

procurement spend		100%, on a sliding scale	
2. B-BBEE procurement spend from QSEs or from EMEs based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend.	Provide a commitment based on the extent to which B-BBEE spend from QSEs and EMEs will increase over the contract period.	Score will be allocated for any score >10% to 100%, on a sliding scale	
3. B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend: - Suppliers who are more than 50% Black-owned - Suppliers who are more than 30% Black women-owned	Provide a commitment based on the extent to which spend from suppliers who are more than 50% Black owned or 30% Black women owned will increase over the contract period.	Score will be allocated for any score >15% to 100%, on a sliding scale	
Enterprise Development Indicator	Required Response	Compliance Target	Insert Company Scores (%)
F. Enterprise Development :			
1. The organisation's annual spend on Enterprise Development as a percentage of Net Profit after Tax (NPAT).	Provide a commitment based on the increase in your organisation's annual spend on Enterprise Development initiatives as a percentage of its Net Profit after Tax over the contract period.	Score will be allocated for any score >3% of NPAT, on a sliding scale	

The Respondents are required to submit a Further Recognition Criteria (FRC) Document as a separate document, developed in line with the criteria set out in the table above and Annexure B2 hereto. The Further Recognition Criteria Document is a detailed narrative document explaining the Respondent's Further Recognition Criteria Score set out in the table above and in Annexure B2 hereto indicating the commitment on improving their score during the contract duration (period in years of this contract including the warranty period). All 6 (six) Indicators must be addressed separately in the Further Recognition Criteria Document as indicated by the table above and in Annexure B1.

There is no prescribed format for the Further Recognition Criteria document. This Further Recognition Criteria Document will represent a binding commitment on the part of the successful Respondent. The Further Recognition Criteria Document should outline the type of activities (including timelines) you intend to embark upon should you be awarded the contract on improving their score during the duration of the contract. This Further Recognition Criteria Document should also provide an overview of what you intend to achieve, when, and the mechanisms whereby you will achieve those objectives.

Annexure B2 must be completed, indicating by cross-reference the detailed areas which have been addressed in your Further Recognition Criteria Document for each of the 6 (six) indicators listed.

Respondent's Signature

Date & Company Stamp

Failure to adhere to the milestones and targets defined in an Further Recognition Development document may result in the invocation of financial penalties based on an increasing percentage of the SD value, for each week such failure continues (the details of which are specified in the draft contract appended hereto as Annexure E), or the termination of the contract. The Supplier will be required to provide an on-demand performance bond, in form and substance satisfactory to Transnet SOC Ltd, in respect of the Suppliers potential liability under this paragraph..

7 COMMUNICATION

- 7.1 Respondents are warned that a Proposal will be liable to disqualification should any attempt be made by a Respondent either directly or indirectly to canvass any officer or employee of Transnet SOC Ltd in respect of this RFP between the closing date and the date of the award of the business.
- 7.2 For specific queries relating to this RFP, a Bid Clarification Request Form should be submitted two weeks before the tender closing date (Tuesday, 28 February 2012), substantially in the form set out in Section 14 hereto.
- 7.3 After the closing date of the RFP, a Respondent may communicate with the Secretary of the Transnet Freight Rail Acquisition Council, at telephone number 011 584 9486 or facsimile number 011-774-9760 on any matter relating to its RFP Proposal.

8 RFP SCHEDULE

Respondents will be contacted as soon as practicable with a status update. At this time short-listed Respondents may be asked to meet with Transnet Freight Rail representatives at a location to be agreed, for negotiation purposes.

9 INSTRUCTIONS FOR COMPLETING THE RFP

- 9.1 Sign one set of documents (sign, stamp and date the bottom of each page). This set will serve as the legal and binding copy. A duplicate set of documents is required. This second set can be a copy of the original signed Proposal.
- 9.2 Both sets of documents to be submitted to the address specified in clause 4 above.
- 9.3 A CD copy of the RFP Proposal must be submitted. Please provide in MS Word / Excel format, not PDF versions, noting that the signed original set will be legally binding
- 9.4 *All Returnable Documents listed in the Proposal Form (Section 4) must be returned with your Proposal*
- Separate sections for Technical, B-BBEE, SD/CSDP and Finance (Price) must be submitted as indicated herein.

