****

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2728 [**NW3035E**]**

**DATE OF PUBLICATION: 08 September2017**

**2728. Mr T J Brauteseth (DA) to ask the Minister of Finance:**

**Question: 1**

(1) With regard to the contract concluded between SA Airways Technical and a certain company (Allen Aircraft Radio Corporation),

(a) on what date was the tender for the specified contract first advertised,

(b) what were the requirements to be met in order to tender for the contract,

(c ) how many bids were received after the first advertisement?

(d) which companies responded after the first advertisement?

Question : 2

1. why was the tender for the specified contract advertised on multiple occasions?

(b) what are the full relevant details of each additional

(i) placement date; and

(ii) list of criteria that had to be met in the bidding process for the specified tender?

NW3035E

**REPLY:**

 **Question 1**

1(a) The tender for the specified contract was first advertised on 16 February 2013.

1(b) A 90/10 principle was applied in accordance with the provisions of the **Preferential Procurement Policy Framework Act** (“PPPFA”) regulations. The requirements to be met, i.e. the evaluation criterion were follows:

**CRITICAL CTRITERIA**

All bidders are required to meet the following critical criteria:

* Sufficiently experienced;
* Equipped;
* Is of sufficient sound financial standing to carry out satisfactorily any contract that may be awarded pursuant to the tender;
* Must be certified for FAA and/or EASA as repair station;
* Must offer an access pool or exchange basis;
* Must bid on a minimum of 95% of the main list (Airbus / Boeing or both);
* Must bid on a minimum of 50% of the secondary list;
* Must include a proposal for reciprocal work;
* Must be a 24 hour 365 service;
* Must have an Internet Based Order and Reporting System; and
* Must meet turnaround times as specified

Price & BBBEE Evaluation Criteria:

* PRICE - 90
* BBBEE - 10

Below is a breakdown of areas measured under the 90 points on price.

| **Area to be measured under Price** | **Points** |
| --- | --- |
| Repair Rate (flight hour)  | 35 |
| Base kit value (%) | 5 |
| Loan Rate (Flight Hour)  | 2 |
| No Fault found rate (%) | 2 |
| BER Rate(%) | 2 |
| AD’s Mandatory (Cost Thresholds) | 5 |
| AD’s Non-mandatory (Cost Thresholds) | 3 |
| Warranties  | 5 |
| Reciprocal Work (Value per annum in %) | 20 |
| Soft Factors (Completeness of bid and responses)  | 1 |
| Shipping Rate (Per Flight hour) | 2 |
| Handling / Exchange rate (see template) | 18 |
| **Total points**  | **100** |

1(c) Nine bids were received.

1(d) The following companies responded to the first tender:

* SR Technics
* Sabena Technics
* AJ Walters Aviation – their bid was for Boeing only not Airbus.
* Air France Industries
* Israel Aerospace Industries – Boeing only fleet
* HAECO
* AAR and SRS aviation
* Lufthansa Technics
* OEM Services – Boeing only very limited Airbus

**Question 2**

1. The specified tender was first advertised in February 2013 and was finally awarded in May 2016 after been advertised and retracted on only two occasions. It is important to note that in the intervening period, there were three changes in the board of directors of SAAT (the board), each with different views and strategy, which had an impact on the tender process. In the main, the reasons for multiple retractions and re-advertising were as follows:
* In light of the cash-flow challenges and the drive to significantly reduce operational costs around 2013, SAAT resolved to review its major supplier contracts. These contracts include the Component support (specified contract), logistics and Aircraft tyre supply contracts. SAAT was considering negotiating for discounts and/or taking an integrated approach to awarding the said contracts.

Management had therefore requested the board to extend the contracts and delay the RFP process to provide an opportunity for the business to align the scope of the combined services to the Long-Term Strategy (LTTS); also to consider a number of smart solutions available within the global MRO industry.

 Initially, SAAT’s objective was to pursue an integrated solution to the components Support and Logistics/shipping costs in order to not only reduce costs of the individual contracts but to also derive benefits out of scale discounts through joint procurement. In addition to which, SAAT would also pursue localisation as part of the award of the Tyre Supply contract.

* Around April 2013, there were discussions about a possible merger between SAAT and SA Express MRO, and a possibility of Denel Aviation lagging behind. A turnaround strategy document was drafted for discussion. Because of this, an original extension on the Component support agreement was granted until the end of March 2014, the period, which the potential merger was envisaged to have been finalized.
* Management requested the board to allow the Supply Chain Management (SCM) team to test the market so as to understand what are the normal prices on the market for component tender. SAAT has had a contract with Air France all along, as a result the only pricing the company understood was that by Air France, which was far more expensive that what was out on the market. The cost compression initiative was already applicable in this period therefore, SCM was obligated to obtain as much savings as possible from this tender to reach their target.

