
SUPPLEMENTARY STATEMENT

I, the undersigned,

FRANCIS QUENTIN CALLARD

do hereby state that:

1. I have already submitted a statement to the Commission on 29 April 2019.
2. The facts contained in this supplementary statement are both true and correct, and within my personal knowledge, unless the context provides otherwise. Where facts were provided by third parties, they are presented in the belief that they are true and correct.
3. The purpose of this supplementary statement is to introduce documents relevant to my testimony that do not currently form part of the bundle, but relate to the documents I have already submitted and/or my testimony.
4. For ease of reference, in introducing these documents I will identify the specific paragraph or annexure to the main statement to which the document relates.
5. **Ad paragraph 29**
 - 5.1. For introduction and context to paragraph 29, I attach the following two PowerPoint slides as **Annexures A and B**, namely:
 - 5.1.1. Network Segmentation by Axle Loading; and
 - 5.1.2. Network Segmentation by Traction Type.
 - 5.2. The Network Segmentation by Axle Loading slide depicts the bounded areas of permissible axle loading on the freight rail network.



5.3. The Network Segmentation by Traction Type slide depicts the electrified and non-electrified areas of the network. The electrified network is further subdivided into bounded areas depending on whether it is direct current (DC) or alternating current (AC) traction.

6. **Ad paragraph 49**

6.1. The minutes of the BADC meeting (Annexure 13 to the statement) record the "Assurance was given to the committee that the confinement process was audited by TIA" [item 5.2.2 page 232]. I attach as **Annexure 13A** page 242(a) an email from Andre Botha to Anoj Singh, dated 23 January 2014 advising that a review of the memorandum to BADC had been conducted. This is the only document that I could locate relating to the role played by Transnet Internal Audit (TIA) in the acquisition of the 100 electric and diesel locomotives before the acquisition was approved by BADC.

7. **Ad paragraph 62**

7.1. A printout of the SMS exchange between myself and Natasia McMahon referred to in paragraph 62 is attached as **Annexure 17A** page 277(a).

8. **Ad paragraph 64**

8.1. In response to a request for clarification from Anoj Singh on how the price of R34,34 million in the business case was derived, I outlined this in an email dated 22 October 2013. I attach as **Annexure 18B** page 287(a) a copy of this email.

9. **Ad paragraph 80**

9.1. Introduce a document from Anoj Singh dated April 2013 to the National Treasury reflected projected flat economic growth as **Annexure 26A** page 316(a).



10. Ad paragraph 124

10.1. An email dated 11 March 2014 from myself to Siyabonga Gama and Anoj Singh is attached as **Annexure 58A** page 552(a). This is the covering note referred to in paragraph 124 of my statement.

11. Ad paragraph 132

11.1. The PWC slide referred to, highlighting the risks of attempting to compress the delivery schedules is attached as **Annexure 62B** page 567(a).

12. Ad Annexure 83

12.1. A legible copy of **Annexure 83**, page 679, is attached as page 679(a)

13. Ad Annexure 84

13.1. A legible copy of **Annexure 84**, page 712, is attached as page 712(a).

14. Ad Paragraph 170

14.1. Introduce three emails and respective clarification letters relating to the impact of TE as **Annexure 84A** page 712(a) submitted by CNR.



