forestry, fisheries & the environment

Department:
Forestry, Fisheries and the Environment
REPUBLIC OF SOUTH AFRICA

MINUTES FOR THE NON-COMPULSORY INFORMATION SESSION

FOR

DFFE-T030 (24-25): THE APPOINTMENT OF SERVICE PROVIDERS FOR THE LOCAL PROCESSING OF WASTE TYRES ACROSS THE COUNTRY FOR A PERIOD OF TEN (10) YEARS.

DATE: 11 December 2024 **VENUE:** Microsoft Teams **TIME:** 10:00 – 11:00

CHAIRPERSON:
Ms. Lusanda Mangxamba

NO	ITEM	DISCUSSIONS	DECISION	COMMENTS
1.	OPENING AND WELCOME	The chairperson, Ms. Lusanda Mangxamba officially opened the meeting and welcomed all prospective bidders in attendance	Noted	None
2.	ATTENDANCE	The agenda of the meeting was presented as follows: • Technical Presentation (Terms of Reference of the project) by the Ms. Lusanda Mangxamba. • Presentation of the Bid Evaluation process by the Supply Chain Management Representatives, Ms. Doreen Gadebe. • Q&A relating to the Technical Presentation and Evaluation/Administration process No apologies tendered.	Noted	None

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3.	**PURPOSE OF THE MEETING**	Ms. Mangxamba stated that the purpose of the meeting is to appoint a suitable service provider for the local processing of waste tyres across the country for a period of ten (10) years. This is a non-compulsory briefing session, and bidders must indicate in the advertised bid whether they will be submitting as existing or prospective processors, as each type of processor will be evaluated separately. She further explained the difference between an existing processor, which is a processor that is currently operational and actively processing waste tyres and a prospective processor is a processor that is in the planning development or early construction phase.	Noted	None
4.	**TECHNICAL PRESENTATION OF THE PROJECT**	The chairperson, Ms. Mangxamba gave an overview of the project and emphasis was made on the objective of the project which is to establish a viable waste tyre processing industry in South Africa to expand the waste higher processing capacity in the country to develop monitoring systems which ensures transparency and to measure progress related to waste. High waste processing also ensures that there is a reduction in waste tyre stockpiles at depots and that the processed waste is done as per the service level agreement. She also indicated that the scope and extent work stating that the Waste Bureau will evaluate bids from existing processors separately from those of prospective processors due to the inherent differences in their business cycles. For example, an existing processor can begin taking tyres within a week or a	Noted	None

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		month, while a prospective processor requires additional time to set up operations. Therefore, these two types of processors will be evaluated separately. Bidders are invited to submit bids for an allocation of each tyre type, specified in tons per month, as outlined in the attached pricing schedule. Each tyre type is listed with a description, so if bidders are unsure about specific types, such as passenger or 4x4 tyres, the descriptions are provided. Bidders must clearly state the quantity of each tyre type they are bidding for. For example, if bidding for 4x4 tyres, the exact monthly tonnes must be specified. Similarly, for OTR tyres, the desired monthly allocation should be stated. All details are included in the Pricing Schedule (Annexure A). She indicated that bidders should note that the market for radial truck tyres is currently saturated, resulting in increased competition. When preparing bids, bidders must consider that the Waste Management Bureau incurs significant logistical costs in delivering waste tyres for processing. Our capacity to deliver tyres beyond what is available locally or from neighboring provinces is restricted due to budget constraints. An estimated average volume per province for each tyre type is provided in Annexure B. Bidders should refer to Annexure B to assess the available volumes within their province when specifying their desired allocations.		

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		As mentioned, the numbers provided are estimates, not exact figures. This also includes the volumes from neighboring provinces for the specific tyre types being bid on. The Waste Management Bureau will not supply tyres in quantities exceeding system inflows, regardless of stockpile availability. The Waste Bureau is not obligated to supply tyres at any cost and will consider logistics costs, the processor's location, available stock, and the proposed processing fee when evaluating bids. Bidders are to note that contracted processors receiving tyres from the Waste Bureau must have a minimum storage capacity for one week's worth of tyres. This requirement ensures that winning bidders do not expect just-in-time deliveries, where orders placed today would be fulfilled with all requested quantities by the next day. Processors must be able to store a week's worth of tyres inventory. Bidders are required to submit reports confirming the quantity of waste tyres processed and place orders with the Waste Management Bureau based on quarterly demand forecasts and firm monthly demand plans as per a signed agreement. She further indicated that the Waste Bureau intends to contract with existing processors for a period of 10 years, starting from the signing of the SLA by both parties and the issuance of an official order by DFFE. For prospective processors, the 10-year contract will begin once operations commence, which must be within 18 months of the SLA signing and official order issuance,		

