

SPECIALISED MATERIAL HANDLING EQUIPMENT (MHE) FLEET MANAGEMENT SERVICES

BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS

1 BACKGROUND FOR MHE

Transnet currently utilizes MHE for its daily operations, mainly in Transnet Freight Rail (TFR), Transnet Port Terminals (TPT), Transnet National Ports Authorities (TNPA), Transnet Engineering (TE) and Transnet Pipeline (TPL). However, the coverage of this RFP is for all Transnet Operating Divisions, nationally

MHE Fleet Management Services include Sale & Leaseback, Full Maintenance Lease, Short Term Rental, Managed Maintenance, 24hr maintenance and roadside assistance, usage management, product training and handover to understand the equipment, fines & licensing, accident management, disposal of Full Maintenance Leasing and Managed Maintenance MHEs, and comprehensive management information reporting, fleet systems, and dashboard reports and must be able to integrate this reporting into the Transnet Integrated Fuel and Fleet management system whenever Transnet implements this.

The Specialised Material Handling Equipment portfolio is made up of forklifts, empty handling containers, reach stackers, front end loaders, heavy duty trailers for MHE equipment, mobile ship loaders, haulers, hoppers, skid steer loaders, Truck Loader Back-Hoe, Terminal truck loaders, Telehandlers and Bobcats, which are used to mostly offload cargo, move material and equipment to and from warehouses. Transnet also requires yellow plant equipment on Transnet construction projects.

2 EXECUTIVE OVERVIEW FOR MHE SCOPE OF WORK

Transnet's objective is to source Specialised Material Handling Equipment (MHE) Fleet Management Services, nationally, through the appointment of a Preferred Service Provider(s) for MHE, nationally, capable of servicing all Transnet Operating Divisions in various locations across the country for a maximum period of eight (8) years. However, Transnet reserves the right to appoint one Preferred Service Provider(s) for the Services, nationally.

Whereas Transnet is seeking a partner(s) to provide solutions for its Specialised Material Handling Equipment (MHE) Fleet Management Services, nationally, it also seeks to improve its current processes for providing these Services to its end user community throughout its locations.

The selected Service Provider(s) must share in the mission and business objectives of Transnet. These mutual goals will be met by meeting contractual requirements and new challenges in an environment of teamwork, joint participation, flexibility, innovation and open communications. In this spirit of partnership, Transnet and its Service Provider(s) will study the current ways they do business to enhance current practices and support processes and systems. Such a partnership will allow Transnet to reach higher levels of quality, service and profitability.

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

- 2.1 Transnet must receive reduced cost of acquisition and improved service benefits resulting from the Service Provider's economies of scale and streamlined service processes.
- 2.2 Transnet must achieve appropriate availability that meets user needs while reducing costs for both Transnet and the chosen Service Provider(s).
- 2.3 Transnet must receive proactive improvements from the Service Provider with respect to provision of Services and related processes.
- 2.4 Transnet's overall competitive advantage must be strengthened by the chosen Service Provider's leading-edge technology and service delivery systems.
- 2.5 Transnet end users must be able to rely on the chosen Service Provider's personnel for service enquiries, recommendations and substitutions.
- 2.6 Transnet must reduce costs by streamlining its acquisition of Services, including managed service processes on a Group basis.

3 SCOPE OF REQUIREMENTS FOR MHE

The Specialised Material Handling Equipment portfolio is made up of forklifts, empty handling containers, reach stackers, front end loaders, heavy duty trailers for MHE equipment, mobile ship loaders, haulers, hoppers, skid steer loaders, Truck Loader Back-Hoe, Terminal truck loaders, Telehandlers and Bobcats, which are used to mostly offload cargo, move material and equipment to and from warehouses. Transnet also requires yellow plant equipment on Transnet construction projects.

Scope of Service: Specialised Material Handling Equipment (MHE) Fleet Management Services Fleet Services includes:

- Long Term Lease options:
 - Full Maintenance Leasing (FML) services for its long term MHE and maintenance requirements for a period of minimum eight (8) years.
- Short Term Lease options:
 - Short Term Rental (STR) services for its shorter-term requirements (maximum 12 months).
- Maintenance options:
 - Managed Maintenance (MM) for Transnet's currently owned MHE (Optional per Operating Division).
- Sale and Lease Back (SLB) - optional only if economically viable
 - At contracting stage, the newly appointed service provider and Transnet will assess any current MHE equipment leased from any other supplier, to analyse the sale and lease back costs to consolidate into the new contract. If economically viable and risks mitigated, the newly appointed service provider will approach the current supplier(s) for the acquisition of any MHE's which could be leased back to Transnet for the proposed eight (8) years.
 - At contract end stage, the incumbent supplier will provide the settlement values to the newly appointed service provider at the time, for Transnet to consider the sale and lease

back of MHEs being used by Transnet, for the newly appointed service providers to lease back to Transnet, if economically viable.