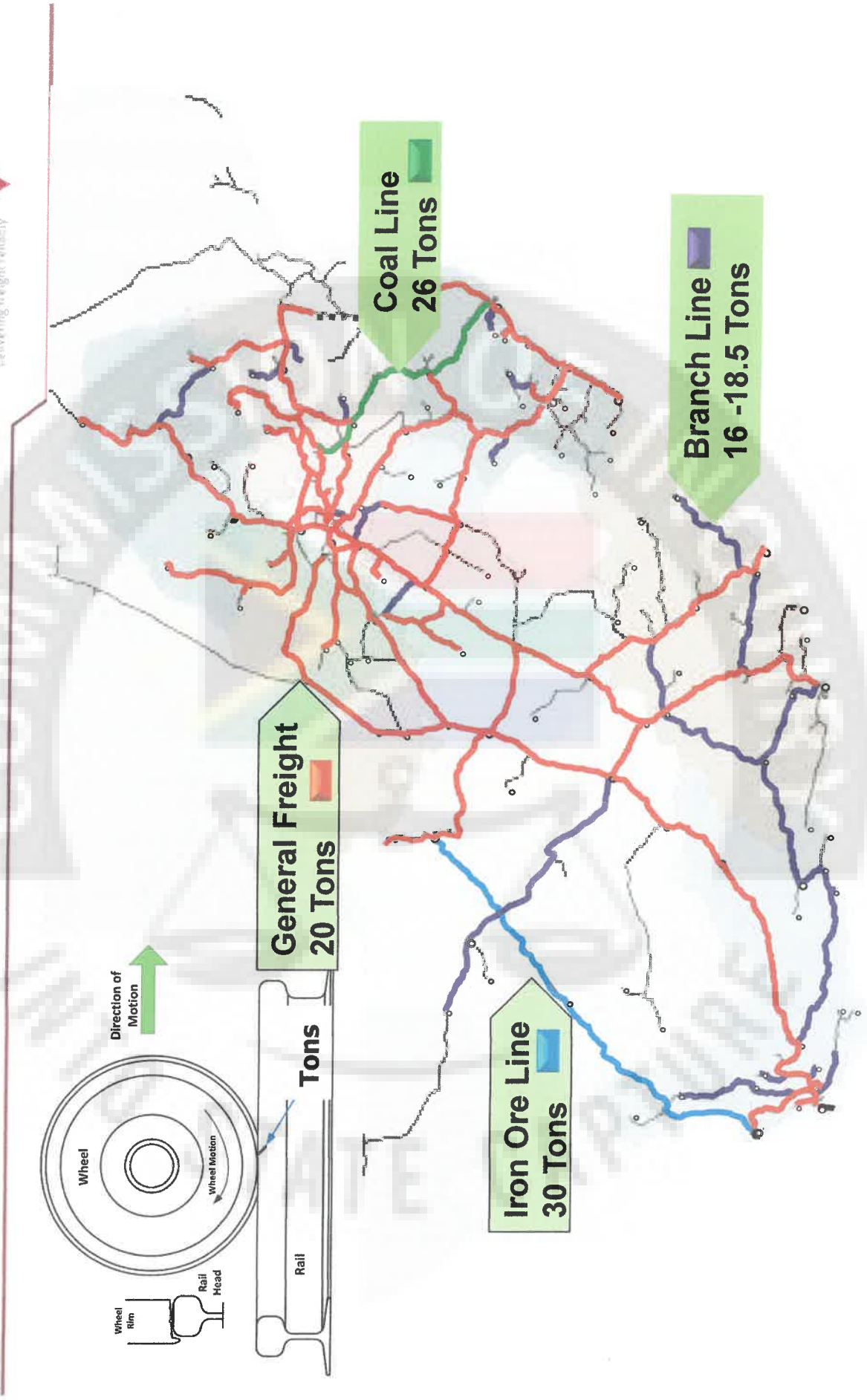
FRANCIS QUENTIN CALLARD

DATE: 17/05/19.





Network segmentation by axle loading - tons per axle Determines locomotive and wagon deployment

