



Lohattha loading and shunting independent operator on siding no. 261378

1. Tendering of service

Transnet Freight Rail's (*herein referred to as "Transnet", "Transnet Freight Rail", "TFR"*) is looking for a Lohattha loading and shunting operator (*herein referred to as "independent operator"*) that is able to support its existing set of business processes and targets which is geared to, maximised railed volumes and serve different customers who want to transport Manganese Ore and Iron Ore, in the most optimised and efficient manner. This is to ensure that the organisation is able to offer a predictable, but flexible and effective service to its customers.

2. Purpose

The purpose of this document is to provide potential operators with technical and commercial specifications which the targeted operator is expected to have. Transnet Freight Rail is looking for an independent operator, who is not an owner of ore in the area intended and also who is not planning to bid for capacity to move this cargo in the Transnet Freight Rail's rail network. The independent operator is also expected to maintain financial, political and management independency from any Manganese, Iron Ore, Intermodal, and Containers logistics company which has applied, or is planning to apply for rail capacity from Transnet Freight Rail moving a commodity from the intended area of operation. A track record of similar operations will be an advantage.

The independent operator is expected to provide the following:

- A set-up project plan,
- Layout design for the bulk ore terminal,
- Stockpiling Management Plan
- Defined loading process for different customers to ensure the following,
 - The correct ore is loaded for the correct customer and,
 - The correct ore grade is loaded at the correct time.
- Equipment to load the specified wagons in the siding



- RSR¹ compliance or accreditation documentation,
- Communication system to forward loading documentation to TFR,
- Qualified drivers and yard officials to do the shunting at the siding
- Security of the land, and
- Controlling process for the incoming and outgoing road trucks. The crossing of TFR railway lines with any vehicles will be prohibited unless all TFR safety processes have been followed.

The successful independent operator is further expected to:-

- Ensure transparency and fairness to all Transnet Freight Rail customers.
- Ensure that all environmental requirements are adhered to,
- Provide flexible and efficient loading process which will enable Transnet Freight Rail to rail maximum volumes from the siding,
- Adhere to Transnet Freight Rail's operational schedule for running trains
- To adapt Transnet Freight Rail safety standards
- To have all related ISO standards requirements and certification or in a process to obtain certification.
- To load wagons according to the loading specifications as specified in Annexure D. ***However, even though stipulated in the loading specifications, loading with front-end loaders is prohibited.***
- To ensure safe working practices in the siding at all times
- To issue safe working rules to all employees on site and make sure they are adhered to.
- Provide lightning on site.
- Provide workforce to make sure quality operations are carried out.

3. Background Information

The manganese and iron ore industry has grown tremendously in the past 18 months. This has been mainly because of the demand and the price of steel in the global financial market.

¹ RSR – Rail Safety Regulator

Manganese and Iron ore is used in the production of steel with other components like Copper, Nickel etc. There is a need to optimize the manganese and iron ore flows to create more capacity to move additional volumes. Transnet Freight Rail's main objectives, which also applies in this tender, is to rail maximum volumes with what is available, which is termed as '**sweating assets**'.

