

TRANSNET SOC Ltd
ACTING THROUGH ITS OPERATING DIVISION
TRANSNET NATIONAL PORTS AUTHORITY
("TNPA")

**REQUEST FOR INFORMATION IN RESPECT OF A
POSSIBLE APPOINTMENT OF A CONTAINER HANDLING
OPERATOR TO DESIGN, DEVELOP, CONSTRUCT,
FINANCE, OPERATE, MAINTAIN AND TRANSFER A
CONTAINER HANDLING FACILITY AT THE PORT OF
RICHARDS BAY**

October 2022

Information Request Description	The design, develop, construct, finance, operate, maintain, and transfer a Container Handling Facility at the Port of Richards Bay, Province of Kwa-Zulu Natal
RFI Number	TNPA/2022/10/1328/15531/RFI
Issue & Collection Date	28 October 2022
Bid Fee and Banking Details	Not Applicable – Issued Free
Non-Compulsory Briefing Session	15 November 2022
Requests for Clarification Close	09 December 2022 at 16h00pm (CAT)
RFI Closing Date	13 January 2023 at 16h00pm (CAT)

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1. Disclaimer

Whilst all reasonable care has been taken in preparing this Request for Information (RFI), the information herein contained has been prepared by the Transnet National Ports Authority ("TNPA") in good faith, based on information obtained from various sources. Neither TNPA nor any of its advisors accept any liability or responsibility for the adequacy, accuracy, or completeness of any of the information or opinions stated herein.

Save where expressly stipulated otherwise, no representation or warranty (whether express or implied) is hereby given by TNPA or any of its officers, employees, servants, agents, advisors, or any other person with respect to the information or opinions contained in this RFI.

TNPA reserves the right to amend, modify or withdraw this RFI in whole or in part, and/or to terminate or amend the plans for the introduction of a concession for the proposed Richards Bay Container Facility, at any time, without prior notice and without liability to compensate or reimburse any person pursuant to such amendment, modification, withdrawal, or termination.

The terms and conditions set out in this RFI are stipulated for the express benefit of TNPA. Save as expressly stated to the contrary, the terms and conditions herein set out may be waived at TNPA's sole discretion at any time.

TNPA reserves the right to adopt any proposal made by any person, juristic or otherwise, responding to this RFI, at any time and to include such proposal in any documents which may or may not be made available at any stage to any other persons responding to this RFI, without the obligation or liability to pay any compensation or reimbursement of any nature to any person pursuant to such adoption.

This RFI is provided solely for the purpose set out herein and is not intended to form any part or basis of any investment decisions by any of the Respondents, their shareholders, members or lenders.

Each person that accesses this RFI must make its own independent assessment of the information provided, taking such advice (whether professional or otherwise) as it deems necessary.

No Respondent, its shareholders, members, contractors, suppliers or lenders shall have any claim against TNPA, its officers, employees, servants, agents or Transaction Advisors, under any circumstances whatsoever, arising out of any matter relating to this RFI of any nature whatsoever, including where such claim is based on any act or omission by TNPA, or any of its officers, employees, servants, agents or Transaction Advisors of any nature whatsoever, or where such claim is based on the content of, or any omission from, this RFI of any nature whatsoever.

2. Definitions and Interpretation

In this RFI, except as otherwise defined herein, the following terms shall have the following meanings:

- 2.1 **"Concession"** - the proposed design, development, construction, financing, operation, maintenance and transfer of the Container Handling Facility in the Port of Richards Bay that may be granted by TNPA to the Preferred Bidder pursuant to a Request For Proposal that may be issued in terms of section 56 of the National Ports Act 12 of 2005.
- 2.2 **"Concessionaire"** – the legal entity who is awarded the right, by the TNPA, to undertake the design, development, construction, financing, operation, maintenance and transfer of the Container Handling Facility in the Port of Richards Bay and with whom, the TNPA will be concluding a Handling Facility Operator Agreement;
- 2.3 **"National Ports Act"** - the National Ports Act No. 12 of 2005;
- 2.4 **"Port"** - the Port of Richards Bay;

