

ANNEXURE A: CONTRACT PRICING AND ADDITIONAL CLAUSES

1. CONTRACT PRICING

- 1.1. A Service Contract for the respective Annual Software License Availability including the provision of Software Maintenance and Support items will be entered into between Transnet Engineering (TE) and the successful tenderer; as well as followed by the placement of five (5) call-off purchase orders over the five (5) year period of the contract with the placement of each call-off purchase order coinciding with the commencement – or just prior to - of Year 1 (YR1), Year 2 (YR2), Year 3 (YR3), Year 4 (YR4) and Year 5 (YR5) (viz. e.g. 01 April 2023 - 31 March 2024, 01 April 2024 - 31 March 2025, 01 April 2025 - 31 March 2026, 01 April 2026 - 31 March 2027 and 01 April 2027 - 31 March 2028).

***Note1:** In the case of a single purchase order only for a period of one (1) year (or less) – only Year 1 (YR1) as described above and under 1.3.1 and 1.3.2 below will be applicable.*

1.2. Pricing:

There are two options available to tenderers when submitting their pricing; viz:

1.2.1. Fixed Prices: (i.e. not dependent on rate of exchange)

- All prices must be quoted in South African rand on a fixed price basis, excluding VAT – using Table 1 appearing under Annexure D.

***Note2:** In the case of “Fixed Prices” – only the “Rand Price Schedule” (i.e. Annexure D, Table 1) needs to be completed.*

1.2.2. Non-Fixed Prices: (i.e. Prices of imported content fixed in foreign currency, however subject to applicable Rate of Exchange (ROE))

In such instances, all prices must be quoted in the applicable Foreign Currency on a fixed price basis, excluding VAT – using Table 2 (refer Annexure E), as well as the South Africa rand equivalent prices submitted by completing Table 1 (refer Annexure D) and using the ROE ruling at the time of completion of the tender submission.

***Note3:** In the case of “Non-Fixed Prices” – both the “Rand- and Foreign Currency- Price Schedules” (i.e. Annexure D, Table 1 & Annexure E, Table 2 respectively) need to be completed.*

1.3. During execution of the contract, contract pricing will be applied on the following basis:

1.3.1. Fixed Prices: (refer 1.2.1 above):

- YR1: The call-off purchase order (PO1) for YR1 will be created using prices appearing in Table 1 and placed on the service provider just prior to commencement of YR1.
- YR2 and any proceeding YR set out in contract: As with YR1 above, and at least one (1) month prior to the commencement of YR2 and all proceeding YRs (e.g. say the end of February), TE will place a call-off purchase order PO2 for YR2 continuing PO* for every YR*.

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1.3.2. Non-Fixed Prices: (refer 1.2.2 above):

- YR1: The call-off purchase order for YR1 will be created using equivalent prices appearing in Table 1 and an initial purchase order (PO1) will be placed on the service provider prior to commencement of YR1.

The service provider shall obtain a quote for forward cover (coinciding with the expected payment date – for the YR1 payment) in respect of the imported content from a recognised financial institution (an institution registered with the Financial Services Board) **within one (1) week of the purchase order date** and submit it to the Dealing Desk of Transnet (TN) Treasury (Contact : Deva Sathee (011) 308-2646) for acceptance thereof before execution.

Once TN Treasury has accepted the quotation, the hedge may be executed by the service provider. The service provider should fix the “Forward Cover Exchange Rate” with their Bank within the next hour after TN Treasury accepting the quotation and provide a Bank Confirmation Note within the next 24 hours.

The initial PO1 will be adjusted to reflect the agreed upon “Forward Cover Exchange Rate” and a revised purchase order placed upon the service provider.

Transnet will not accept any further changes in price due to exchange rate fluctuations, as henceforth the pricing will be fixed in RAND.

It is incumbent on the service provider to ensure the relevant TE procurement- and finance officers handling the tender get copied in on all communiques between TN Treasury and the service provider (i.e. siphokazi.mgubasi@transnet.net (Supply Management) and precious.moila@transnet.net (Finance)). YR2 as well as all proceeding YRs : As with YR1 above, and at least one (1) month prior to the commencement of YR2 & proceeding years (e.g. say the end of February), TE will place an initial purchase order PO2 & PO* for YR2 & YR* respectively.

The service provider will follow the exact same process detailed under 1.3.2 to fix a “Forward Cover Exchange Rate”.

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2. ADDITIONAL CLAUSES

2.1. During the course of the five (5) year contractual period and more specifically just prior to placement of the proceeding YRs - call-off purchase orders:

- TE may elect to change the quantities of the purchase order lines (i.e. increase or reduce the quantity of Software License Availability) and this will be reflected accordingly in the call-off purchase orders placed.
- TE reserves the right to terminate the contract at any stage should there be a significant change to the software package or meaningful reason rendering continuation of the contract problematic or futile. In such an instance, TE may elect to re-issue an entirely new tender.
- TE reserves the right at any stage to place only a partial purchase order against the contract during the execution of the contract.