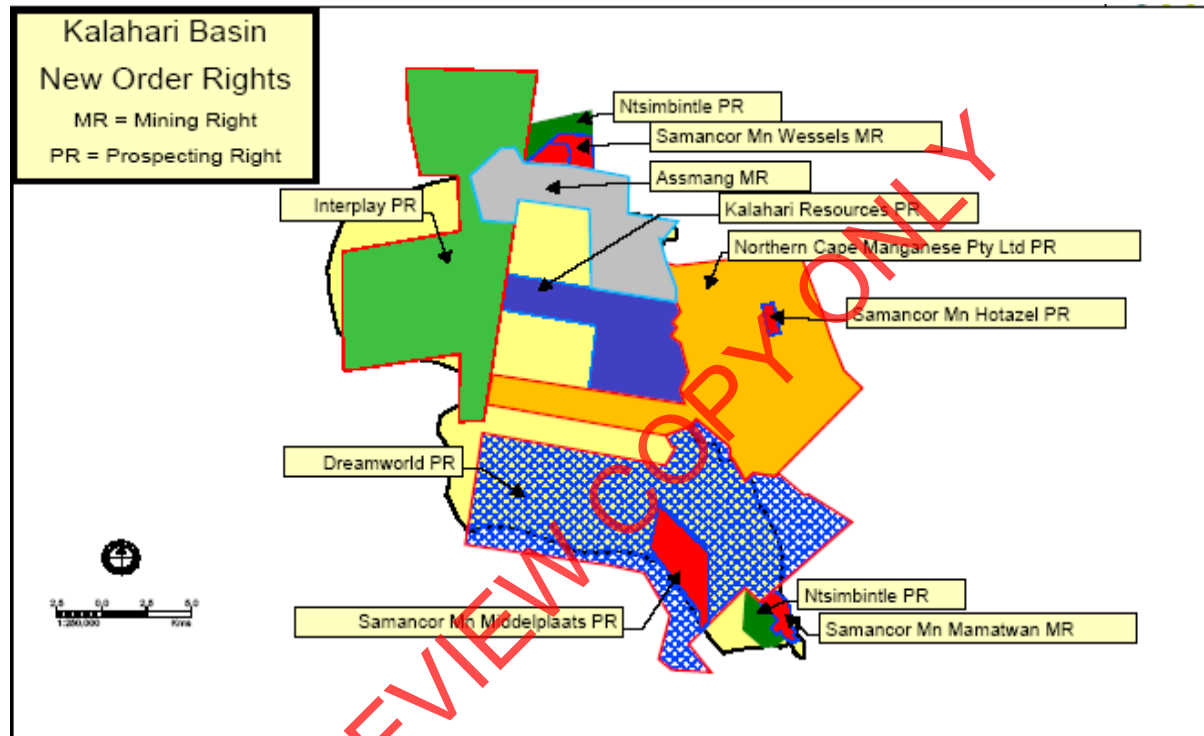


Figure 1: Kalahari Basin. New Orders Rights²

A brief topographical plotting of the Manganese Ore area in the Kalahari region is shown in Figure 1 as an example that indicates availability of ore in the area. Manganese and Iron ore are largely exported through the Port Elizabeth port, Durban port and Saldanha port. However, there is also a use of manganese and iron ore in domestically. Transnet Freight Rail intends to satisfy both markets, i.e. export and domestic.

² Source: http://www.manganese.org/admin/event_docs/04_Moloi_AC2006.pdf



4. Scope of Work

The tender is only related to Transnet Freight Rail's siding no. 261378 in Lohatlha. The siding drawing is added in Annexure A. The independent operator must support the following Transnet Freight Rail business principles:

1. The operator will not allocate rail capacity to customers.
2. To serve Transnet Freight Rail customers only, in the siding, following the instruction from Transnet Freight Rail of the rail schedules customers.
3. Maintain fairness and transparency in serving all Transnet Freight Rail customers.

4.1 Bulk Terminal Operations

1. Stockpile and load ore for different customers as stipulated by TFR.
2. Compliment Transnet Freight Rail's weekly rail schedule for the customers in service. Trains to be loaded and released on-time, as per Transnet Freight Rail transportation schedule.
3. The operator is expected to release the loaded wagons 2 hours before the scheduled departure time.
4. Adapt to Transnet Freight Rail, next week's business processes, 72 hours and 48 hours ITP update window.
5. To have processes to accommodate incidences that can happen, e.g. derailments, and other unplanned incidences or delays that might happen.
6. Produce a solution which will allow Transnet Freight Rail to rail maximum tons from the siding. The maximum capacity in which Transnet Freight Rail intends to rail from the Lohatlha siding is 14 trains per week.