- 2.5 **"Project"**- the planned endeavours to procure a Concessionaire to undertake the Concession;
- 2.6 **"Project Officer"** - the person appointed by TNPA as the project officer for the purpose of the administration of the process contemplated in this document;
- 2.7 **"Respondent"** - any entity or consortium that submits an RFI, responding to this document;
- 2.8 **"RFI"** - this Request for Information document to solicit information from the market relating to the planned Project in relation to the Container Handling Facility at the Richards Bay port;
- 2.9 **"RFI Response"** - the submission made by an entity or organization in response to this Document, together with all necessary supporting documentation and the letter referred to in paragraph 6 of this RFI;
- 2.10 **"RFP"** - the request for proposals contemplated to be issued in terms of section 56 of the National Ports Act for a Concession of a Container Handling Facility in the port;
- 2.11 **"Handling Facility"** - means the Handling Facility infrastructure, container handling equipment, sheds and land-based structures used for the import and export landing, discharging, storage of containers and which may, for the purposes of the Concession include an facility to be developed, operated, and maintained on the Site;
- 2.12 **"Container Facility Operator Agreement"** the agreement concluded between the TNPA and Concessionaire in relation to the Concession, pursuant to the issuing of an RFP in accordance with the section 56 of the National Port's Act;

- 2.13 **"Site"** - the land and or water space, within the Port on which the Handling Facility is to be located in terms of the Concession as more fully described in paragraph 5.1 of this RFI;
- 2.14 **"Transnet National Ports Authority (TNPA)"** - An operating division of Transnet responsible for the safe, effective, and efficient economic functioning of the national port system, which it manages in a landlord capacity and who provides port infrastructure and marine services at the eight commercial seaports in South Africa in accordance with the provisions of the National Ports Act;
- 2.15 **"Transnet"** - Transnet SOC Ltd, registration number 1990/000900/30. A state-owned company under the Department of Public Enterprises incorporated in the Republic of South Africa and which is the custodian of South Africa's freight logistics public infrastructure, which supports economic growth and development by providing efficient rail, port and pipeline infrastructure and services.

3. Background

3.1 Transnet National Ports Authority

- 3.1.1. Transnet National Ports Authority (National Ports Authority or TNPA), an operating division of Transnet SOC Ltd, (registration number 1990/000900/30) was established through the National Ports Act, No. 12 of 2005 ("the Ports Act") to be a landlord port responsible for the safe, efficient, and economic functioning of the national ports system, which it manages, controls, and administers on behalf of the State;
- 3.1.2. Section 11 of the Ports Act prescribes the core functions of TNPA as follows:
- a) To plan, provide, maintain, and improve port infrastructure;
 - b) To promote the use, improvement and development of ports and control land use within the ports, having the power to lease port land under conditions that it determines;

- c) To promote greater representation, in particular to increase participation in port operations of historically disadvantaged people;
 - d) To provide or arrange marine-related services, i.e., pilotage services, tug assistance, berthing services, dredging and hydrographic services;
 - e) To ensure that adequate, affordable, and efficient port services and facilities are provided, including regulatory oversight of all port activities; and
 - f) To provide aids to assist the navigation of vessels within port limits and along the coast.
- 3.1.3. At an operational level, TNPA occupies a strategic position in the country's transport logistics chain, managing South Africa's eight commercial seaports, namely Cape Town, Richards Bay, East London, Mossel Bay, Ngqura, Port Elizabeth, Durban, and Saldanha Bay as reflected on figure 1 below;
- 3.1.4. The ports under the control of the TNPA span the South African coastline, which measures approximately 2 800 km. TNPA's asset base consists of port land, basic port infrastructure and marine fleet at the eight commercial ports. TNPA manages port land of approximately 43,4 million m² and about 750 leases across the port system;
- 3.1.5. Operating within the port industry, TNPA provides its services to port users, namely Handling Facility operators, shipping lines, shipping agents, cargo owners and the clearing and forwarding industry. TNPA also carries a distinctive feature of being self-sustaining, unlike most other landlord port authorities that rely on national or provincial governments for financial support.

