

TRANSNET PREFERENTIAL PROCUREMENT POLICY (TPPP) MARKET ANALYSIS DOCUMENT

PROJECT/CONTRACT DESCRIPTION

RFP No.: PPA-147694

Project Description: FOR THE PROVISION OF INLINE INSPECTION SERVICES OF THE 16inch and 18inch DIAMETER ONSHORE METHANE RICH GAS PIPELINE NETWORK OF TRANSNET PIPELINES

5.7 Preferential Procurement Points System Mechanism

“5.7.14 Therefore, for all tenders above R5m - preference points may be allocated to multiple specific goals, in addition to B-BBEE status/level contributor, from any of the classifications with either equal proportion or a choice to allocating higher weighting to identified goals that will amount to 10 points for 90/10 or 20 points for 80/20. One of the specific goals must always be B-BBEE Contributor level 1 and/or 2 in all transactions regardless of the value.

5.7.15 Transnet employees are advised to conduct a market analysis to identify the specific goals to be pursued per transaction for tenders above the threshold set in paragraph 5.7.14. This is to ensure that there are sufficient numbers of enterprises falling within the category of those targeted to advance a specific goal.

5.7.16 Therefore, specific goals used will differ per transaction, except in the case of B-BBEE, and points allocated to a particular specific goal may differ from transaction to transaction depending on a number of specific goals identified and selected in a transaction as determined by the market analysis. ”

Table A

Brief explanation of the scope of works:	TRANSNET PIPELINES (a pipeline operating division of Transnet SOC Limited) invites tender from eligible Pipeline Inspection service providers for the inline inspection of their sections of 16 and 18-inch diameter onshore pipeline network employing an in-line
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	electronic Geometry survey tool and an in-line High Resolution/ Definition Metal Loss & Narrow Axial Feature survey tool. The pipeline transports industrial methane rich gas from Secunda to Durban. The pipeline has three sections, and the pipeline was previously used to transport crude oil and refined petroleum products.
Goods or service being procured	Professional Services.
Once off purchase or regular purchase	Seldom, at 10-year intervals
Are the goods or services being acquired unique (more than one supplier)	Not unique (More than one supplier). - The services are specialised to Transnet Pipelines.
Period of the project:	2 Years (24 months)
Estimated contract value:	R31,623,410.36 Inc. VAT
Who are the usual market players?	- Africore Energy Services - Camjet - UDS Civils - TUV Rheinland - MABRO - Atlas Copco - Averda - ORSCO (PTY) LTD <i>(The market players include names from the desk top research and excludes the list from the End-User market analysis. This is not meant to be an exhaustive list.)</i>
Can you identify areas of the work that could be separated and subcontracted for TPPP and if so what areas?	None.
For identified areas, what is an estimated % of the contract that these areas make up?	Not applicable

(For TPPP goals sub-contracting must be at least 30%)	
Any goods that fall under designated sectors	None.
Does this project trigger Construction Skills Development Goals? Is the contract duration 12 months or more & Is the CIDB grading designation 7 or higher (R20mill plus excluding VAT)	Not applicable.
Any other considerations e.g., high risk, threat to life etc	None

Discussion

- The project falls below R50mill therefore the 80/20-point preference system will be applied.
- TPPP goals selected for the procurement event are based on the following considerations:
 - For transactions of R5m and above 1 or more specific goals may be selected;
 - BBBEE Status level 1 or 2 is a mandatory goal.
 - This procurement transaction is for the contracting services for the inline inspection of six multi-product sections and crude oil onshore pipeline network employing an in-line electronic Geometry survey tool and an in-line High Resolution/ Definition Magnetic Flux Leakage Wall Loss/ Corrosion Detection inspection tool.
 - The estimated contract value is R31,623,410.36 inclusive of VAT and the duration of the contract is 2 years (24 months).
 - The service being procured is not unique but specialised,
 - Based on research and industry knowledge the market has the dominance of foreign players who may have local agents, the local supply market is limited due to the specialised nature of the TPL requirements.
 - the application of TPL's preferential strategy for the 25/26 year (i.e., increase spend with BWO and BYO suppliers, suppliers that

have BBBEE Levels 1 or 2 and increase local content transactions on designated sectors) and

- In testing some of the market role players as listed in table A for preferential elements the following was noted:

Table B

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Number of market role players identified.	Number of market role players tested for preferential elements	Number and percentage of entities that have a BBBEE level 1 or 2	Number and percentage of entities that have qualifying (30) BWO	Number and percentage of entities that have qualifying BYO
8	8	7 (87.5%) 1 market player has a Level 4.	2 (25%)	1 (12.5%)

- 7 of 8 (87.5%) suppliers have a BBBEE level 1 or 2;
- 2 of 8 (25%) suppliers have qualifying BWO;
- 1 of 8 (12.5%) suppliers have qualifying BYO;
- 1 of 10 (12.5%) supplier has non- compliant BBBEE levels.

Refer to Annexure A for the statistics above.

Note: The BBBEE information as presented in the above table has been done using the search facilities and companies' website.

Therefore, the TPPP goals selected will be,

Specific Goals	Number of points (80/20 system)
B-BBEE Status Level of Contributor 1 or 2	10
Black Women Owned (30%)	10

It should be noted that while there are other goals that may be pursued, a goal will only be pursued if it is:

- 1) mandatory; and or
- 2) aligned to TPL's transformation objectives; and or there is a sufficient number of enterprises falling within the category of those targeted to advance a specific goal/s. (minimum requirement for a preferential goal to be pursued is 33% of the sample); it should be noted that where there is a requirement for more than 1 goal and the 33% minimum criteria has not been met, TPL will default to using the transformation goal that reflects the next highest percentage. Black-Women Ownership did not meet the minimum threshold but is chosen as one of the goals because it is the closest to 33%; and or
- 3) The project represents an opportunity for a transformation goal or objective to be achieved.

Market Research for TPPP done by:

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2026-07-15