4.2. Land Partitioning

1. The land will be portioned for bulk operations and container operations. The total area will be partitioned in the following manner:
 - a. TFR containers business unit = **15 000 m²** for all operations defined above.
 - b. Independent operator = **26 337m²** for all operations defined in this document.

- c. The independent operator will also be given the whole land to operate in a long term (undecided timelines). Transnet Freight Rail will communicate to the independent operator 6 months before the land is handed over to the independent operator.
4. Partition the allocated Transnet's land accordingly at Lohatlha to be able to stockpile for the customers specified by customers. TFR will assist the independent operator on the partitioning of the land for the operator stockpiles and the throughput terminal. The final partitioning of the will be finalised between Transnet Freight Rail and the successful independent operator. (See proposed layout in Annexure B)
2. The Container operations that are interpreted as being :
 - a. Loading and offloading of container wagons;
 - b. Stacking of containers on slab;
 - c. Stuffing of containers;
 - d. Operations of equipment for stuffing containers and
 - e. Weighing of containers,
3. All shunting operations will be done by the independent operator.

4.3. Interfaces with Transnet Freight Rail

5. Work hand in hand with the Area Operations Managers (AOM), Key Account Manager (KAM), the Containers Terminals Operations Manager, Customer Service Manager (CSM) and planners.
6. TFR will continue with the maintenance of rail infrastructure.

4.4. Loading and handling resources required

The independent operator is expected to acquire or own or have leased the following loading and handling resources:

1. Concrete slab for stockpiling as stipulated by the Environmental Impact Assessment requirements.
2. A loading station/equipment capable to load the following wagons in the specified time.
 - 33 -40 (CFR, CAR, CMR) - 12 hours
 - 50 -52 (CR) – 12 hours

3. The loading station/equipment is expected to have means of clearly calculating the mass of Ore which has been loaded in the wagons. These masses will be given to Transnet Freight Rail prior to departure of trains from the siding.
4. Have a diesel shunt locomotive or a funkie for shunting associated with the loading of wagons. Transnet Freight Rail will place empty wagons on specified lines and collect loaded wagons at specified time.
5. To have loading equipments to meet all loading specification defined by Transnet Freight Rail. All wagon drawings are contained in Annexure C and all loading specifications are contained in Annexure D.
6. The independent operator is expected to make provision on lighting for night shift working.
7. Common people needs like water, electricity, sanitation etc. must be provided by the independent operator for its own employees.
8. The independent operator is also expected to make its own arrangements of accommodation for its own staff.
9. **TFR is currently finalising plans to extend the rail lines in Lohattha to be able to handle longer trains. The approximated line length is 1.5 km (subject to change) to at least handle 105 CR wagons and 6 18E locomotives. The independent operator's long term planning must incorporate these plans. TFR will communicate to the Independent operator as soon as the plans are finalised.**

4.5. Risks

Business Risk	Description	Risk Response	Expectations
Late running of trains	Trains may run late which can cause instability in the operation of the independent operator.	Transnet Freight Rail jointly with the operator will come up with deviation management plans.	Transnet Freight Rail will try and minimise all train delays. In case of any delays, Transnet Freight Rail will communicate to the operator.
Communication	Communication of correct customer orders and correct	Transnet Freight Rail will make it a point to communicate correct	Operator is expected to familiarise themselves with Transnet Freight Rail monthly, weekly and daily

	train plan will be essential	plans and schedules to the operator. Changes will only happen in the 72 hours and 48 hours window according to Transnet Freight Rail planning processes.	train planning processes. The operator will also be expected to report weekly and monthly on volume performance.
Integration and transparency	The status of loading in the siding to be transparent to Transnet Freight Rail and status of upcoming trains to be loaded to be transparent to the operator.	There must be constant communication or possibly, integration of information systems.	A constant communication process must be tabled between Transnet Freight Rail and the operator which will allow both parties to see the status of working between both parties. This communication process will be part of the contractual agreement.
Adherence to loading specifications	Safety is Transnet's first priority. Over/skew loaded wagons cause derailments and damage to Transnet Freight Rail's assets	Transnet Freight Rail will closely monitor the loading of wagons to make sure adherence to specifications. Specifications are in Annexure C.	The operator is expected to have SABS approved weigh-bridges to check payload and loading equipment suitable to can evenly distribute load on the wagon.