National Port System

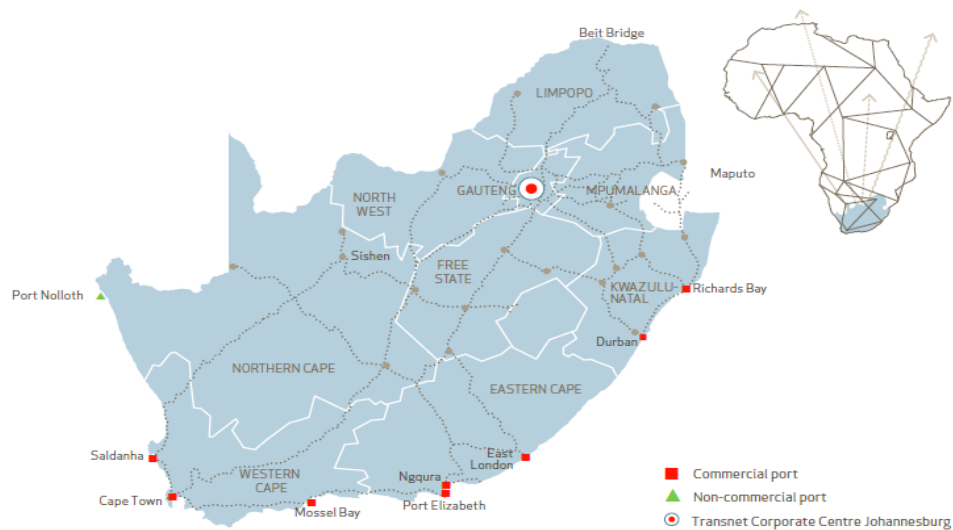


Figure 1: Southern African Commercial Ports

4. Container Information

- 4.1 Containerization has been the dominant transport paradigm for manufactured goods for decades. Other semi-finished and value-added goods have become increasingly containerized, giving container trade a high degree of importance in almost every industry.
- 4.2 High value and lightweight goods tend to rely on global manufacturing and trade systems, whilst low value and ponderous goods are more limited to regional transportation and production systems. Increasing the ease of container freight creates an opportunity for South Africans to expand businesses and create quality jobs.
- 4.3 Containers are a vital part of South Africa's economy – being the most common method for transporting goods worldwide. The Port of Richards Bay is a major dry bulk and liquid bulk Port. Container's cargo is handled at the multipurpose Handling Facility (MPT).



- 4.4 The Port of Richards Bay handles containers at the 600-series (MPT Handling Facility). The Multi-Purpose Terminal (MPT) has an installed capacity of 50 000 TEUs.