10 COMPLIANCE

The successful Respondent (hereinafter referred to as the **Supplier**) shall be in full and complete compliance with any and all applicable National, Provincial and local laws and regulations.

Respondent's Signature

Date & Company Stamp

11 ADDITIONAL NOTES

- 11.1 All returnable documents as indicated in the Proposal Form (Section 4) must be returned with the response.
- 11.2 Respondents are to note that Proposals in which firm prices are quoted for the duration of any resulting contract may receive precedence over prices which are subject to adjustment.
- 11.3 Changes by the Respondent to its submission will not be considered after the closing date.
- 11.4 The person or persons signing the Proposal must be legally authorised by the Respondent to do so (Refer Section 5 – Signing Power, Resolution of the Board of Directors). A list of those person(s) authorised to negotiate on behalf of the Respondent (if not the authorised signatories) must also be submitted along with the Proposal together with their contact details.
- 11.5 Transnet SOC Ltd reserves the right to undertake post-tender negotiations with selected Respondents or any number of short-listed Respondents and may wish to visit the Respondent's place of manufacture (works) during this process.
- 11.6 Unless otherwise expressly stated, all Proposals furnished pursuant to this Request shall be deemed to be offers. Any exceptions to this statement must be clearly and specifically indicated. Transnet SOC Ltd reserves the right to reject any or all offers.

**FAILURE TO OBSERVE ANY OF THE AFOREMENTIONED REQUIREMENTS
MAY RESULT IN A PROPOSAL BEING REJECTED**

12 DISCLAIMERS

Respondents are hereby advised that Transnet SOC Ltd is not committed to any course of action as a result of its issuance of this RFP and/or its receipt of a Proposal in response to it. In particular, please note that Transnet SOC Ltd reserves the right to:

- 12.1 modify the RFP's Goods and request Respondents to re-bid on any changes;
- 12.2 reject any Proposal which does not conform to instructions and specifications which are detailed herein;
- 12.3 disqualify Proposals submitted after the stated submission deadline;
- 12.4 not necessarily accept the lowest priced Proposal;
- 12.5 reject all Proposals, if it so decides;
- 12.6 award a contract in connection with this Proposal at any time after the RFP's closing date;
- 12.7 award only a portion of the proposed Goods which are reflected in the scope of this RFP;
- 12.8 split the award of the contract between more than one Supplier;
- 12.9 make no award of a contract; or
- 12.10 withdraw this RFP at any point.

Respondent's Signature

Date & Company Stamp

In addition, Transnet SOC Ltd reserves the right to exclude any Respondent from the bidding process who has been found guilty by a court of Law, Tribunal or other administrative body of a serious breach of Law during the preceding 5 years. Such breaches include but are not limited to breaches of the Companies Act 89 of 1998. Respondents are required to indicate in Section 13 whether the bidding entity or any of its directors or members were found guilty of a serious breach of law during the past 5 years. Such breaches exclude relatively minor offences and/ or misdemeanours such as traffic offences etc.

This RFP contains a limited selection of key, indicative commercial, technical and legal terms on which Transnet SOC Ltd proposes to purchase the locomotives contemplated in this RFP. The decision by Transnet SOC Ltd to award the tender to a bidder through its internal processes and governance structures and any commitment from Transnet SOC Ltd is, in each case, subject to and will only be completed upon the signing of a set of mutually satisfactory procurement agreements between the parties (substantially in the form of the draft supply contract and supporting documents included in Section 8 of this RFP). In the absence of such signed agreements, Transnet SOC Ltd will not be bound by an interim step in the process (including but not limited to a decision by its Acquisition Council to appoint a bidder as the preferred bidder or to award such tender to a specific bidder, as the case may be).

Please note that Transnet SOC Ltd will not reimburse any Respondent for any preparatory costs or other work performed in connection with this Proposal, whether or not the Respondent is awarded a contract.

13 PUBLIC FINANCE MANAGEMENT ACT (PFMA)

13.1 This RFP is subject to Section 54 (2) PFMA approval being obtained by Transnet SOC Ltd.

14 LEGAL REVIEW

Any Proposal submitted by a Respondent is subject to review by Transnet SOC Ltd's Legal Counsel.