5. Maintenance of rail assets

The maintenance of the rail assets in the siding will be a TFR responsibility. Inspections will be conducted as per current TFR maintenance schedules. However, the following has to be accommodated and catered for:-

- Emergency repairs

- Should any emergency defect be noticed or become evident, it will have to be reported to the Emergence control centre, detail of which will be submitted upon award of the tender
- TFR may identify emergency repairs during inspections. The repair of such conditions will be arranged ad hoc taking cognisance of the total picture and making a best business decision with the inputs of all affected parties.
- Planned maintenance
 - There is a planned annual 10 day shut down period on the Hotazel – Kamfersdam section. Planned maintenance will be scheduled to coincide with this period. For 2009 the provisional dates are 15 September 2009 to 24 September 2009. The maintenance plans will be communicated to the independent operator as soon as TFR has the final dates.

6. Deliverables

TFR expects the operator to meet all stated deliverables and strict monitoring will be done to make sure that the independent operator performs. Failure from the operator to meet the deliverables may result in immediate termination of the contract to be signed between TFR and the independent operator. The performance sheet, which contains all deliverables and monitoring parameters, will be included in the agreement contract.

TFR expects all participants to show a desktop project plan when responding to the tender invitation. TFR will use these project plans and solution proposals to see how effectively and how quickly the respondents will operate the terminal. ***Please see the adjudication criteria to make sure that all pre-requirements are done.***

6.1 Volume throughput

The independent operator is expected to report on weekly and monthly volume throughput to Transnet Freight Rail. Deviations and reasons for deviations will be discussed between the independent operator and Transnet Freight Rail on weekly and monthly basis.



- The minimum volume throughput is expected to be 7 trains per week
- The maximum volume throughput is expected to be 14 trains per week
- The volumes to be rail from this siding will be highly determined by the global economic conditions.
- The operator is not expected to look for customers to move loads, but rather refer customers who approach them to Transnet Freight Rail.

6.2 Safety

Safety is Transnet Freight Rail primary goal. The successful independent operator is expected to adhere to all loading specifications, Instructions on Electrical Safety Precautions and Safe Working Procedures:

- Adherence to loading specification will be assessed will be monitored on regular basis by Transnet Freight Rail in presence of a representative from the successful operator.
- The operator is expected to send Transnet Freight Rail and commodity list of the wagons number, load for every train that departs from the sidings. Transnet Freight Rail will provide the successful operator with a wagon list template in the agreement contract. See attachment regarding safety policy