The request for extension was made to the board, and SCM only offered to extend the contract with Air France after they agreed to give SAAT a discount of 400 000 USD. This amount contributed towards the Cost compression

* Furthermore the retraction was effected as a risk mitigation measure on the part of SAAT to ensure that preferred bidder is able to deliver on the contracted services.

**First tender**

As per responses under Question 1 above.

**Second Tender**

Date of issue: 29 October 2014

Closing date: 2 December 2014

**Evaluation Criteria**:

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| --- |
| **SIGN-OFF SHEET – RFB AND WEIGHTING CRITERIA** |
| **PROJECT:** | **Aircraft Component Support II** |
| **PRODUCT:** | **Supply of aircraft component support service**  |
| **TENDER NUMBER:** | **SP437/14** |
| **DATE:** | **28 October 2014** |

1. **Critical Criteria**

**Capacity to Deliver**

(Incorporating: Track Record, Experience, Service/Product Supply, Equipment, Financial Standing and previous performance of bidders)

As SAAT’s service levels and reputation as a safe transport provider is dependent upon the quality of its service, it stands to reason that quality of the GOODS/Services and products utilised to provide that service, cannot be compromised. A tender shall be evaluated in terms of their capacity to deliver.

Bidders to comment on all of the requirements below:

|  |
| --- |
| **A bid shall not be recommended for acceptance if the CFST required to make the recommendation has any doubt, based on reasonable grounds as to whether the Bidder:** |
|  | YES/NO | COMMENT |
| Is sufficiently experienced and equipped |  |  |
| Is of sufficient sound financial standing to carry out satisfactorily any contract that may be awarded pursuant to the tender |  |  |
| Must be certified for FAA and EASA as repair station |  |  |
| Must offer an access pool or exchange basis |  |  |
| Must bid on a minimum of 95% of the main list (Airbus/Boeing or both) |  |  |
| Must bid on a minimum of 50% of the secondary list |  |  |
| Must include a proposal for reciprocal work  |  |  |
| Must be willing to enter into a Partnership/Joint Venture with SAAT |  |  |
| Must be a 24 hour, 365 days service |  |  |

Further to the above, this category will be subjected to the following scrutiny:

|  |
| --- |
| **Internet Based Order and Reporting System** |
|  | YES/NO | COMMENT |
| The Bidder shall reflect the ability to report the sourcing, tracking and receiving of all components through an electronic system, that can be interfaced with any of SAAT’s Electronic Inventory Management Systems |  |  |

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| **AOG Help Desk**The bidder shall respond to SAAT’s request for components according to the following priorities: |
|  | YES/NO | COMMENT |
| Priority | Response Time | Dispatch Time |  |  |
| AOG | 1 hour | First available flight (same day) |  |  |
| CRITICAL | 3 hours | Within 24 hours |  |  |
| NORMAL/ROUTINE | 12 hours | Within 72 hours |  |  |
| **Component Modifications Status** |
|  | YES/NO | COMMENT |
| The bidder shall supply components that are of the same modification status or better as stipulated in Appendix 1B |  |  |

Proposals received will be evaluated in terms of the following criteria. The method used is pre-determined and is both qualitative and quantitative and in line with **the PPPFA 90/10** principle.

1. **FUNCTIONALITY AND PRICING TEMPLATES**

The following areas will be measured in terms of Functionality Criteria:

|  |  |  |
| --- | --- | --- |
| **Area to be measured under PRICE** | **Template** | **Points** |
| Repair Rate (Flight Hour) | Pricing Template | **30** |
| Basekit Value (%) | Pricing Template | **5** |
| Loan Rate (Flight Hour) | Pricing Template | **2** |
| No Fault Found Rate (%) | Pricing Template | **2** |
| BER Rate (%) | Pricing Template | **2** |
| AD’s Mandatory (Cost Thresholds) | Pricing Template | **3** |
| AD’s Non-Mandatory (Cost Thresholds) | Pricing Template | **3** |
| Warranties | Vendor Template | **5** |
| Soft Factors (Completeness of bid and responses) | Vendor Template | **1** |
| Shipping Rate (Per Flight hour) | Pricing Template | **2** |
| Access Pool Rate (see template) | Pricing Template | **15** |
| Reciprocal Work (Value per annum in %) | Vendor Template | **20** |
| Partnership and Joint Ventures (JV’s) | Vendor Template | **10** |
| **TOTAL** |  | **100** |

1. **PRICE/BEE**

Please take note that Pricing and BEE would be evaluated on 90/10 PPPFA principle

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Points allocation** | **Points Scored** |
| Price | 90 |  |
| BEE | 10 |  |
| TOTAL | 100 |  |

Joint Venture BEE level will be scored at this phase.