Respondents to complete this section:

NAME OF RESPONDENT
PHYSICAL ADDRESS
.....

Respondent's Signature

Date & Company Stamp

Respondent's contact person

Name.....
Designation.....
Telephone.....
Cell Phone.....
Facsimile.....
Email.....
Website.....

**Transnet SOC Ltd urges its clients, suppliers and the general public
to report any fraud or corruption on the part of Transnet SOC Ltd employees to
TIP-OFFS ANONYMOUS : 0800 003 056**

Respondent's Signature_____
Date & Company Stamp

**RFP FOR THE SUPPLY OF
95 NEW ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB) BY MARCH 2014**

Section 2: BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS

15 BACKGROUND

The South African railway network is operated by Transnet Freight Rail (TFR) which is an Operating Division of Transnet, a State Owned Company (SOC).

Estimates show that TFR has a shortage of both Heavy Haul as well as GFB type electric locomotives. In addition to this shortage, TFR intends to increase traffic through the main corridors within the next 5 (five) years.

TFR wishes to significantly modernise and upgrade its current fleet of electric locomotives. These locomotives, many of which have seen nearly 30 years of service, cannot guarantee the degree of reliability and availability needed to provide the level of customer service TFR is aspiring to deliver. Much of this fleet is therefore in need of replacement.

In addition, recent investment in the railway infrastructure in South Africa and improvements in operating efficiency has meant that the volume of freight traffic being carried by TFR has increased considerably and this trend looks to continue into the medium and longer term.

As a result of the above, TFR has a requirement to procure new locomotives in the short, medium and long term.

16 LOCOMOTIVE FLEET STRATEGY

The aim of this RFP is to elicit bids from locomotive suppliers for the proposal to supply electric locomotives (the **Locomotives**) in such a way so as to contribute sufficient tractive effort to support TFR's growing General Freight traffic projections in the most cost effective manner.

In the longer term it is Transnet SOC Ltd's intention to engage in a programmatic locomotive acquisition program.

17 EXECUTIVE OVERVIEW

Transnet SOC Ltd is seeking a partner(s) to provide solutions for its division. It also seeks to improve its current processes for providing these Goods to its end user community throughout its locations.

The selected Supplier(s) will share in the mission and business objectives of Transnet SOC Ltd. These mutual goals will be met by meeting contract requirements and new challenges in an environment of teamwork, joint participation, flexibility, innovation and open communications. In this spirit of partnership, Transnet SOC Ltd and its Supplier(s)

Respondent's Signature

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will study the current ways they do business to enhance current practices and support processes and systems. Such a partnership will allow Transnet SOC Ltd to reach higher levels of quality, service and profitability.

Specifically, Transnet SOC Ltd seeks to benefit from this partnership in the following ways:

- 17.1 Transnet SOC Ltd must receive reduced cost of acquisition and improved service benefits resulting from the Supplier's economies of scale and streamlined service processes.
- 17.2 Transnet SOC Ltd must achieve appropriate availability that meets user needs while reducing costs for both Transnet SOC Ltd and the chosen Supplier(s).
- 17.3 Transnet SOC Ltd must receive proactive improvements from the Supplier with respect to supply of Goods and related processes.
- 17.4 Transnet SOC Ltd's overall competitive advantage must be strengthened by the chosen Supplier's leading edge technology and service delivery systems.
- 17.5 Transnet SOC Ltd end users must be able to rely on the chosen Supplier's personnel for service enquiries, recommendations and substitutions.
- 17.6 Transnet SOC Ltd must reduce costs by streamlining its acquisition of goods, including managed service processes on a Group basis.
- 17.7 Transnet SOC Ltd's overall Supplier Development (CSDP, ED) & BBBEE objectives must be achieved through innovative procurement strategies
- 17.8 Transnet SOC Ltd's objective is for respondents to enhance transformation through the Further Recognition Criteria

18 SCOPE OF REQUIREMENTS

This RFP is issued for the acquisition of 95, Electric Locomotives, to be delivered and fully operational according to the specification by March 2014. We are therefore requesting potential suppliers to provide us with their best solution to meet this aggressive delivery schedule. Detailed specifications are attached as per Annexure C.

