



SABOA 2018

conference & exhibition

MAETEKO MANAGEMENT & SUPPORT SERVICES

Topic:

Business Structuring Requirements to Access Government Intended Set-Asides In Public Transport Contracting

Purpose of Presentation:

To familiarise small bus operators with documents required:

- In the Department of Transport's tender document.
- By financial institutions;
- and if successful, the key areas to successfully manage a commuter bus operation.



DOCUMENTS REQUIRED FOR TENDER PURPOSES

Bids are usually divided into 2 phases:

- Phase 1: Pre-qualification phase verifies compliance with:
 - Mandatory documents required.
 - Hurdle requirements as per bid document.
- Phase 2: Evaluation of bids:
 - Functionality.
 - B-BBEE Preference points.



PHASE 1: MANDATORY DOCUMENTS REQUIRED.

The following mandatory documents are required:

- Proof of registration (CSD Registration Number) on the National Treasury's Data Base (CSD) - www.csd.gov.za
- B-BBEE Certificate from accredited agency confirming B-BBEE status.
- Tax Clearance Certificate - Tender
 - Income Tax
 - VAT (If applicable)
 - Pay As You Earn
- Tax Compliance Status - Pin Issued
- Company Registration Documents - CIPC
- Resolution of Directors, Members or Trustees to sign documents in respect of the contract of the operator.



PHASE 1: HURDLE REQUIREMENTS AS PER BID DOCUMENT


The Model Tender and Contract Documents are silent on hurdle requirements. However paragraph 23 'Evaluation of Tender', point to 4 matters that may be deemed as hurdle requirements:

23.1 The Contracting Authority (CA) has the right to evaluate the tenderer fully in terms of its ability to perform the contract.

23.2 As part of the evaluation process the CA may inspect the tenderer's premises and facilities (including workshops and depots), as well as public transport vehicles to be used.

23.3 The CA may appoint a firm of chartered accountants or other consultants to report on the financial resources of any tenderer or any other relevant aspect.

24.4 Qualifying Criteria

- (a) Completion of tender forms.
 - (b) Correctness of tenders.
 - (c) Financial ring-fencing in the case of a public entity.
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PHASE 2: FUNCTIONALITY OF BIDS

It appears that under functionality two areas appear in the tender document:

Financial Criteria

- (a) Cost of tender.
- (b) Financial sustainability.
- (c) Vehicle ownership/financing.

Operational Criteria

- (a) Previous operational record.
- (b) Electronic Equipment.
- (c) Vehicle profile.
- (d) Depots.
- (e) Service and maintenance schedule.
- (f) Additional/spare vehicle capacity.



DOCUMENTS REQUIRED BY FINANCIAL INSTITUTIONS

In order to evaluate an application for finance, financial institutions will require at least the following documents of the tendering institution:

- A comprehensive business plan for the finance period consisting of:
 - An income statement.
 - Sustainable cash flow statement.
 - Balance sheet.
 - Organization structure with incumbents.
 - Summary per bus.
 - Proposed subsidy rate per kilometer.
- Latest audited financial statements.
- Management accounts for the period between latest audited financial statements to date.
- Pro forma tendered contract.
- Company Registration documents.



DOCUMENTS REQUIRED BY FINANCIAL INSTITUTIONS

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- Three months bank statements
- Comprehensive company profile
- Directors and shareholders information:
 - Copies of identification documents.
 - Personal balance sheet.
 - Short CV depicting relevant commuter transport experience.
- List of employees including qualifications, experience and salary cost.



THE KEY AREAS TO SUCCESSFULLY MANAGE A COMMUTER BUS OPERATION.

1. Maintain the integrity of the Electronic Revenue Collection System at all times:
 - a. Maintain the hardware to 100% availability.
 - b. Constantly evaluate fare grids to be in sync with operating conditions.

2. Ensure that buses are maintained according to a preventative maintenance and repair system:
 - 2.1 Safety checks.
 - 2.2 Services done according to OEM specifications.
 - 2.3 Ensure quality running repairs.

3. Operate the service strictly according to the three quality pillars of the contract:
 - 3.1 According to the timetable without fail.
 - 3.2 According to the approved routes without deviations.
 - 3.3 Clean, neat and reliable buses driven by proud drivers.

4. Implement a fair and equitable human resources policy where, through positive discipline, each employee is acknowledged as an asset to the company and his contribution continuously adds value.



CONCLUSION

Rather start earlier than later!

In order to tender successfully, a tenderer must be able to qualify and hence make sure that all mandatory requirements, hurdle - and functionality requirements of bids are in place.

The biggest hurdle for small bus operators to obtain finance is that reputable audited financial statements and management accounts are not in place.

Clean up your company's credit record now, it is too late when the tender process is in action.

Start by compiling your tender on the day of the advertisement! Not a few days before the closing date, it is too late! Prepare, prepare, prepare...

File your application for finance during the tender process, it is too late to wait for the official outcome!

Use creative initiatives to create an appetite for your application, financial institutions don't want to become bus owners after three years into the contract!



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