The total value of Reciprocal Work and Partnership should amount to 30% of the value of the contract, and below are the requirements to be considered.

|  |
| --- |
| **Reciprocal Work should amount to 10% of the value of the contract, and it will be based on the following:** |
| Description of Services | YES/NO | COMMENT |
| Any component overflow from the company to SAAT (based on the Aircraft types related to in the GTA). |  |  |
| Additional work allocated to SAAT on aircraft components or components from airlines not part of the contract GTA) |  |  |

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| --- |
| **Partnership/Joint Venture should form 20% of the value of the contract, and it should include (not limited to):** |
| Description of Services | YES/NO | COMMENT |
| Line Maintenance in Africa |  |  |
| Base Maintenance from 3rd parties (C and D checks) |  |  |
| Joint Procurement strategy |  |  |
| Provide test equipment, supply drawings to build test equipment, removal of components from contract and reduction in rates ill form part of the partnership) |  |  |
| Marketing |  |  |
| Technical Training |  |  |
| Sharing and placing of MBK items at different Line Stations i.e. Mauritius, London. |  |  |

**Third Tender:**

Date of issue: 14 July 2015

Closing date: 28 July 2015

**Alternate third Tender:**

Date of issue: 30 July 2015

Closing date: 10 August 2015

**Evaluation Criteria**

1. **Critical Criteria**
	1. **Capacity to Deliver**

(Incorporating: Track Record, Experience, Service/Product Supply, Equipment, Financial Standing and previous performance of bidders)

As SAAT’s service levels and reputation as a safe transport provider is dependent upon the quality of its service, it stands to reason that quality of the GOODS/Services and products utilised to provide that service, cannot be compromised. A tender shall be evaluated in terms of their capacity to deliver.

Bidders to comment on all of the requirements below:

|  |
| --- |
| **A bid shall not be recommended for acceptance if the CFST required to make the recommendation has any doubt, based on reasonable grounds as to whether the Bidder:** |
|  | YES/NO | COMMENT |
| If awarded the contract, the bidder must be able to set up, and offer services on the aircraft component immediately  |  |  |
| Is sufficiently experienced and equipped |  |  |
| Is of sufficient sound financial standing to carry out satisfactorily any contract that may be awarded pursuant to the tender |  |  |
| Must be certified for FAA and EASA as repair station |  |  |
| Must offer an access pool or exchange basis |  |  |
| Must bid on a minimum of 95% of the main list (Airbus/Boeing or both) |  |  |
| Must bid on a minimum of 50% of the secondary list |  |  |
| Must include a proposal for reciprocal work if NIPP is applicable  |  |  |
| Must be a 24 hour, 365 days service |  |  |

Further to the above, this category will be subjected to the following scrutiny:

|  |
| --- |
| **Internet Based Order and Reporting System** |
|  | YES/NO | COMMENT |
| The Bidder shall reflect the ability to report the sourcing, tracking and receiving of all components through an electronic system, that can be interfaced with any of SAAT’s Electronic Inventory Management Systems |  |  |

|  |
| --- |
| **AOG Help Desk**The bidder shall respond to SAAT’s request for components according to the following priorities: |
|  | YES/NO | COMMENT |
| Priority | Response Time | Dispatch Time |  |  |
| AOG | 1 hour | First available flight(same day) |  |  |
| CRITICAL | 3 hours | Within 24 hours |  |  |
| NORMAL/ ROUTINE | 12 hours | Within 72 hours |  |  |

|  |
| --- |
| **Component Modifications Status** |
|  | YES/NO | COMMENT |
| The bidder shall supply components that are of the same or better modification status and age as stipulated in Appendix 1B |  |  |

Proposals received will be evaluated in terms of the following criteria. The method used is pre-determined and is both qualitative and quantitative and in line with **the PPPFA 90/10** principle.

 **EVALUATION CRITERIA**

**Functionality and Pricing Templates**

The following areas will be measured in terms of Functionality Criteria:

|  |  |  |
| --- | --- | --- |
| **Area to be measured under PRICE** | **Template** | **Points** |
| Repair Rate (Flight Hour) | Pricing Template | **50** |
| Basekit Value (%) | Pricing Template | **10** |
| Loan Rate (Flight Hour) | Pricing Template | **2** |
| No Fault Found Rate (%) | Pricing Template | **2** |
| BER Rate (%) | Pricing Template | **2** |
| AD’s Mandatory (Cost Thresholds) | Pricing Template | **3** |
| AD’s Non-Mandatory (Cost Thresholds) | Pricing Template | **3** |
| Warranties | Vendor Template | **3** |
| Access Pool Rate (see template) | Pricing Template | **25** |
| **TOTAL** |  | **100** |

**PRICE/BEE**

Please take note that Pricing and BEE would be evaluated on 90/10 PPPFA principle

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Points allocation** | **Points Scored** |
| Price | 90 |  |
| BEE | 10 |  |
| TOTAL | 100 |  |