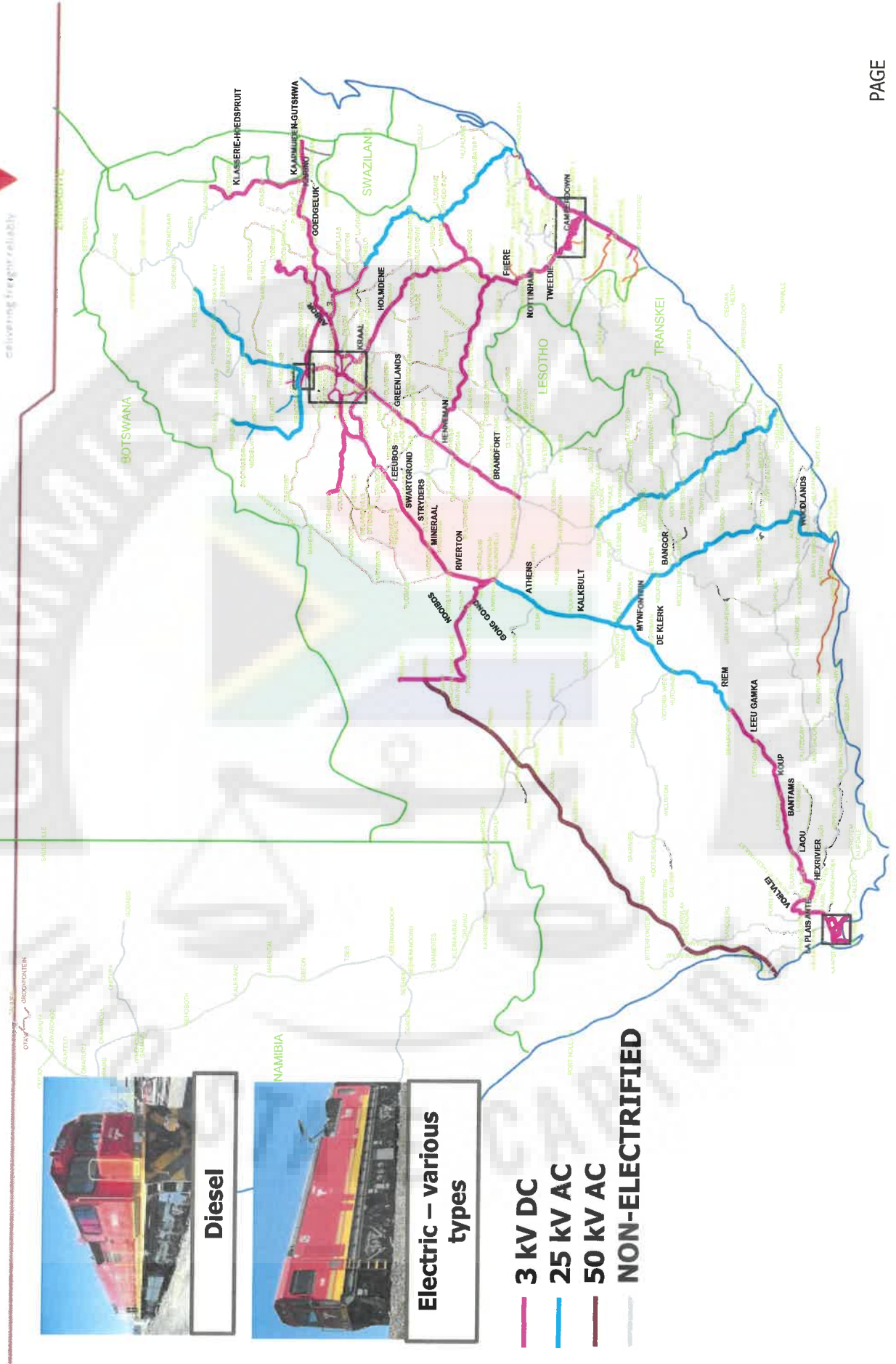


Audexwe B.



Network segmentation by traction type Determines locomotives deployment

TRANSNET



Diesel



Electric – various types

- **3 kV DC**
- **25 kV AC**
- **50 kV AC**
- **NON-ELECTRIFIED**

Annexure 13A.



fcallard@telkomsa.net

From: Andre Botha <abotha@tia-snk.co.za>
Sent: 23 January 2014 11:53
To: Anoj Singh Corporate JHB
Cc: Garry Pita Transnet Corporate JHB; Lucky Lesiba Mabokela
Subject: FW: Letter to Anoj

Hi Anoj

As per discussion and upon review of the Memo to BADC requesting Procurement of an additional 100 Electric and 43 Diesel Locomotives my comments are as follows:

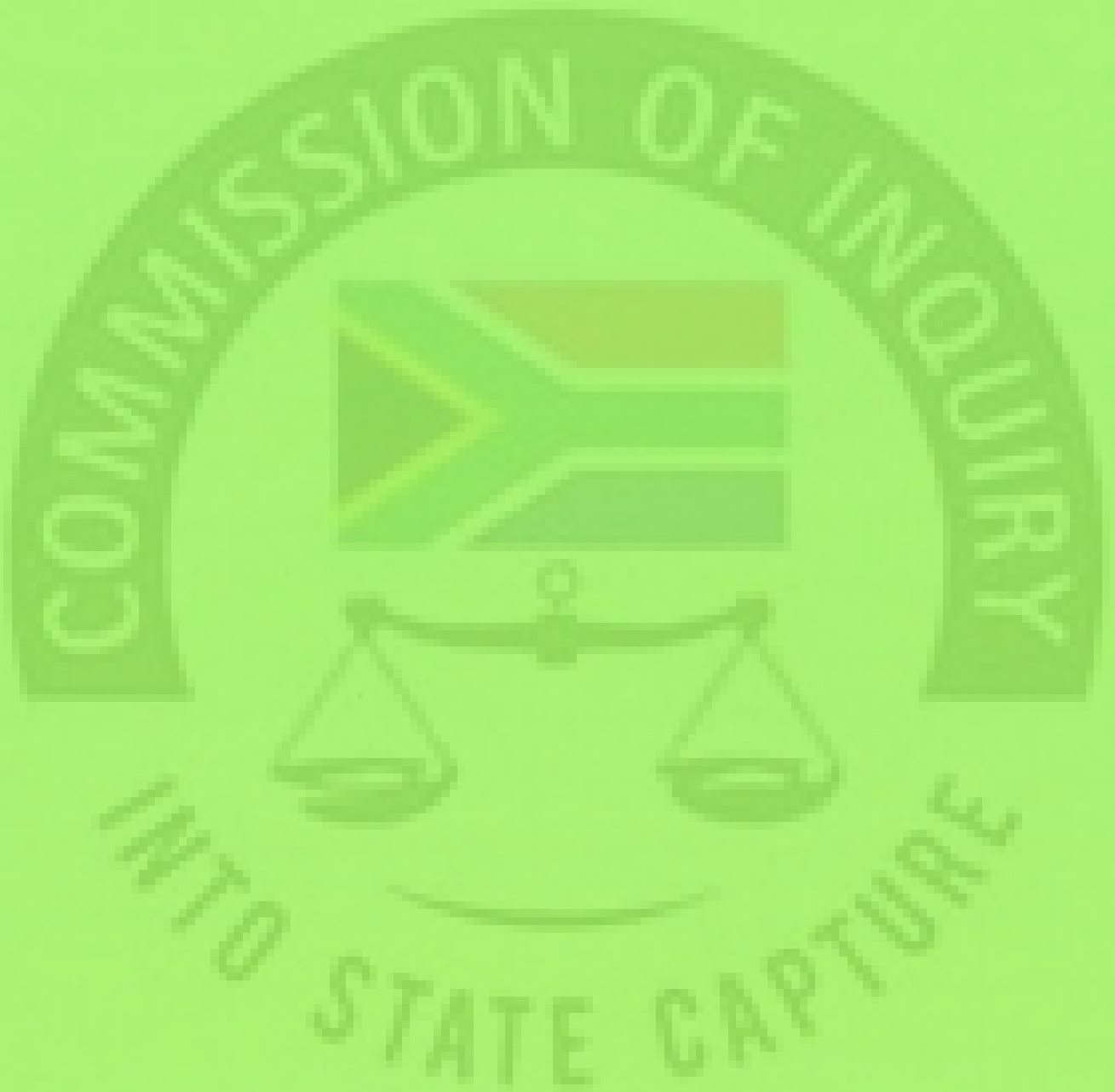
1. Corrections to the following:
 - a. Pg 2 Section 5 quantity listed as 80 should be 60
 - b. Pg 17 Section 87 confinement to "Mars" should read "CSR"
 - c. Pg 20 Sections 3C and 3C should read "price" and not "prince"
2. Procedurally we are satisfied that it conforms to the stipulations of the PPM, Transnet's MDS principles, policies and strategies.
3. We would be remiss in not pointing out the following Business Risks that we believe should be factored into deliberations:
 - a. Organisational readiness to deal with a rapidly ramped up traction capacity i.e. Human resources, train drivers, support personnel, etc.
 - b. Network capacity and reliability. We are aware that network failure/reliability is still an unresolved/recurring issue and that their own procurement of new infrastructure e.g. rail tracks, etc. has met with delays.
 - c. Enhanced traction capacity may not translate into increased volumes in the short term unless we can adequately mitigate the above.