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		unless extended by mutual agreement. For example, if it takes six months to set up, the 10-year period will start once operations begin. The pricing schedule includes a list of available tyre types, allowing bidders to select a combination based on their business model and plan. On the left side, tyre categories are listed, and allocations will be awarded to the lowest price bidders until supplies are exhausted for each tyre type. Bidders will be evaluated based on the processing fee, with both existing and prospective processors competing on price and preference points. In the table, Column A specifies the required quantity per month, while Column B lists the processing fee for each tyre type. Each tyre type must be paired with a processing fee, and if you charge the same fee for all types, it should be consistent across the schedule.		
5.	**PRESENTATION OF THE BID EVALUATION PROCESS**	The Supply Chain Management official, Ms. Doreen Gadebe, gave a brief overview of the process as follows: - Emphasis was made on the closing date and time which is on the **24th of January 2025**, the delivery address, and that bidders are to ensure that the bid submission register is signed when submitting their proposals into the tender box. - Only physical bid proposals will be accepted (no emailed or faxed proposals). - Late bids will not be accepted; as such, bid proposals must be in the bid box at 11h00.	Noted	None

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		✦ All queries of the tender document post the briefing session should still be sent to Tenders@dffe.gov.za at least seven (07) calendar days before the stipulated closing date. ✦ Outlined the four (04) evaluation phases that will be followed for this tender: Phase 1: Pre-compliance Phase 2: Functionality Criteria Phase 3: Site Inspection- Method 1 (Existing processor) Phase 4: Price and Specific Goals ✦ Phase 1: Pre-compliance - All SCM Administrative documents are to be duly completed and signed. - The information and amounts on SBD 3.3 and Annexure A – Pricing Schedule should correlate. - In a case of Consortia/ Joint Venture, bidders must submit an agreement that is signed by all parties involved. ✦ Phase 2: Functionality Criteria - Emphasis was made on the Functionality Criteria where bidders should note that evaluations will be carried out separately for the existing and prospective processors, indicating the 70% minimum threshold that bidder will obtain for the functionality and 60% for the site inspection. The prospective processor will be evaluated for the pre-compliance, functionality criteria, price and specific goals.		

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		✦ Phase 3: Site Inspection- Method 1 (Existing Processors) - DFFE will conduct a physical evaluation and assessment of the site as outlined in your proposal. - Site inspection will include verification of information provided by the bidder. - Plant Operations: The waste tyre processing plant must be fully operational during the site visit. For non-operational plants, the site location and relevant equipment (where applicable) will be verified. - Existing processors must score a minimum of 60% during Phase 3 (site inspection) to qualify for Phase 4 of the evaluation where only points for price and preference points will be considered. ✦ Phase 4: Price and Specific Goals - The Preference Point System applicable for this bid is 80/20 - where 80 is the maximum points allocated to the lowest acceptable tender for price, and 20 is the maximum points for the specific goals as per the table below. - Bidders must meet any of the three (03) specific goals, provide proof of such and duly complete SBD 6.1 to claim in order to be allocated the preference points. - Bidders should refer to Annexures A and B in the Terms of Reference for guidance when preparing their pricing.		

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6.	**QUESTIONS & ANSWERS (Q & A)**	Upon conclusion of the technical presentation and the bid evaluation process presentation, prospective bidders were given an opportunity to ask questions for any further clarity, as follows: **Q** – The pricing schedule doesn't give any indication for the future price. Should we include a future price schedule or is the price fixed for the ten (10) years? **A**- The pricing is dependent on your business model. If bidders believe that an escalation in processing fees is necessary for their business, they can include that in the pricing schedule. The pricing will vary based on the technology type and/or specific business needs. **Q** – Is there any penalties applicable if the bidder is unable to process the required volumes? **A** – We typically evaluate processing and tonnes over a 12-month period, which allows us to account for fluctuations such as equipment breakdowns or maintenance. As a result, the tonnes per month may vary, but we assess the overall performance over the full year. **Q** – If you have multiple processing sites or potential processing sites and one might be existing in another perspective, should you submit separate tenders for each processing sites or can you combine them?	None	None