Respondents are required to indicate their preferred major SD subcontractor responsible for assemble of Locomotive manufacturing of bogies, under frame and cabs. However, should respondents choose to use Transnet Rail Engineering (TRE) as a subcontractor a specimen contractor agreement is available on request.

In alignment with the requirements of the NGP to reduce the carbon intensity of the economy, respondents are required to provide a plan around how Transnet SOC Ltd can contribute to reducing the effects of climate change through these locomotives. This plan should include improvement items such as, but not limited to, increased energy efficiency of the locomotives, increased power regeneration abilities, the manner in which the respondent will develop the local supplier industry for green technologies and manners in which the power grid can be optimised etc.

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Date & Company Stamp

Transnet Freight Rail (TFR) develops and uses simulators at its School of Rail and at other geographical locations in South Africa. These simulators are designed to be exact replicas of the locomotive cabins in the locomotives that will be supplied by the successful Bidder. TFR appoints external companies to develop the various components that make up the simulator, such as the hardware and the software components. In order to do this, the external companies require information about every aspect of the locomotive being supplied, including but not limited to technical information, drawings, and characteristics of the locomotives in different operating conditions. This is in order to develop a simulator that simulates the locomotive supplied as far as is technologically possible and physically capable of being simulated.

It shall be a legally binding obligation of the successful Bidder to co-operate with and assist the simulator development companies appointed by TFR to develop the simulators by providing the necessary documentary information relating to the locomotive to them, its professional expert's time to advise on the various stages of development and whether the simulations developed are suited to the locomotives being supplied, and any other assistance that may be required to develop the simulator. This shall be at no extra charge to TFR, except for where travelling and subsistence are required, TFR shall bear the costs of these in terms of its prevailing policies and rates allowed for such travelling and subsistence. The successful Bidder shall provide all intellectual property that it has provided to TFR, to the simulator developers for the purposes of developing the simulator

18.1 GUIDING PRINCIPLES

The Respondents are to take the following guiding principles in consideration when compiling their responses:

- 18.1.1 The responses must be strictly in accordance with the technical specification.
- 18.1.2 Maximum standardisation is required of all sub-systems irrespective of the type of proposed locomotives. By implication, a common source of supply is preferred but shall be evaluated on a cost to TFR basis.
- 18.1.3 A long term (life of the fleet) localised service commitment from the successful Respondent is required for -
 - a. a guaranteed spares supply;
 - b. Continuous technological upgrades to constantly reduce costs and increase efficiencies. The design philosophy must thus cater for future technological changes;
 - c. The development of and continuous amendments to the maintenance plans to guarantee the performance requirements and thereby reduce costs; and
 - d. Continuous specialized training as required by Transnet SOC Ltd

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18.2 SPECIFICATIONS

Annexure C attached herewith outlines TFR's desired outcomes required from the locomotives and standardised technical requirements. These specifications and the additional worksheets are designed to assist the Respondents in choosing the best overall solution that will meet TFR's needs.

However, TFR recognises that Respondents may feel able to deliver a better overall solution that meets TFR's objectives without meeting all of the essential requirements. Failure to meet an essential requirement therefore may not lead to a response being deemed non-compliant and being rejected, provided that a satisfactory alternative is provided. Respondents should note that a failure to meet an essential requirement, without providing a satisfactory alternative, may attract a negative score in the evaluation process. Conversely, exceeding an essential requirement may have a positive score during evaluation.

18.3 INSTRUCTIONS TO COMPLETE SPECIFICATION (ANNEXURE C)

- Do not add extra columns rows in the spreadsheet.
- Do not change the clause wording.
- If fully compliant please use the words "Full Compliance" exactly, under the compliance level column.
- If partially compliant please use the words "Partial Compliance" exactly, under the compliance level column.
- If not compliant please use the words "Non Compliance" exactly, under the compliance level column.
- For all instances where the response is "non compliance", please provide comments.
- If there is a feature of the proposed solution that is not listed on the spreadsheet, please provide the details and potential benefits to TFR of the feature.