In view of the urgency of the matter we give an in principle assurance that we are satisfied with the process being undertaken, while we continue to review all documentation in this regard. I am also awaiting input from Lucky who is on his way back from Durban. We will provide you with written confirmation to this effect in due course.

Thanks and regards

Andre

Amerudo 17A.



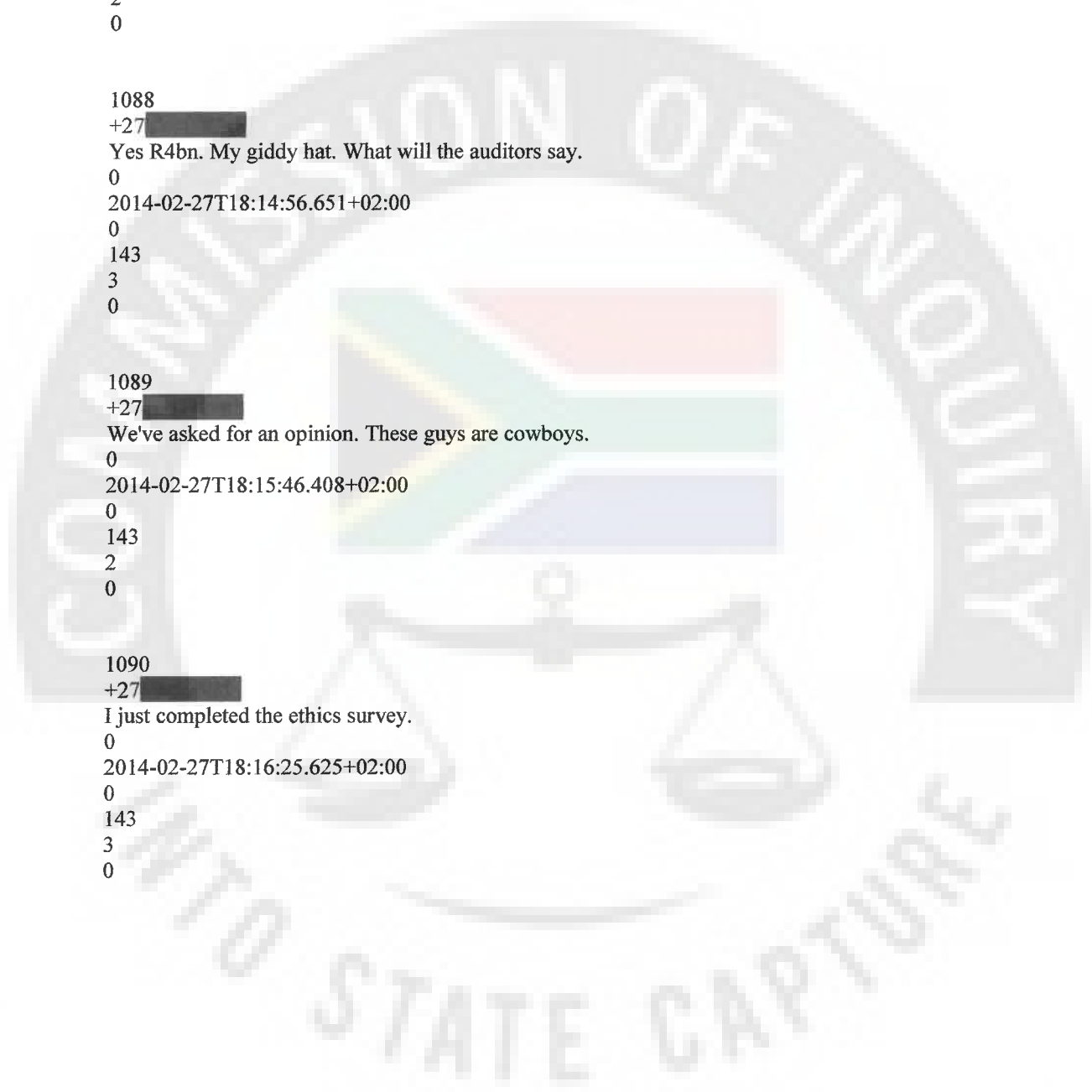
Message Exchange F Callard and Natasia McMahon on 27 February 2014.