The detailed scope of fleet management, maintenance and support services for MHE includes the following Fleet Management Services:

- Provide electronic quotations (Schedule 1's) for FML and STR and MM requirements
 - Quotes must be minimum 3 quotes, wherever possible, and should preferably include local manufactured/assembled equipment wherever possible.
 - Provide separate quotes for Transportation of the MHE equipment, which must not be included in the Schedule 1 quote for the FML Fixed costs. This must be invoiced separately and OD's will pay this separately within payment terms.
- Responsible for ordering as per the signed Schedule 1 orders, and as per the lead time of nine (9) months.
 - Full delivery (including manuals and safety files) and hand over of leased unit to Transnet at designated sites. Also include Product awareness for operators.
- Provide full Scheduled (routine services and maintenance as per the plans) and Unscheduled (not covered in the service or maintenance plans or warranty, which could be abnormal wear and tear, out of warranty maintenance, driver abuse, etc maintenance of leased asset for its life of the lease to ensure availability of ninety-five (95) percentage availability.
- Provide MHE operators whenever needed as optional to be quoted separately upon request as a three-quote system.
- Provide efficient and effective Fleet Management System and Reporting (detailed information management, dashboards and exception reporting)
 - Provide Operator/Driver tags wherever applicable.
- Receive Proxy's information from Transnet for licensing purposes (wherever applicable)
- Provide Transnet Fleet Management users (about 200 group wide) with online access (included in pricing) to a 24/7 efficient and effective live Tracking System with extensive web-based Reporting functionality for the following minimum 14 tracking functionality, with detailed information management, dashboards and exception reporting, which must be able to integrate this reporting into the Transnet Integrated Fuel and Fleet management system whenever Transnet implements this:
 - driver identification;
 - speeding exceptions;
 - location;
 - overloading exceptions;
 - Harsh /critical impact;

- over revving;
 - ignition on;
 - productivity;
 - temperature high;
 - battery voltage low;
 - utilization (hours) for billing purposes;
 - oil pressure low;
 - over cranking;
 - excess idle;
- Provide statistics and analysis on what is causing increase or high Operator Default costs for abnormal wear and tear maintenance.
 - Improve driver and operator safety with annual awareness campaigns.
 - Responsible for Accident repair management and accident reduction processes.
 - Ensure Key Account Managers /Client Liaison Officer are supporting the Operating Divisions (OD's) for an Allocated Region or for Operating Divisions in those areas/regions.
 - Conduct annual physical MHE audits to identify damages, and issues that will contribute to the de-fleet process pro-actively.
 - Provide Technical Services and advice wherever applicable.
 - Provide monthly MHE usage management and reporting.
 - Provide quarterly Restructuring of Individual Contracts proposal should the FML usage exceed the agreed monthly allocated hours.
 - Ensure first registration and annual licence renewals in regard to the MHE equipment (where applicable)
 - Responsible for the fitment of Accessories to FML MHEs.
 - Transfer of ancillary equipment and Accessories from "old" to "new" FML MHEs, wherever economically viable and risk free.
 - Conduct Annual Load testing of MHE equipment as part of FML maintenance done by certified/ accredited Lifting Machinery Entity (LME) companies.
 - Ensure that the new Equipment at the time of first delivery is clean. Thereafter, can offer cleaning and washing services as optional whenever required by Transnet, at an additional cost to be quoted separately.
 - Have a 24/7/365 Call Centre with telephone and/or online call logging system, which will generate a service call reference number) and recording facility.
 - Have a 24/7/365 Breakdown Services whenever required by Transnet.

- Ensure Certificate of Fitness (COF) requirements are met, wherever applicable.
- Manage the Transnet Owned Maintenance by providing at least 2 quotes, wherever applicable, to fix or repair the Transnet Owned equipment. The cost of the approved repairs to be invoiced separately to Transnet.
- To purchase critical spares, whenever requested by Transnet, to keep stock in cases of emergencies and to reduce long lead time of repetitive spares for breakdowns. OD will issue Schedule 1 to order critical spares required to reduce lead time to repair crucial MHE unit in operations.
- To provide battery operated options in Schedule 1 ordering process for Forklifts.
- Includes 5 sets of tyre options in the Schedule 1's to be capitalised over the lease period.
- Provide Transnet Fleet Management users (about 200 group wide) with online access (included in pricing) to an efficient and effective Fleet Management System with extensive web-based Reporting functionality in the following areas as the minimum, with detailed information management, dashboards and exception reporting, which must be able to integrate this reporting into the Transnet Integrated Fuel and Fleet management system whenever Transnet implements this:
 - Provide Online quotations
 - Delivery tracking
 - Provide online Equipment Management Services, as the minimum, for:
 - Scheduled and Unscheduled Maintenance
 - Repairs
 - Accident management
 - Breakdown services

Additional Support Services:

- Dispose of Transnet Owned Equipment (optional to OD's)
- Dispose of FML units.
- Provide and electronic replacement programme for expiring leases.
- Provide an electronic submission of quotation and approval thereof.
- Additional proposal (s) to improve efficiencies.
- Must be able to integrate all fleet management reporting into the Transnet Integrated Fuel and Fleet management system whenever Transnet implements this.