19 GENERAL INFORMATION

19.1 The Supplier(s) shall be fully responsible to Transnet SOC Ltd for the acts and omissions of persons directly or indirectly employed by them.

19.2 The Supplier(s) must provide the information requested and comply with the requirements stated in this RFP.

20 MANUFACTURERS

The Respondents must state hereunder the actual manufacturer(s) of the components used to build the required locomotives:

20.1 LOCAL MANUFACTURER(S):

ITEM NO.	NAME	ADDRESS (IN FULL)
_____	_____	_____

Respondent's Signature

Date & Company Stamp

20.2 FOREIGN MANUFACTURER(S):

ITEM NO.	NAME	ADDRESS (IN FULL)
_____	_____	_____
_____	_____	_____

A separate schedule should be submitted should the space above be inadequate.

21 SUPPLIER

The Respondents must state the actual name(s) and address/addresses of the suppliers of the Goods for inspection purposes only:

21.1 LOCAL MANUFACTURER(S):

ITEM NO.	NAME	ADDRESS (IN FULL)
_____	_____	_____
_____	_____	_____
_____	_____	_____

21.2 FOREIGN MANUFACTURER(S):

ITEM NO.	NAME	ADDRESS (IN FULL)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

22 IMPORTED CONTENT

The Respondents must state hereunder the value and percentage of the imported content of all the locomotive components (as per the Imported and Local content definitions in Annexure A, Glossary of Words) as well as the country of origin in respect of each item tendered for:

ITEM NO. / DESCRIPTION.	VALUE	% COST	COUNTRY OF ORIGIN
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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Note: Where more than one country is applicable to one item, the Respondents must furnish this information separately.

23 EXCHANGE AND REMITTANCE

The attention of the Respondents is directed to clause 7 (*Exchange and Remittance*) of the General Tender Conditions Form CSSS. The Respondent is also to note that the particulars of the exchange rate/s on which the Respondent has based its tendered price(s) in respect of the imported portion, is/are to be stipulated hereunder, to enable Transnet SOC Ltd to calculate an overall Rand price

23.1 ZAR 1.00 (South African currency) being equal to _____ (foreign currency)

23.2 _____ % in relation to tendered price(s) to be remitted overseas by Transnet SOC Ltd

23.3 _____ (Name of country to which payment is to be made)

23.4 Beneficiary details:

23.5 Name (Account holder) _____

Bank (Name and branch code) _____

Swift code _____

Country _____

23.6 _____ (Applicable base date of Exchange Rate used)

Respondents should note that Transnet SOC Ltd's preferred form of remittance would be in Rands.

24 NATIONAL RAILWAY SAFETY REGULATOR ACT

In compliance with the National Railway Safety Regulator Act, 16 of 2002, the successful Respondent (**the Supplier**) shall ensure that the Goods to be supplied to Transnet SOC Ltd, under the terms and conditions of a contract between the parties, comply fully with the specifications as set forth in Section 10 (Specifications and Drawings) of this RFP, and shall thereby adhere to railway safety requirements and/or regulations (as applicable). Permission for the engagement of a subcontractor by the Supplier, as applicable, both initially and during the course of a contract, shall be subject to a review of the capability of the proposed subcontractor to comply with the specified railway safety requirements and/or regulations. The Supplier and/or its subcontractor shall grant Transnet SOC Ltd access, during the term of the contract, to review any safety-related activities, including the coordination of such activities across all parts of the organisation.

Accepted:

YES	
-----	--

NO	
----	--

Respondent's Signature

Date & Company Stamp

25 SERVICE LEVELS

- 25.1 The Respondent will make available experienced national account representative/s and technical representatives to work with Transnet SOC Ltd's sourcing/procurement and technical departments (no sales representatives are needed for individual department/locations). Additionally, there shall be a minimal number of people, fully informed and accountable for this agreement.
- 25.2 Transnet SOC Ltd will have quarterly reviews with the Supplier's account representative on an ongoing basis.
- 25.3 Transnet SOC Ltd expects a minimum availability of 95% and a maximum of 15 faults per million kilometres for the fleet
- 25.4 Transnet SOC Ltd reserves the right to request that any member of the Supplier's team involved on the Transnet SOC Ltd account be replaced if deemed not to be adding value for Transnet SOC Ltd.
- 25.5 Supplier must provide a toll-free number or alternative number for customer service calls.
- 25.6 Failure of the Supplier to comply with stated service level requirements will give Transnet SOC Ltd the right to cancel the contract in whole, without penalty, giving 30 (thirty) days' notice to the Supplier.