1087
+27 [REDACTED]
Mr C, please work in a R4bn yes R4bn deposit in the current financial yeas in all scenarios
0
2014-02-27T18:13:30.186+02:00
0
143
2
0

1088
+27 [REDACTED]
Yes R4bn. My giddy hat. What will the auditors say.
0
2014-02-27T18:14:56.651+02:00
0
143
3
0

1089
+27 [REDACTED]
We've asked for an opinion. These guys are cowboys.
0
2014-02-27T18:15:46.408+02:00
0
143
2
0

1090
+27 [REDACTED]
I just completed the ethics survey.
0
2014-02-27T18:16:25.625+02:00
0
143
3
0



Annexure 18 B.



fcallard@telkomsa.net

From: Francis Callard Transnet Freight Rail JHB
Sent: 22 October 2013 12:13
To: Anoj Singh Corporate JHB
Cc: Johan Bouwer Transnet Freight Rail JHB
Subject: 19E cost per loco and 100 loco derivation

Hi Anoj

Re your request yesterday. Below are (1) original costs of the 110 19E, (2) escalated costs based on (a) escalation and (b) foreign exchange and (3) the cost used in the business case.

Re the withdrawal this may be academic for your info.

Spreadsheet is available.

Regards

Francis

Original 110				Escalated		Business Case
	Rand	Loco	Per loco Avg.	Method 1		
Base Contract Cost	3 226 346 297	110	29 330 421	Original Price Rm	31.33	Total Cost R 34.34
Spares and Supplies	53 274 692			Escalation	6%	
Exercisable Options	100 913 890		1 996 699	Period years	2	Yen Rand 10.18
Firm Commitments	65 448 307		(approx 7 %)	Escalated Price Rm	35.20	
Total Cost	3 445 983 185	110	31 327 120	Method 2		
Borrowing Costs	68 041 216			Local Content	60%	
Foreign Portion	1 411 039 905		40% of Total Cost. ~ 44 % of Base Cost.	SA Escalation	6%	
				Foreign	40%	
Expenditure	March 2008 to June 2013 Mid point - June 2011			110 Avg Yen ZAR	11	
				100 Avg Yen ZAR	10	
				Local	21.12	
				Foreign	13.79	
				Forecast Price Rm	34.91	

Francis Callard
 Capital Planning and Governance
 Office 27 11 544 9634
 Mobile 27 83 283 1593
 E-mail francis.callard@transnet.net
 Skype black1cat2

Annexure 26 A.



From: Anoj Singh Corporate JHB <Anoj.Singh@transnet.net>
Sent: Friday, 12 April 2013 14:30
To: Thuto Shomang
Cc: Zandile Nkosinkulu <Zandile.Nkosinkulu@treasury.gov.za>
(Zandile.Nkosinkulu@treasury.gov.za); Yusuf Mahomed Transnet Corporate
JHB; Anoj Singh Corporate JHB
Subject: Letter to Ms Shomang : National Treasury
Attachments: Letter to Thuto Shomang 12 April 2013.pdf

Good afternoon Thuto,

Kindly receive the attached correspondence from Anoj Singh's office.

Kind regards

Theo Takane
Executive Assistant
Office of the Group Chief Financial Officer Transnet SOC Ltd
(011)308 2250
083 447 2980
086 686 4961
theo.takane@transnet.net
www.transnet.net





Mr Thuto Shomang
Deputy Director General
National Treasury

Dear Thuto

Transnet has not yet announced its revised 2013/14 Corporate Plan ("CP") to the international or local investment community.