5. Port of Richards Bay Master Plan

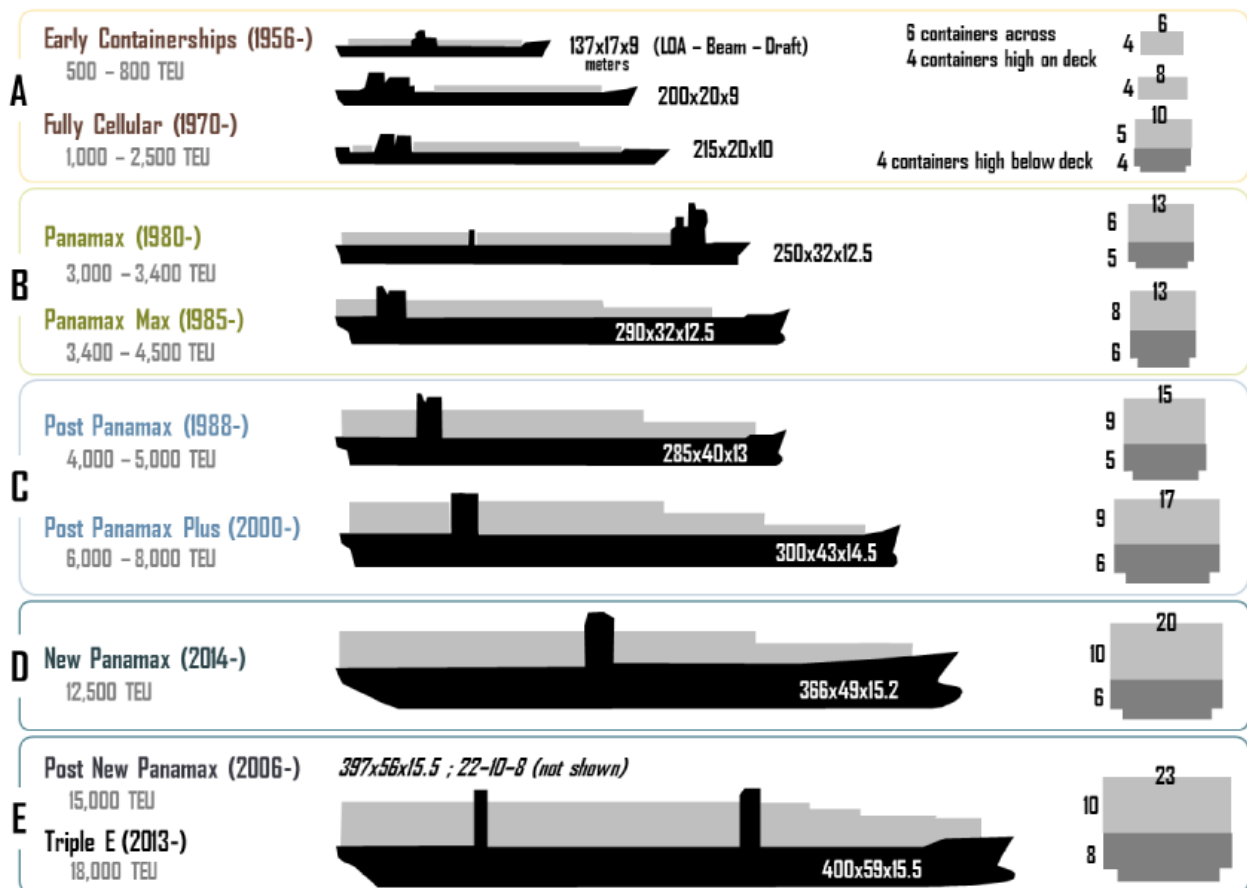


Source: TNPA KZN Logistic Hub (Port of Richards Bay Master Plan)

- 5.1 The proposed Container Handling Facility is aligned to the Master Plan for the Port of Richards Bay (Item Number 13: Container handling Berth located above). The Location of the proposed container handling facility site is adjoining berth 606 at the Port of Richards Bay. Proposed Berth 605 for the container handling facility is not constructed at the moment.

6. Vessel Fleet

In recent years, shipping lines have been ordering and deploying ever-larger vessels in an attempt to reduce freight costs by exploiting economies of scale. The newest and largest vessels have generally been deployed on the high-volume east-west routes and the cascade effect has resulted in a sharp increase in vessel size for container vessels on the north-south routes *en route* to South Africa.



Container Vessel Classes

Source: (TNPA, Port Development Framework Planning)

The upsizing of container vessels from the 1950s and 1960 were around 500 – 800 TEUs, this had increased to 3000 TEU in the 1980s further increasing to 4000 TEUs by 1985. To date we are seeing organisations that have breached the 24 000 TEU mark capacity.

It's clear that containerisation continues to gain momentum over the years as well the vessel sizes taking advantage of economies of scale and achieving competitive advantage in the market. The Port infrastructure and supporting logistics services had to keep up with the changes in global fleet size. In response to this the Port Authority has over the years increased costs related to maintenance and upgrade the Port infrastructure.

Undoubtedly, the move to longer and deeper vessels has put enormous pressure on port infrastructure and equipment around the world (South Africa is no exception). Longer vessels require extra quay space, deeper vessels require deeper berths and wider vessels require bigger, heavier cranes which require stronger quay walls.

6.1 TNPA has been inundated with numerous requests from various interested parties, seeking opportunities to invest in the development of a Container

Handling Facility at the Port of Richards Bay to meet anticipated industrial demand in the KwaZulu Natal and adjoining Provinces.

- 6.2 It is within this context that TNPA deems it prudent to issue this RFI to confirm the viability and commercial feasibility for procuring a Concessionaire to undertake the Concession.
- 6.3 TNPA intends to develop the Port of Richards Bay Container Handling Facility in accordance with a process as outlined in Section 56 of the National Ports Act;
- 6.4 The proposed Container Handling Facility will, if developed, be in the form of a Concession in accordance with the terms and conditions to be set forth in a Container Handling Facility Operator Agreement to be entered into between the TNPA and a Concessionaire in accordance with Section 56 of the National Ports Act. The selection of a Concessionaire will be undertaken in accordance with a procedure, that is fair, equitable and competitive and cost effective;
- 6.5 The Concessionaire will undertake the Concession, which is based on a landlord model where the land and water space will continue to be owned and controlled by TNPA with the Handling Facility that will be developed thereon by the Concessionaire being transferred to TNPA at the end of the concession period.