Acceptance of Service Levels:

YES	
-----	--

NO	
----	--

26 CONTINUOUS IMPROVEMENT INITIATIVES

- 26.1 Respondents shall indicate whether they would be committed, for the duration of any contract which may be awarded through this RFP process, to participate with Transnet SOC Ltd in its continuous improvement initiatives to reduce the overall cost of transportation services and related logistics provided by Transnet SOC Ltd's operating divisions within South Africa, to the ultimate benefit of all end-users.

Accepted:

YES	
-----	--

NO	
----	--

If "yes", please specify details in 27.2 below.

- 26.2 Respondents must briefly describe their commitment to the continuous improvement initiatives and give examples of specific areas and strategies where cost reduction initiatives can be introduced. Specific areas and proposed potential savings percentages should be included. Additional information can be appended to the Respondent's Proposal if there is insufficient space available.

.....

.....

.....

Respondent's Signature

Date & Company Stamp

27 RISK

Respondents must elaborate on the control measures put in place by their company, which would mitigate the risk to Transnet SOC Ltd pertaining to potential non-performance by a Supplier, in relation to -

27.1 Quality and specification of Goods delivered:**27.2 Continuity of supply:****27.3 Compliance with the Occupational Health and Safety Act, 85 of 1993:****27.4 Compliance with the National Railway Safety Regulator Act, 16 of 2002 (refer clause 25 above):**

Respondent's Signature

Date & Company Stamp

28 REFERENCES

Please indicate below the company names and contact details of existing customers whom Transnet SOC Ltd may contact to seek third party evaluations of your current service levels:

Name of Company	Contact Person	Telephone Number

29 EVALUATION CRITERIA

Transnet SOC Ltd will utilise the following criteria in selecting a preferred Supplier, if so required:

29.1 STAGE ONE

- a) **B-BBEE Rating** *[Refer Section 1, clause 6]*
 - Evaluated according the B-BBEE Accreditation scorecard
- b) **Supplier Development Bid Document and SD Commitment** *[Refer Section 1, clause 5 plus Annexures A & B1/B2]*
 - Industrialisation
 - Localisation
 - Sustainability/ Technology and IPR transfers
 - New skills development
 - Job creation and/or preservation
 - Small business promotion
 - Rural development and regional Integration
 - Green economy and carbon reduction initiatives

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- Further Recognition *[Refer Section 1, sub-clause 6.4]*
 - Ownership
 - Management control
 - Employment equity
 - Enterprise Development
 - Preferential Procurement
 - Other SD Initiatives/ Interventions
- c) Green economy / carbon footprint: Whereas Transnet SOC Ltd cannot prescribe a Respondent's commitment to environmental issues; Transnet SOC Ltd would wish to have an understanding of your company's position in this regard.

An overall minimum threshold of 60% for Stage one evaluation criteria must be met or exceeded for a Respondent's proposal to progress to Stage Two (Technical Capabilities)

29.2 STAGE TWO

- d) **Technical Capabilities** *[Annexure C]*
- Technical specification - The extent to which the locomotives offered meet or exceed the specified technical requirements
 - Fleet Availability - refer to Annexure C for definition
 - Mission Reliability - Expressed in terms of failures per million km where a failure would result in the Locomotive not completing its mission.
 - Maintainability - Refer to maintainability requirements in Annexure C
 - Control measures to mitigate Transnet SOC Ltd's risk exposure *[Refer Section 2, clause 28 above]*

An overall minimum threshold of 80% for Stage Two (Technical Capabilities) evaluation criteria must be met or exceeded for a Respondent's proposal to progress to Stage Three (Price) .

29.3 STAGE THREE

- a) **Financial** *[Refer Section 3]*
- Commercial offer, as indicated in Section 3
 - Price per locomotive (excluding VAT) excluding any hedging costs and separate price per locomotive including hedging costs

Respondent's Signature

Date & Company Stamp