Accordingly I will provide you with the salient features of the 2013/14 Corporate Plan to enable you to articulate these on National Treasury's roadshows in the weeks ahead.

Salient features of the 2013/14 Corporate Plan

- CAPEX Plan still in the region of R300bn
- Funding requirements of approximately R85bn over 6 years
- Funding will be done both in local and overseas debt capital markets, split 60/40
- The CP also takes into account the prevailing economic slowdown and related reduction in overall commodity demand
- Slower economic growth both locally and internationally, impacting negatively on rail and port commodities – overall volumes over the 7 years remain stable but at a slower growth trajectory initially
- Continued financial stability and strength as measured by cash interest cover and gearing
- MDS is still achievable by adopting revenue diversification strategies; cost reduction initiatives as well as capital investment portfolio optimisation programmes

Please do not hesitate to contact my office should you require additional information.

Kind regards

Anoj Singh
Group Chief Financial Officer
Date 14/11/13

Transnet SOC Ltd
Registration Number
1990/000900/30

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150 Commissioner
Street
Johannesburg
2001

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South Africa, 2122
T +27 11 308 3001
F +27 11 308 2368

Directors: ME Mkwazazi (Chairman) B Molefe* (Group Chief Executive) NK Choubey* MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharma
IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive #Indian

www.transnet.net

Group Company Secretary: ANC Cebe

Audexwe 58A.



fcallard@telkomsa.net

From: Francis Callard Transnet Freight Rail JHB
Sent: 11 March 2014 07:43
To: Anoj Singh Corporate JHB; Siyabonga Gama Transnet Freight Rail JHB
Cc: Nomfuyo Galeni Transnet Freight Rail JHB; Pieter van Niekerk Transnet Freight Rail JHB; Rita Roper Transnet Freight Rail JHB; Caesar Mtetwa Transnet Freight Rail JHB; Tumelo T Mokwena Transnet Freight Rail JHB; Pragasen Pillay Transnet Freight Rail JHB; Stevens Tjabadi Transnet Freight Rail JHB; Frikkie Harris Transnet Freight Rail JHB; Willem Kuys Transnet Freight Rail JHB
Subject: RE: 2nd Aggressive 1064 Program and Implications - Confidential
Attachments: 2014-03-11 1064 Locomotives 2nd Aggressive Schedule.pdf

Dear Anoj and Siya

Please see the requested document which includes the CE's comments. Wagon implications have also been updated.

This very aggressive delivery poses an overall risk as it requires very tight simultaneous coordination of markets, customer capacity, material supply, developing infrastructure capacity and wagons.

The word version is available if required.

If I have erred in interpreting assigning accountabilities, this will be corrected.

For your consideration.

Regards

Francis Callard
 083 2831593

From: Francis Callard Transnet Freight Rail JHB
Sent: 06 March 2014 08:56 AM
To: Siyabonga Gama Transnet Freight Rail JHB; Nomfuyo Galeni Transnet Freight Rail JHB; Rita Roper Transnet Freight Rail JHB; Pragasen Pillay Transnet Freight Rail JHB
Cc: Stevens Tjabadi Transnet Freight Rail JHB; Frikkie Harris Transnet Freight Rail JHB; Pieter van Niekerk Transnet Freight Rail JHB; Willem Kuys Transnet Freight Rail JHB
Subject: 2nd Aggressive 1064 Program and Implications - Confidential

Dear Siya and Exco Colleagues

Further to the request from the GCFO, please see the draft response for the aggressive delivery of up to 480 locomotives per year.

The rationale for the aggressive delivery schedule has been verbally communicated.

We were specifically asked to set out the project and infrastructure interdependencies with timelines and accountabilities. Not all the timelines and accountabilities have been discussed with the parties concerned.

The document is for your comment and input please before passing on to the GCFO.

A docx and pdf version are attached.