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		A – I urge you to submit different proposals because we will be evaluating those entities or operations separately. The prospective processor for example, we will apply the scoring and time frames that we've indicated on the Terms of Reference and then for your existing processor obviously will apply for existing method. **Q** – Regarding SBD 3.1, there are a few points I need clarification on. For example, the section asking for the brand and model of the tyre. Additionally, the note states that all delivery costs must be included in the bid price for delivery at the prescribed destination. However, my understanding is that logistics costs are separate. Could someone please review the form SBD 3.1 and clarify these points? **A** – Most of the questions in the SBD 3.1 will not be relevant to the pricing schedule you need to complete. The rates you enter in the pricing schedule should be reflected in the SBD 3.1, but unfortunately, the forms are template-based, and some of the content may not be applicable. **Q** – Regarding the preference points system, specifically the 80/20 and 90/10 split. Do we have the option to choose whether we fall into the 90/10 or the 80/20 category? Additionally, how would you score yourself if you have 35% women Black ownership? You wouldn't score a 10, since it's not more than 50%, but it's also not a zero. How would that be scored? **A** - In terms of the 80/20 and/or 90/10 preference points system,		

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		the current advised tender price is unclear hence bidders are requested to claim points for 80/20 and 90/10, and the evaluation stage will determine which preference point system will be utilized. The points claimed for ownership by black, women or people with disability state that bidder should score more than 50% to claim preference points therefore 35% ownership by women will not constitute the more than 50% required. **Q** – The DFFE's previous practice of supplying tests to processors at no charge. This meant that processors did not charge the DFFE for processing the tyres. Now, they are willing to pay for the processing of the tyres. Is that correct? If yes, will the DFFE pay according to the number of tyres delivered or number of tyres processed? **A** – We have been paying processors, but only those who were successful in the 2018 tender. These processors were paid until their contracts expired. We also have other processors who came on board through a public call on our website, where we invited interested parties to submit the necessary forms to receive tyres. Most processors currently on our books came through this call and, as they did not go through a competitive bidding process like those in the 2018 tender, we did not pay them. Now, with this new competitive bidding process, you'll be bidding on the entyre tyre processing contract, including the price that DFFE will pay you for processing the tyres. We won't pay for tyres delivered to your gate, but we will pay for what has been processed and turned into another product. We have monitoring mechanisms in place to verify how much you've processed, and we require documentation each month to provide evidence of the		

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		quantities or processing times based on what was delivered to you. **Q** – My first question is regarding clause 2.5.6, which states that processors will be incentivized to establish operations close to high-generation areas. Could you please explain how this incentive will work? Additionally, in relation to clause 12.5, could you clarify its meaning? This clause implies that the rates are flexible. In other words, we'll submit a rate now, but it seems negotiable at some point in the future. To what extent will this rate be negotiable going forward? A – If a bidder establish an operation far from the points of generation, the logistics costs will be considered and may not receive the full allocation you bid for. This ties into the negotiation process. We cannot predict what the market will offer, and therefore, we cannot simply accept the lowest price without factoring in logistics costs. This is why we need the flexibility to negotiate. These two elements are closely connected. As mentioned, the DFFE does not know what the market will present, and logistics costs are the largest driver of expenses in the model. We need to account for these costs, but we cannot yet determine where processors will set up, so it's not possible to codify this into the document at this stage. **Q** – How long will our internal process take estimated in before the SLA is assigned? **A** – The way this will be marked isn't based on an absolute date,		

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		as none of us know what that date will be. Instead, you need to specify how long it will take you from a chosen baseline start date. For example, if it will take you 12 months, then put down 12 months; if 18 months, then put down 18 months. You can choose any start date, and the key is to provide your timeline from that point. The exact date isn't critical, it's the timeline from that assumed start date that matters. You can use a program like Microsoft Project to set the timeline, or simply provide a program with your assumed start date and plan. What we need to see is your program and plan starting from that point. **Q** – In SBD 4 , paragraph 2.3 appears to relate to affiliated entities, and I want to clarify how much detail needs to be provided. Specifically, it asks whether any shareholders or directors have a controlling interest in the enterprise or any related enterprises. Could you clarify what specific details need to be provided, and how far up the ownership chain this information should go? For example, some shareholders may hold shares in multiple companies. **A** – The bidder needs to indicate the name(s) of the related enterprise (s), the nature of the interest held by the bidder or of its directors, trustees, shareholders, members, partners, or any person with a controlling interest in the enterprise, the percentage of interest or shareholding in each related enterprise (s). The SBD 4 further indicates that "THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON		