7. Request for Information

7.1 Objectives Of The RFI

- 7.1.1 The objectives of this RFI are to confirm the extent of market demand for undertaking the Concession and to obtain specific information to implement the project.
- 7.1.2 TNPA intends, through this RFI to:
 - a) better understand the Respondents' Container demand for the Port of Richards Bay and associated hinterland (national and international);
 - b) Understand respondents' appetite to handle bulk material such as zinc, chloride and smaller volumes of bulk material through containers;

- c) Understand respondents maritime fleet size calling or planned at the Port of Richards Bay for container cargo;
- d) Respondents view on implications on other South African Container Terminals and container handling facilities;
- e) Gauge market appetite for a Concession;
- f) Formulate the scope and extent of the Concession;
- g) Structure the RFP to ensure that it responds to market demand; and
- h) Determine the appropriate risk allocation between the TNPA and the Concessionaire in undertaking the Concession.

7.2 TNPA requests that all entities or companies that may wish to submit bids in response to a possible RFP in future, in respect to the Concession, to respond to this RFI in the manner and form herein specified. The submission of an RFI Response is not and will not be a compulsory requirement for responding to the RFP in future;

7.3 Respondents are to note the following:

7.3.1 TNPA is not prescriptive with regards to the proposed solution, whether it be handling containers at the existing multi-purpose Handling Facility or an alternate space for handling containers for the long term. The information gathered will assist in the event that it progresses to the RFP stage of the Project;

7.3.2 The Site identified by the TNPA for the Concession, while preferred, is not definitive and Respondents are at liberty to submit detailed information on any alternative Sites that they deem more feasible to undertake the concession;

7.3.3 In proposing a possible solution, Respondents should indicate the back of port requirements that in their view should be met regarding land, storage/stack space and the connection points that may be required with rail, or road off-takers;

- 7.3.4 TNPA does not have the appetite to make any investment in the Concession, and thus all and any of the required infrastructure for the Container Handling Facility will be for the Respondent's account;
- 7.3.5 Respondents are requested to submit information in their responses to this RFI on how best the TNPA could package the Concession in the event that it progresses to the RFP stage of the Project.
- 7.3.6 Respondents are requested to provide any other information in respect of their Project which they deem necessary to bring to TNPA's attention.

8. Information to be provided by the Respondent in its RFI Response

Respondents are required to submit the following information in the RFI Response, which information should include the information requested below together with supporting documentation in respect thereof.

8.1 Respondent's Company / Consortium Profile

- 8.1.1 The name of the Respondent, and its full registration details;
- 8.1.2 The name and contact details of the person appointed by the Respondent as its representative in the event that the Project Officer wishes to engage with the Respondent on any aspect of the RFI Response;
- 8.1.3 A comprehensive company profile detailing the Respondents previous experience and track record in undertaking a Concession of the nature outlined in this RFI which is to include the CVs of the Respondents' executive team members;

8.2 Container Market Analysis

8.2.1 Demand – Please provide detailed information on:

- a) What are the container volumes likely to be handled by the Respondent at the Container Handling Facility, with reference to inland, coastal, and cross-border demand?
- b) Transshipment volume of containers (if any);
- c) The volume of containers to be transported on road and rail from Port;
- d) Understand respondents and/or cargo owners appetite and volumes for dry bulk material such as zinc, chloride or smaller dry volume bulk commodities through containers;
- e) The potential scale of the Concession in terms of storage and stack space, for the envisaged Container Handling Facility which will be required to service the demand;
- f) Is the Respondent's demand sufficient to secure the delivery of a commercially viable Container Handling Facility in terms of projected revenue for the Concessionaire and TNPA?

8.2.2 Supply - Please provide detailed information on:

- a) The Respondent's origin, destination and hinterland source of containers;
- b) The Respondent's port usage that will be required for the minimum and maximum container scenarios;
- c) The Respondent's ability to conclude discussions/ agreement with any potential container liners of timelines to finalise arrangements with industry.

8.3 The proposed Container Handling Facility Design

- 8.3.1 What technologies will the Respondent deploy to undertake the Concession? Please elaborate on the appropriate equipment, stacking procedure and logistics flow of operations including rail and road configuration?

