

ANNEXURE K

POSSIBLE SUBCONTRACTING AND ENTERPRISE & SUPPLIER DEVELOPMENT (ESD) OPPORTUNITIES FOR THE REQUEST FOR PROPOSAL TITLED:

“Supply and Delivery of Recovery (Track Bulldozers, Excavators and Low Bed Trailer) Equipment with a Full Managed Maintenance Plan for a Period of 7 Years.”

Identified Subcontracting Opportunities and Transformation Leverage

In line with Transnet’s transformation objectives a 30% subcontracting has been identified as a condition of contract for this procurement opportunity. The intention is to ensure meaningful participation of Black-owned Qualifying Small Enterprises (QSEs), Exempted Micro Enterprises (EMEs), and local SMMEs within the supply chain.

The table below provides a guide to potential subcontracting areas, targeted beneficiary enterprises, and the associated ESD and transformation leverage expected to contribute towards supplier development, localisation, and job creation.

Subcontracting Area	Description of Work	Targeted Beneficiary Enterprise	Potential % of Contract Value	ESD / Transformation Leverage
Equipment Modification & Assembly	Modification of bulldozers, assembly, fitting of attachments, pre-delivery inspections, painting, and branding.	Black-owned engineering or mechanical QSEs/EMEs.	10–15%	Promotes localisation, industrialisation, and technical capability.
Maintenance & Repair Services	Outsourced specialised services such as hydraulic system overhauls, engine rebuilds, electronic diagnostics, and routine servicing.	Black-owned maintenance QSEs/EMEs.	10–20%	Builds technical capability and supplier sustainability.
Parts Supply Chain	Supply of consumables and spares (filters, tyres, undercarriage parts, lubricants, etc.).	Local Black-owned QSEs/EMEs.	5–10%	Enables market entry into OEM value chains.
Transport & Logistics Support	Third-party logistics for delivery, inventory control, recovery vehicle operations, and just-in-time parts supply.	Black-owned logistics QSEs/EMEs.	5–10%	Supports black logistics enterprises and enhances supply efficiency.
Warranty & After-Sales Services	Management of extended warranty and after-sales service support through third-party companies.	Black-owned QSEs/EMEs.	5%	Builds long-term service capability and sustainability.
Site Support & Cleaning Services	On-site cleaning, refueling, calibration, and safety support for delivered equipment.	Local SMMEs in logistics/support services.	2–5%	Encourages SMME participation and local job creation.
Training & Skills Development	Training of TFR personnel on equipment operation and maintenance.	TFR Employees / Accredited Training Providers.	2%	Promotes skills transfer and human capital development.

Note: *The above subcontracting percentages are indicative and subject to confirmation during contract negotiations and finalisation of the procurement process*

Enterprise and Supplier Development (ESD) Opportunities

These initiatives can be considered as a guide for ESD transformation programmes to be implemented over the 7-year contract term, with the aim of building capacity, competitiveness, and resilience within the local supply chain.

ESD Focus Area	Example Initiative	Intended Outcome / Benefit
Technical Training and Apprenticeships	Partner with OEMs to train local artisans on heavy equipment maintenance and diagnostics.	Transfer of technical skills to youth-owned enterprises.
Enterprise Development Funding	Provide financial or non-financial support (e.g., tools, diagnostic kits, or small trailers) to qualifying SMME suppliers.	Strengthens SMEs' delivery capability.
Supplier Quality and Safety Compliance Programme	Assist small suppliers to achieve ISO, OEM, or SHEQ certifications.	Enables long-term participation in the heavy-equipment sector.
Mentorship and Business Management Support	OEM or main contractor mentors selected SMMEs in financial management, tendering, and contract performance.	Improves sustainability of beneficiary enterprises.
Localisation through Component Manufacture	Support local manufacturing of minor components (e.g., brackets, pins, filters).	Enhances local content and supports industrial policy objectives.

Quarterly ESD Progress Review

To ensure continuous monitoring and accountability of transformation outcomes, the Service Provider will be required to submit Quarterly Enterprise and Supplier Development (ESD) Progress Reports as part of the MSA reporting obligations. These reports will form part of the contract performance review process and will be assessed against agreed ESD performance metrics. The reporting framework must incorporate measurable indicators that demonstrate tangible progress towards transformation objectives, including but not limited to:

- Subcontracting Performance: Value and percentage of subcontracting achieved relative to the total contract value, including details of participating QSEs, EMEs, and SMMEs.
- SMMEs Supported: Number and profile of small and emerging enterprises supported through subcontracting, mentorship, or development interventions.

- Skills Development: Number of individuals trained, specifying youth, women, and persons with disabilities, as well as the nature and duration of training provided.
- Localisation and Industrialisation Impact: Evidence of local content improvements, technology transfer, and inclusion of local manufacturers or service providers.
- Sustainability and Graduation: Progress of beneficiary enterprises towards independence, market access, and long-term sustainability.

The quarterly ESD performance review will serve as a key input into the overall MSA performance evaluation and may influence contract renewal decisions, incentive structures, or future procurement opportunities.