**Fourth and Final Tender**

Date of issue: 8 December 2015

Closing date: 19 January 2016

**CRITICAL CRITERIA**

Bidders to comment on all of the requirements below:

|  |  |
| --- | --- |
| **Compliance Requirements** | **COMPLY YES/NO** |
| Is sufficiently experienced and equipped |  |
| Is of sufficient sound financial standing to carry out satisfactorily any contract that may be awarded pursuant to the tender |  |
| Must be certified for FAA and EASA as repair station |  |
| Must offer an access pool or exchange basis |  |
| No Fault Found Rate (20%) |  |
| BER Rate (70%) |  |
| AD’s Mandatory (Cost Thresholds set to $3 500.00) |  |
| AD’s Non-Mandatory (Cost Thresholds set to $3 500.00) |  |
| Warranties (Cession of warranties to reduce rates) |  |
| **Supplier Development\* -** (Must be equal to **10%** of the value of the contract. Bidder to include a proposal) |  |
| **Reciprocal work**\* - (Must be equal to **10%** of the value of the contract. Bidder to include a proposal) |  |
| Bidder must be willing to enter into a **Partnership/Joint Venture**\* with SAAT equal to **10%** of contract value |  |
| Must be a 24 hour, 365 days service |  |

Further to the above, this category was subjected to the following scrutiny:

|  |  |
| --- | --- |
| **Systems Interface** | **COMPLY YES/NO** |
| The Bidder shall reflect the ability to report the sourcing, tracking and receiving of all components through an electronic system, that can be interfaced with any of SAAT’s Electronic Inventory Management Systems |  |

|  |  |
| --- | --- |
| **Components status** | **COMPLY YES/NO** |
| The bidder shall supply components that are of the same modification status or better as stipulated in Appendix A |  |

|  |  |
| --- | --- |
| **Turn-around times (TAT)** | **COMPLY****YES/NO** |
| Priority | Response Time | Dispatch Time |  |
| AOG | 1 hour | First available flight (same day) |  |
| CRITICAL | 3 hours | Within 24 hours |  |
| NORMAL/ROUTINE | 12 hours | Within 72 hours |  |

**Phase 2**

**PRICE AND BEE EVALUATION**

|  |  |
| --- | --- |
| **Pricing Evaluation** | **Points**  |
| Price | 90 |
| BEE | 10 |
| TOTAL | 100 |

**Take Note:** None of the bidders were awarded any BEE points, as none of the ones that tendered with BEE partners furnished SAAT with a consolidated BEE certificate.

The elements below will be evaluated under the pricing category, and points allocated as indicated below based on the quoted bid price.

|  |  |  |
| --- | --- | --- |
| **Area to be measured under PRICE** | **Template** | **Points** |
| Repair Rate (Flight Hour) |  | 50 |
| Basekit Value (%) |  | 15 |
| Loan Rate (Flight Hour) |  | 5 |
| Access Pool Rate (see template) |  | 30 |
| **TOTAL** |  | 100 |

|  |
| --- |
| **Reciprocal Work should amount to 10% of the value of the contract, and it will be based on the following:** |
| Any component overflow from the company to SAAT (based on the Aircraft types related to in the GTA). |  |
| Additional work allocated to SAAT on aircraft components or components from airlines not part of the contract GTA) |  |
| Any maintenance services contracted to SAAT for which SAAT has got capability |  |

|  |  |
| --- | --- |
| **Partnership/Joint Venture (value) should form 10% of the value of the contract, and it should include (not limited) to:** |  |
| Line Maintenance in Africa |  |
| Base Maintenance from 3rd parties (C and D checks) |  |
| Joint Procurement strategy |  |
| Provide test equipment, supply drawings to build test equipment, removal of components from contract and reduction in rates ill form part of the partnership) |  |
| Marketing |  |
| Technical Training |  |
| Provide an inventory management system that will/can be integrated into AMOS for SAAT |  |
| Sharing and placing of MBK items at different Line Stations i.e. Mauritius, London. |  |

|  |  |
| --- | --- |
| **Supplier Development (value)– must form 10% of the contract value, and it must entail the following:** |  |
| SAAT has embarked on a supplier development program with a list of nominated suppliers being approved by the SAAT Board to promote the development of our local economy. SAAT considers any mentorships, partnerships, skills transfers, knowledge transfers, assistance in developing a local company to become sustainable in an area that a local company currently does not have capability, SMME, job creation, training and development and/or any sustainable economic growth through revenues accumulated over the fulfilment period to be possible initiatives that are considered as supplier development. Other initiatives include research and development and/or technology transfer. As a result, bidders are requested to supply a proposal on how and what they would impart in terms of skills /training/technical information etc, to a local South African vendor. Bidder to indicate what value they would place on each area of development, based on the above, which they would be imparting to the local vendor. |  |