- 8.3.2 The Respondent's operating model for the conveyance of container to potential customers and users of the Container Handling Facility and related infrastructure;
- 8.3.3 What is the Respondent's projected capital investment in Handling Facility infrastructure required to undertake the Concession?
- 8.3.4 What are the projected timelines to operationalise land-based elements of the Handling Facility (road and rail)?
- 8.3.5 What if any is the anticipated use of existing infrastructure?
- 8.3.6 What, if any, are the technical interface information and constraints such as:
 - a) Vessel draft, metocean tolerance, storage, emissions, utility requirements, etc.;
 - b) Integration requirements with berth and onshore facilities;
 - c) Commissioning activities/timelines.

8.4 **Commercial Transaction Structure**

- 8.4.1 What is the proposed commercial structure, having regard to the expected return on the investment in the Container Handling Facility and port quay infrastructure?
- 8.4.2 What is the expected tenure of the Concession to obtain the expected return on investment in relation to the project capital expenditure?
- 8.4.3 How does this Commercial structure integrate with the intended operating and business model? Please elaborate and unpack your envisaged operating and business model explaining the rationale, therefore.

- 8.4.4 The Respondent is required to provide a general background on how the Respondent intends to finance the Project.

8.5 **Alignment with Governments Strategic Objectives**

- 8.5.1 What will be the Respondent's project contribution to new jobs, skills development, use and development of SMME's?
- 8.5.2 How will the Respondent ensure that the Concession remains environmentally sustainable?

8.6 **Compliance**

- 8.6.1 Which are the most critical regulatory approvals required to ensure the success of the Concession? Are there any regulatory approvals already obtained?
- 8.6.2 How will the Respondent obtain and retain all relevant and necessary regulatory requirements to undertake the Concession? What would be the timelines?

8.7 **Information Relevant to timing of the Project**

- 8.7.1 How much time, will a bidder to an RFP require:
- i. to prepare a bid response, considering any due diligence that a Bidder will need to carry out; and
 - ii. To finalise all the requirements, to achieve financial close.
- 8.7.2 What is the timing of the Commercial Operation Date from Financial Close? Respondent to provide the necessary supporting documentation in support of such assertion.

8.7.3 What are the key issues relevant to timing of the Respondents' submission for this Project that the Respondent would like to bring to TNPA's attention? and

8.7.4 What is the anticipated critical path between Financial Close and Commercial Operation Date for the Project?

9. Format and Submission of RFI Responses

9.1 Submission of RFI Responses

9.1.1 The RFI Responses must be submitted to TNPA by no later than **13 January 2023** at 16h00pm (CAT).

9.1.2 RFI Responses reaching TNPA later than the date and time specified above may, in TNPA's sole discretion, not be considered by TNPA.

9.1.3 All costs incurred by a Respondent in connection with this RFI and the preparation of its responses hereto shall be borne by the Respondent.

9.1.4 The Respondent will not have to pay any monies to submit an RFI Response.

9.1.5 The Respondent is encouraged to submit any additional information that, in its view, would assist TNPA in the further development of the Concession and the introduction of the Container Handling Facility.

9.2 Copies of the RFI Response

9.2.1 Each RFI Response is required to be delivered to TNPA by way of 1 (one) soft copy of the entire RFI Response, and the documents contained therein must be:

9.2.1.1 Emailed to: richardsbaycontainerrfi@transnet.net;

- 9.2.1.2 In Microsoft Word format, version 2007 or later, save where the document cannot be accessed by Microsoft Word, in which event it must be provided in a PDF format, or in Microsoft Excel format, version 2007 or later; and
- 9.2.1.3 Properly indexed, readable and capable of being opened.

9.3 **Format of RFI Responses**

- 9.3.1 The Respondent is requested to complete the RFI Response and provide all the information required in terms of this RFI and to address every item in paragraph 6.
- 9.3.2 All pages should be numbered consecutively from beginning to end and there should be an index to the entire RFI Response.
- 9.3.3 The RFI Response can be contained in more than one document and with annexures as the Respondent may consider appropriate to provide the information requested. All documents comprising the RFI Response must be visible from the index to the RFI.

9.4 **Language of the RFI Response**

- 9.4.1 The RFI Response and all documents forming part of it must be in English.
- 9.4.2 Any printed literature submitted with the RFI Response may be in another language so long as it is accompanied by an English translation (made by an accredited translator) of the entire document.
- 9.4.3 For the purpose of interpretation of the RFI Response, TNPA will rely on the English translation provided.
- 9.4.4 All correspondence and any other documentation and oral communication exchanged between the Respondent and TNPA shall be in English.

