Guide on Hourly Fee Rates for Consultants.
- h) Please note that should you have offered a discounted price(s), Transnet will only consider such price discount(s) in the final evaluation stage if offered on an unconditional basis.
- i) Respondents, if awarded the contract, are required to note that their prices quoted would be kept firm and fixed for the contract duration. [Not to be confused with bid validity period Section 2, clause 1].