7. Process Schedule

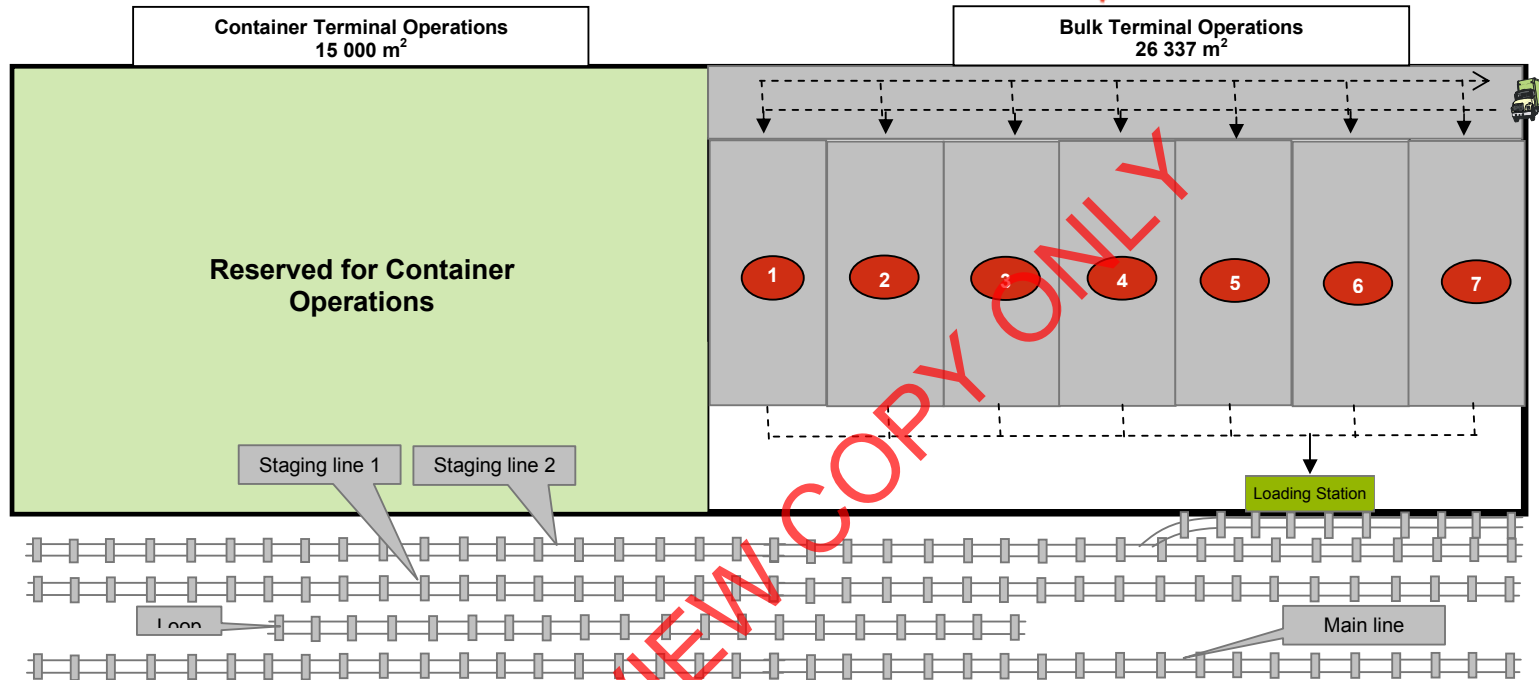
A detailed briefing session will be held with potential tenders. This session will roughly take place 2 weeks after submission of the tender document has been lodged with the tender office of Transnet Freight Rail Freight Rail. Transnet Freight Rail will publish the briefing session date to all respondents of the tender adverts. The briefing session will take place at the Lohattha siding.



Annexure A: Lohatlha siding drawing

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Annexure B: Proposed Layout



Assumptions (Container Operations)

- 2
- 2
- 3
- 4

Max Throughput = 14 trains/week

Assumptions (Bulk Operations)

- Maximum of 7 customers can be served from Lohathla
- Container trains slots will be integrated with Bulk trains slots
- Maximum dwell time of stockpile = 7 days
- Maximum of 2 grades of Ore can be stockpiled at a any given time.
- Iron Ore and Manganese Ore to be loaded on the same site.