9.5 **Signing of the RFI Response**

- 9.5.1 The Respondent is requested to provide a signed letter with its RFI Response.

9.6 **Further Information**

- 9.6.1 TNPA reserves the right to seek additional information from the Respondent regarding its RFI Response, as it may, in its sole discretion, determine whether such information has been requested under this RFI or otherwise, and may request the Respondent to present supplementary information, in respect of its RFI Response;
- 9.6.2 The Respondents may, following the submission of an RFI Response, be requested to engage with TNPA and / or other relevant government stakeholders to discuss matters relevant to its RFI Response. Any meetings will take place via MS Teams, unless otherwise arranged.

10. Contact with the Project Officer

- 10.1 The Respondent must give the name and contact details of the person whom it appoints to undertake all contact with the Project Officer in its RFI Response, as provided for above (Information to be provided by Respondents in their RFI Responses);
- 10.2 After the submission of its RFI Response, the Respondent may only communicate with TNPA through such person and TNPA shall be entitled, at its sole discretion, to disregard any communication from the Respondent that does not come from such contact person, and that does not go directly to the Project Officer. Once the Respondent has been issued with a unique identification number this is to be used in all communications with TNPA;

- 10.3 Where engagement is required with the Respondent as highlighted above, other representatives of TNPA and the Respondent will be requested to be available for such engagement.

11. Non-Compulsory Briefing Session

- 11.1 A non-compulsory briefing session will be conducted via Microsoft Teams on **Tuesday 15 November 2022 @ 10h00**.
- 11.2 Interested parties are required to RSVP to join the briefing session by requesting a MS Teams link by **11 November 2022** at the following email address richardsbaycontainerrfi@transnet.net
- 11.3 Interested parties who wish to submit an RFI Response and who did not participate in the non-compulsory information sharing session will still be eligible to submit an RFI Response.

12. Requests and Clarifications

- 12.1 The Respondent may request clarification on any item contained in this RFI by not later than **09 December 2022 at 16h00pm (CAT)**;
- 12.2 All enquiries, queries, and requests for clarification in respect of this RFI must be in writing and addressed to the Project Officer and emailed to richardsbaycontainerrfi@transnet.net;
- 12.3 TNPA will endeavour to respond to all reasonable written queries and requests for clarification raised by any Respondent.

13. Confidentiality

- 13.1 The information contained in this RFI is confidential and proprietary to TNPA. In accepting this RFI, "suppliers", "service provider" and/or "Agents" agree to the following conditions, under applicable legislation:

- 13.1.1 Each party recognises and agrees that the Confidential Information has been compiled, created, and maintained by special effort and expense of the other party;
- 13.1.2 Each party recognises and agrees that disclosing or disseminating Confidential Information to a third party will have a materially adverse effect on the other party and agrees not to disclose or disseminate the Confidential Information to any third party. Except as necessary to perform its obligations hereunder, each party shall not use, reproduce, or draw upon the Confidential Information or circulate it within its own organisation;
- 13.1.3 Each party shall provide notice to the other party of any demand made upon it under lawful process to disclose or provide the other party's Confidential Information. Such party agrees to co-operate with the other party if it elects to seek reasonable protective arrangements or oppose such disclosure, at the expense of the party that is seeking the protective arrangements or opposing the disclosure;
- 13.1.4 Any Confidential Information disclosed pursuant to such lawful process shall continue to be Confidential Information, the access to such Confidential Information shall be limited to those persons:
- a) only with a need to review such information for the purposes for which the disclosure was required; and
 - b) who agree in writing to keep the Confidential Information confidential

14. Offering of Commission or Gratuity

- 14.1 If a Respondent, or any person employed by him, is found to have either directly or indirectly offered, promised or given to any person in the employ of TNPA, any commission, gratuity, gift or other consideration, TNPA shall have the right and without prejudice to any other legal remedy which it may have in regard to

any loss or additional cost or expenses, to disqualify the RFI Respondent from further participation in this process and any other subsequent processes in this regard;

- 14.2 In such an event, the Respondent will be responsible for all and any loss that TNPA may suffer as a result thereof. In addition, TNPA reserves the right to exclude such a Respondent from future business with TNPA.