

MEMORANDUM

To: Mr. Karl Socikwa, Chief Executive Transnet Port Terminals

From: Mr. Denzil Pillay, Executive Manager Capital Procurement

SUBJECT: BACKGROUND AND STATUS UPDATE ON TENDER iCLM HQ 0829 – Design, manufacture, delivery, erection, testing and commissioning of 18 Single Lift Rubber Gantry Cranes (RTG) and 4 Twin Lift Ship to Shore (STS) Cranes for Ngqura Container Terminal

BACKGROUND:

- 1) On the 4th October 2011, the Transnet Board Acquisitions and Disposals (A&D) Committee recommended approval to the Transnet Board of Expansion of Ngqura Container Terminal from a 2-Berth super structure to a 3-berth super structure terminal, at a total funding of approximately R1.09bn, excluding borrowing costs.
- 2) On the 4th October 2011 the A & D further resolved to approve the procurement strategy for the acquisition of container handling equipment and infrastructure for Ngqura Container Terminal expansion, conducted through a transparent tender process.
- 3) On the 24th October 2011 the Transnet Board resolved that capital investment for the expansion of the Ngqura Container Terminal from a 2-berth super structure to a 3-berth super structure be approved, subject to attaining PFMA approval from the Shareholder Minister.
- 4) Approval was requested from Minister as the non-recovery of this investment would have been due to TPT operating the terminal without a terminal operating license consequently the investment was considered risky and the board did not want to breach their fiduciary duties given the uncertainty.
- 5) Transnet Port Terminals, the current terminal operator at the Ngqura Container Terminal, had an interim agreement in place with TNPA for a 15 (fifteen) year duration. The said agreement is subject to the condition that the license may terminate if a third party is authorized to operate the terminal or in the event of a section 56 (of the National Ports Act) license being granted.
- 6) Subsequently the Minister of Public Enterprises granted Transnet a three year terminal operating license only to operate the Ngqura Container Terminal commencing 1 December 2011.

- 7) On the 24th November 2011, the Transnet Board reviewed their decision made on the 24th October 2011 and in light of the three year license agreement, removed the conditional approval and granted approval to proceed with the said investment

BUDGET IMPLICATIONS

- 8) The approved budget for this tender is R1.099 billion.

CURRENT STATUS:

- 9) The Tender is divided into three proposals:
- Proposal A: 18x RTGs for NCT with options for an additional 10x RTG's for NCT
 - Proposal B: 4x twin lift STS cranes for NCT with options for an additional 3x twin lift STS cranes for NCT and 2x single STS cranes for DCT
 - Proposal C: Combination of proposal A and B
- 10) The RFP was advertised in the Sunday Times on the 4th December 2011 given the 7th December 2011 Preferential Procurement Policy framework Act ("PPPFA) changes deadline but the RFP was released on the 6th December 2011 after GCE approval was received.

Summary of Milestones		
Description	Date	Status
Advertise in media	04-Dec-11	Complete
Tender clarification meeting Ngqura	09-Jan-12	
Tender clarification meeting Durban	10-Jan-12	
Tenders close	31-Jan-12	
SD evaluation complete	23-Feb-12	
Technical evaluation complete	07-Mar-12	
Financial evaluation complete	19-Mar-12	
DAC submission complete	20-Mar-12	
Submit to DAC for approval	22-Mar-12	
Submit to Group for approval	26-Mar-12	
Approval received	30-Mar-12	
Negotiations complete	16-Apr-12	
Issue letter of award	26-Apr-12	
Final contract signed	14-May-12	
Delivery RTG's	30-Aug-13	
Delivery STS's	02-Oct-13	

Compiled by:
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