Customer Stockpiles - - - Movement of Ore

Source: Transnet Freight Rail



Annexure C: Wagon Diagrams

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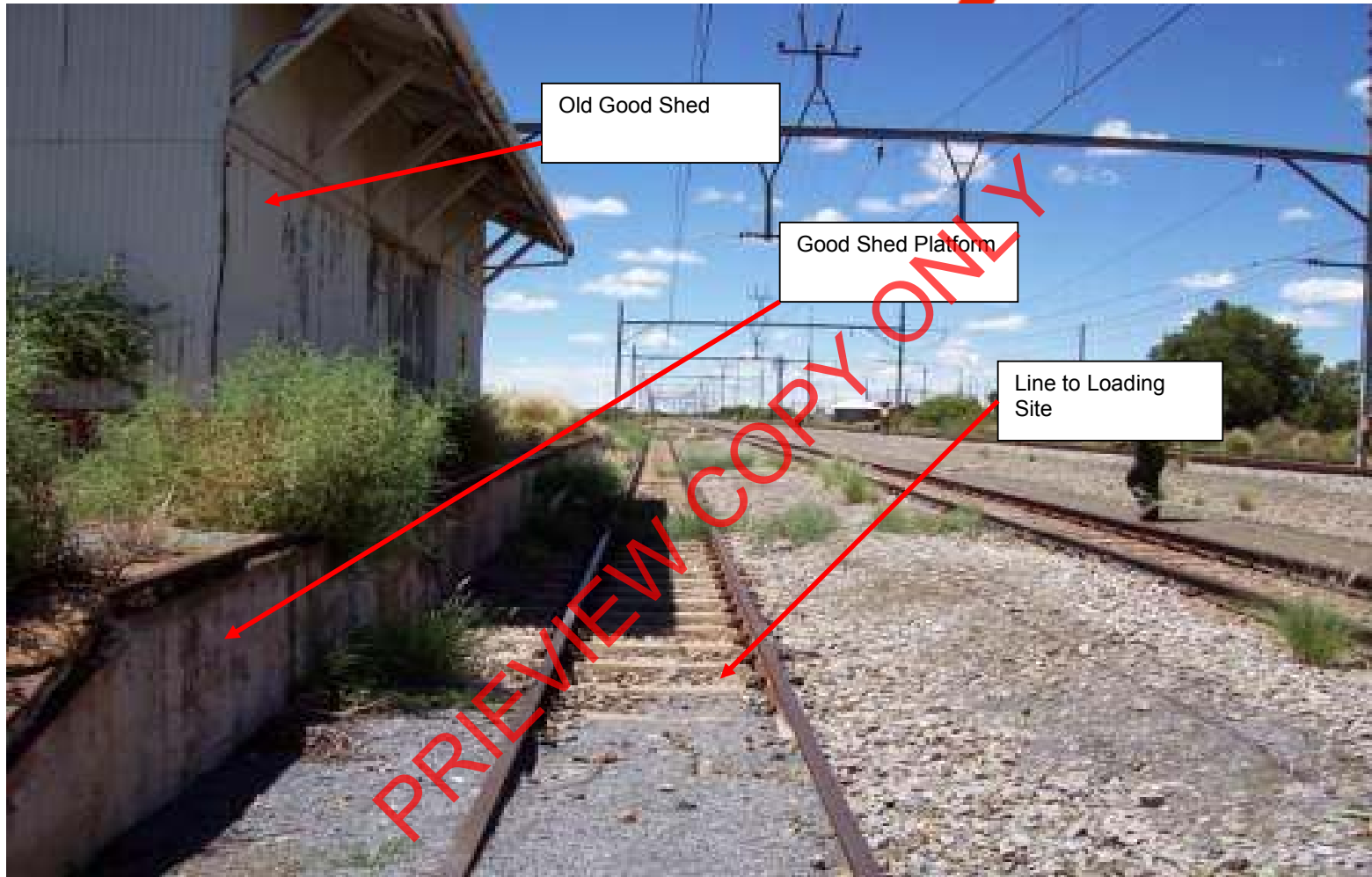
Annexure D: Loading specifications

