

**MEMORANDUM**

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**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**

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**BACKGROUND:**

- 1) On the 4<sup>th</sup> 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 4<sup>th</sup> 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 24<sup>th</sup> 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 24<sup>th</sup> November 2011, the Transnet Board reviewed their decision made on the 24<sup>th</sup> 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 4<sup>th</sup> December 2011 given the 7<sup>th</sup> December 2011 Preferential Procurement Policy framework Act ("PPPFA) changes deadline but the RFP was released on the 6<sup>th</sup> December 2011 after GCE approval was received.

<b>Summary of Milestones</b>		
<b>Description</b>	<b>Date</b>	<b>Status</b>
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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