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		PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE". **Q** - Regarding the pricing schedule, I understand that in the past, there was an asset levy paid to processors, but now there is a processing fee that is subject to competitive bidding. The lowest bid will determine how tyres are allocated. The question is, once a certain number of tyres are allocated, is it guaranteed that the processing fee will be provided, or is this not certain? **A** - In the past, we provided a fixed processing fee, which was public knowledge and it was 31 cents per kilogram, or 310 Rand per ton. However, after being audited by the Auditor General, it was found that this approach was anti-competitive. There could have been bidders in the 2018 process who were willing to accept, for example, 20 cents per kilogram or even 5 cents, yet we had set the fee at 31 cents. As a result, the Auditor General instructed us that we could no longer set the fee. Now, bidders are required to compete based on price, and you must submit a fee for each tyre type. **Q** – Does it matter where we source the tyres from? For example, the Waste Bureau might provide us with 100 tons, but we could be processing a total of 500 tons from different sources. Would the DFFE also pay for all the additional tonnes that are not necessarily obtained directly from the DFFE? **A** – The other source you might be able to obtain tyres from is mines, specifically pre-2012 tyres (pre-levy). However, all tyres manufactured after 2012 are the responsibility of the Waste		

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		Bureau. It is unlawful to source tyres from anywhere else. The DFFE will only pay for tyres allocated to you, processed by you, and sourced from our depots. **Q** – Regarding this bid, it specifically applies to whole tyres only. The previous tyre depot referred to the potential shredding of tyres. Is there an option to provide shredded tyres, as this could impact the required investment in new facilities, among other considerations? **A -** This bid's terms of reference specifically apply to whole tyres. We will be running another tender in the future for service providers to offer pre-processing services, which will include shredding or cutting tyres. However, for this current bid, we are only considering whole tyres, which is why there are different prices for each tyre type. Based on our market knowledge and discussions with existing processors, the costs, effort, and machinery required to process, for example, an OTR tyre, differ significantly from those needed for passenger tyres. Therefore, we have differentiated the tyres to allow you to submit the expected cost per tyre type. **Q** – The pricing schedule includes the quantities and processing fee, as this is important from a return on investment perspective. If our bid is slightly higher than others, would we still be allocated the tyres at no additional cost, or would we be allowed to reapply for the tyres? **A** – The market response will vary. For example, if you're based in the Eastern Cape, we can't predict how many bidders will be in that region or the surrounding provinces. As a result, we can't know what tyres will be left over in areas like the Eastern Cape, Western Cape, or Northern Cape. Depending on the market		

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		response to this bid, we may need to go back to market if there are allocations still to be made. At this stage, it's difficult to confirm if tyres will be provided at no additional cost post-evaluation, as we will only know what's left over after the process. **Q** – Is it possible to include an alternative option? Ideally, we would like to propose our preferred processing fee. However, if this is not feasible for the Waste Bureau, we would still like to process the tyres at a revised fee? **A** - As it stands, we will proceed with this round of the bid to understand the market response and assess it against our available system. It's important to note that the tyres we collect now do not fully align with what is entering the market as waste tyres. Currently, we are collecting only about 50% of the total, and we need to ramp up the collection to full capacity. However, we cannot base this process on the assumption that we will suddenly collect significantly more tyres soon, as we are uncertain about the timelines. While the industry waste tyre plan outlines these goals, much of it depends on additional funding from National Treasury. My suggestion is to submit your allocation now, and once we assess the market, we will be in a better position to respond to stakeholders. This will not be a one-off processing tender, as the system will evolve, and the availability of tyres will change as we implement the tyre plan. **Q** – If a company has an interest in processing and is also leasing land or involved in other areas of the value chain, would it be at a disadvantage if they are bidding for multiple tenders?		

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		it be at a disadvantage if they are bidding for multiple tenders? Or is it an open tender process where companies are free to bid for whichever parts of the value chain they are interested in? A – It's an open tender process. You can bid for any part you want, and there will be no disadvantage if you submit bids for other tenders as well.		
7.	**CLOSURE**	The chairperson thanked all attendees for their time and attendance. The meeting was adjourned at 11H00.	Meeting was adjourned	None