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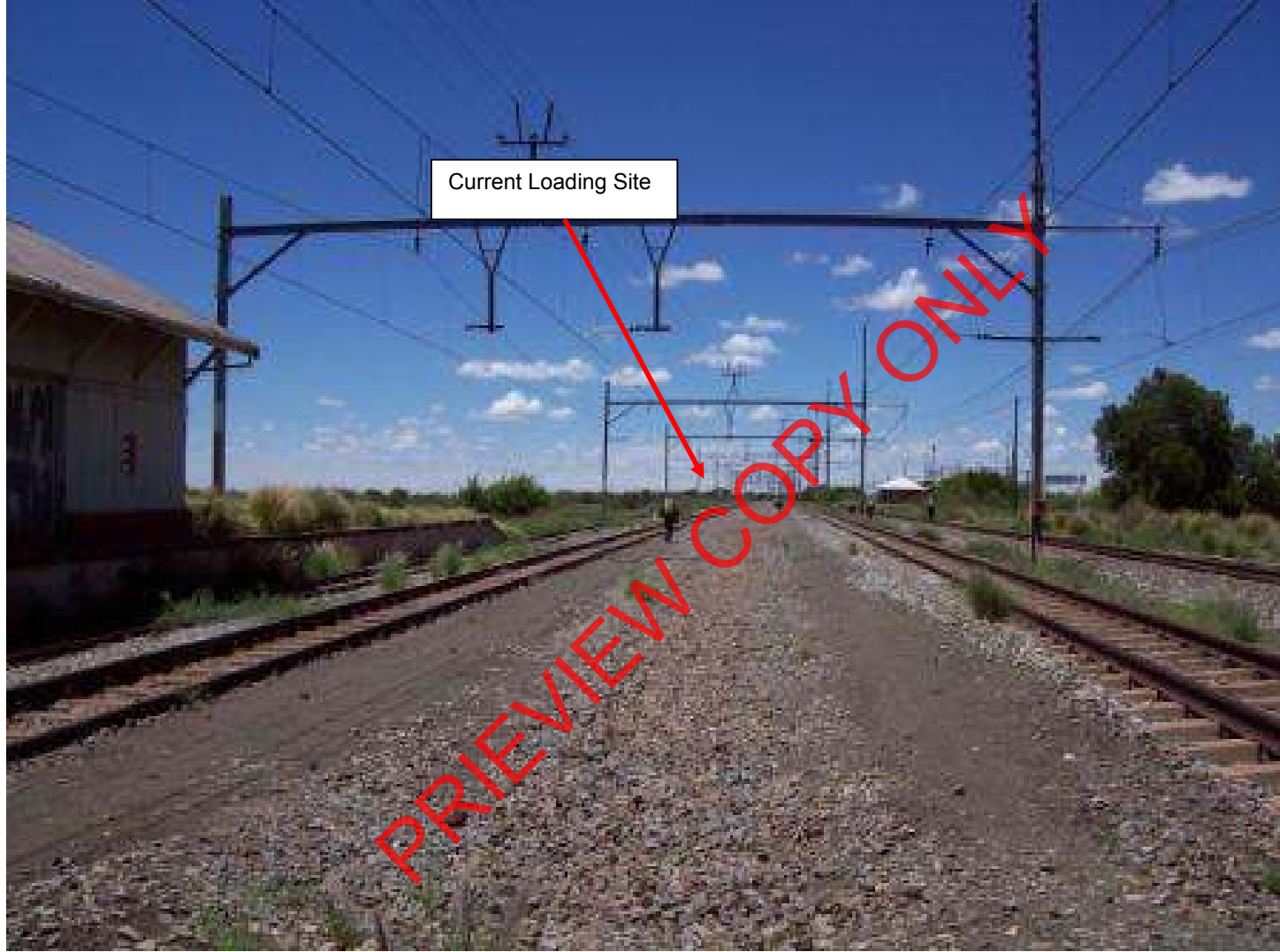
Annexure E: Transnet Lohatlha Land

