## DPE Stationery:DPE logo.jpg INFORMATION MEMORANDUM

**TO : Mogokare Richard Seleke**

**DIRECTOR-GENERAL**

**FROM : Justin De Allende**

**PLO**

**RE :** **PARLIAMENTARY QUESTION NO 121**

**DATE : 17 February 2017**

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To provide the Minister with a response to Parliamentary Question Number 121

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| **COVER MEMO AND THE PACKAGING OF PQ BY:**  **Department of Public Enterprises** | | |
| **……………………………….**  **Deputy Director-General**  **Date:** | | **COMMENTS:**  **………………………………………..** |
| **…………………………………**  Mogokare Richard Seleke  **Director-General**  **Date:** | **APPROVED/DECLINED/COMMENTS**  **…………………………………………..**  **…………………………………………..**  **………………………………………….** | |



**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 121**

**DATE OF PUBLICATION: 9 FEBRUARY 2017**

**121. Ms N W A Mazzone (DA) to ask the Minister of Public Enterprises:**

1. Did Transnet withdraw from negotiations with a certain company (name furnished) (a) in August 2014 before a payment was made by the specified company to another company (name furnished) to supply information technology (IT) equipment and (b) after the specified company received a contract for closed-circuit television equipment in 2015;
2. Did all contracts concluded between Transnet and the specified company pass through a competitive bidding process ; if not, why not in each case; if so, (a) what are the names of all bidders and (b) why were the specified contracts awarded to the specified company in each case;
3. Whether she will provide copies of (a) each contract conluded with the specified company and\or (b) the minutes of each Transnet Board meeting where the decision was taken to award the specified contracts, to Ms NWA Mazzone; if not, in each case, why not; if so, by when: NW126E

**Reply:**

1. Transnet did not withdraw from negotiations with Neotel.
2. Transnet has concluded two contract with Neotel (Pty) Ltd, one for network services and the other for the closed circuit television vision (CCTV).

**Network Services contract**

In December 2014, Transnet awarded a five-year contract to Neotel to provide network related services, following an open and competitive procurement process. The award met all our stringent governance requirements and was reviewed by a firm of independent internal auditors. The contract was awarded in line with the Preferential Procurement Policy Framework Act (PPPFA) principle of 90/10 as they were the highest scoring bidder (first ranked bidder) in terms of Price and Preference (B-BBEE).

The following bidders responded to the Network Services Request for Proposal (RFP) that was issued by Transnet Group in 2013:

* Neotel (Pty) Ltd;
* Telkom SA SOC (Pty) Ltd;
* Dimension Data;
* Vodacom (Pty) Ltd;
* T-Systems South Africa (Pty) Ltd in partnership with Broadband Infraco SOC Ltd.

**CCTV contract**

The CCTV contract was awarded to Neotel (Pty) Ltd through a confinement procurement process which was approved by the appropriate delegated authority/committee. A confinement is a recognised procurement mechanism provided for in the Transnet Procurement Procedures Manual (PPM).

An analysis of our business requirements revealed that the existing CCTV equipment had reached the end of its useful life and needed to be replaced. It was crucial for Transnet to urgently rectify the situation for the following reasons:

* The need for Transnet to comply with the requirements of the International Ship and Port Facility Security Codes (ISPS) and for Transnet to maintain its status as a ports authority. Failure to comply would have resulted in Transnet being blacklisted by the US administration and thus causing a material loss of revenue and the reduction of the country’s ability to export and import goods.
* In addition Transnet had to meet its obligations as a signatory to the International Maritime Organisation (IMO) legislation. In terms of the IMO, a ports authority is required to have a capability to monitor the port facility and its nearby approaches on land and water at all times.
* The need to integrate new and existing equipment and systems was crucial in ensuring that the entire surveillance infrastructure and software was fully operational.
* The existing infrastructure belonged to Neotel, making it critical for the entire surveillance solution to be integrated to a single service provider that would take sole accountability of the entire solution to Transnet.

1. Transnet is not at liberty to provide details of commercial terms with individual suppliers in line with confidential contractual arrangements and protecting the company’s pricing strategies. NW126E

**Mogokare Richard Seleke Lynne Brown, MP**

**Director-General Minister of Public Enterprises**

**Date: Date:**