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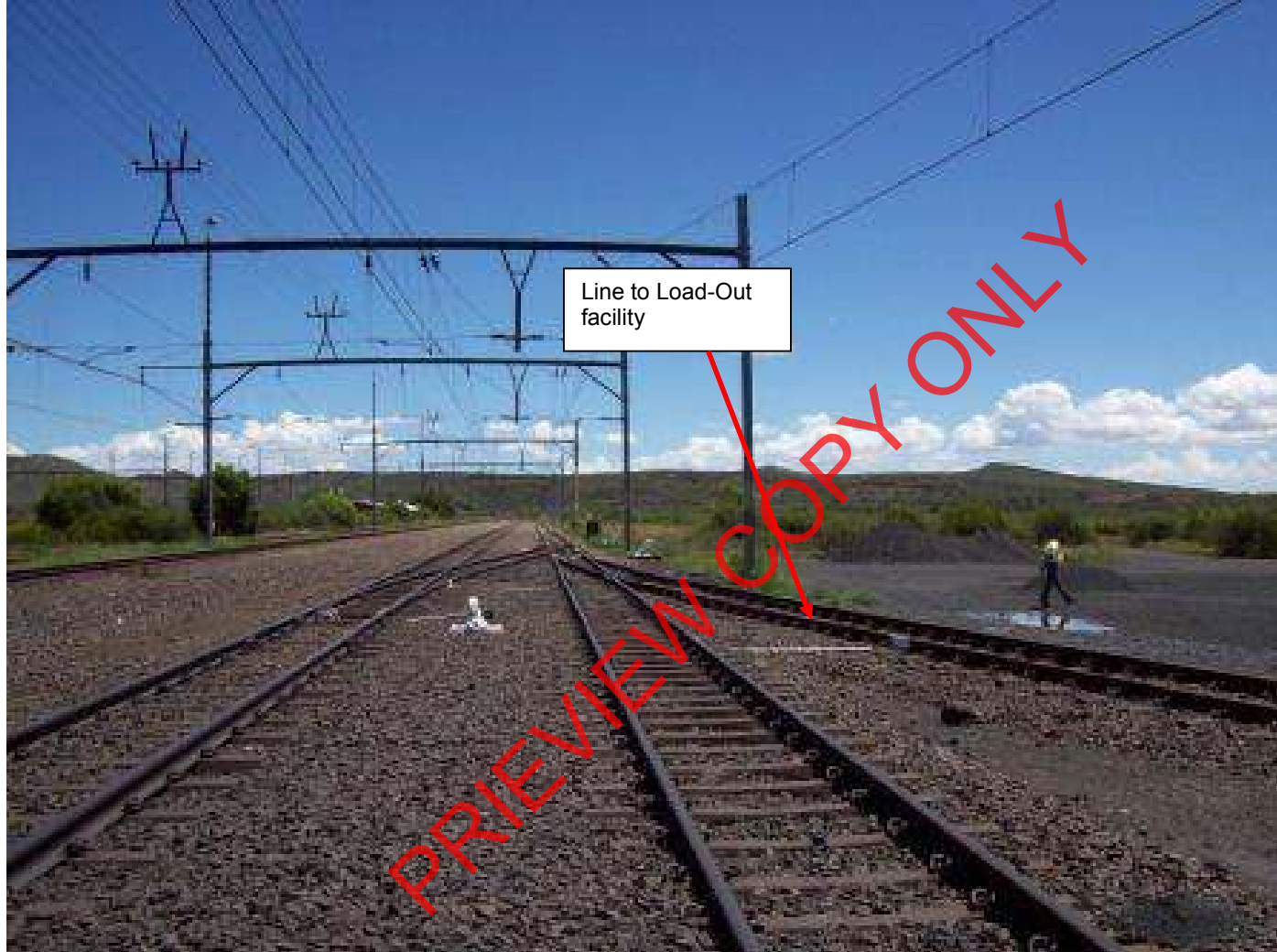
Link to Loading Site
from Main Line















Road to Site.
[Arrangement between
Farmer and Burk] +/-
2km