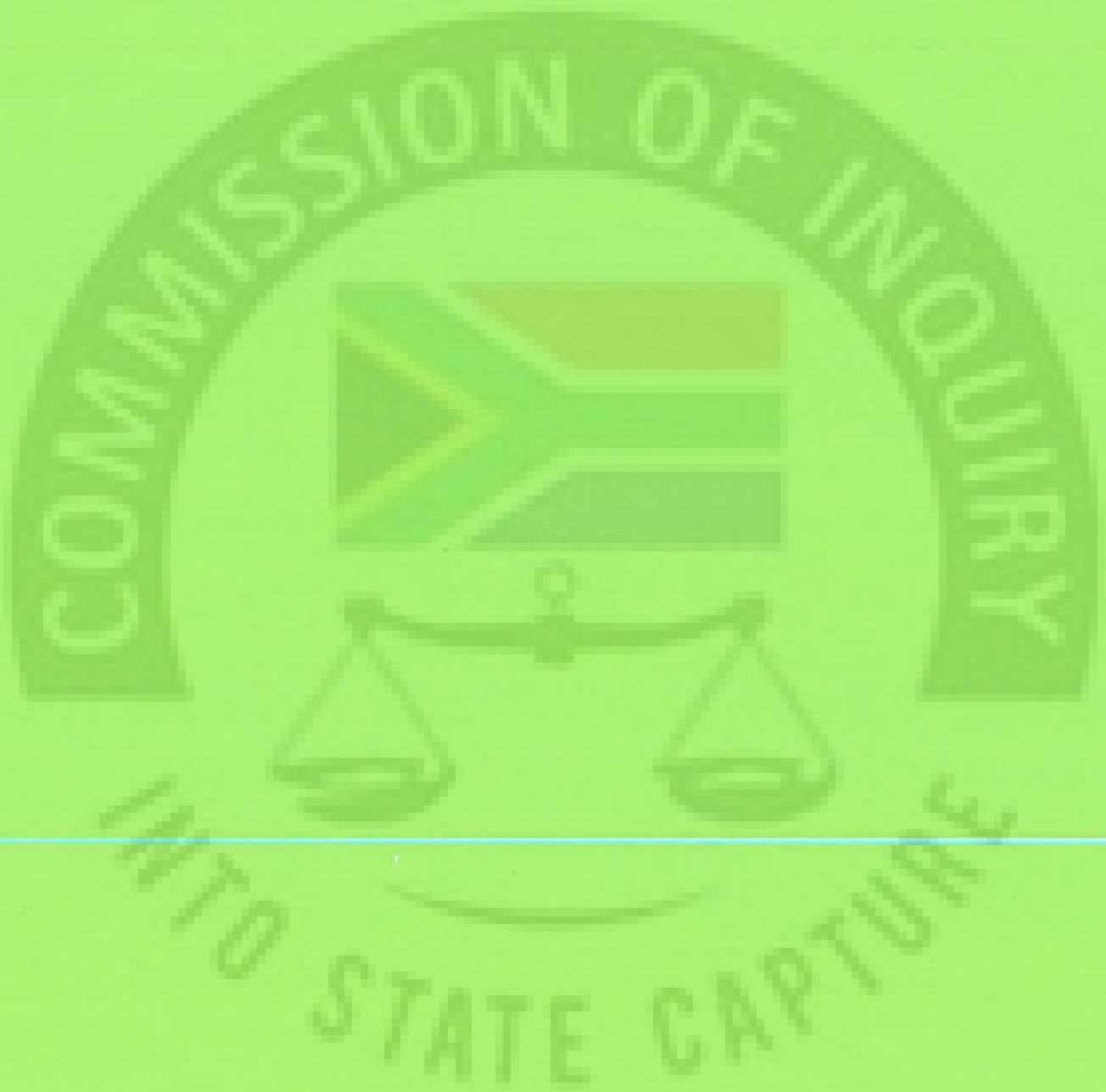
Regards

Francis Callard and JD Pillay
083 283 1593



Annexure

62B.



TE Assembly Line Set-up - Risk Summary

The following risk assessment was performed for setting up of the assembly line. Mitigation actions are proposed which should be considered for the medium to high risk areas. Low risks should be monitored so that they do not escalate.

#	Risk	Impact*	Likelihood of Occurrence*	Risk Score
1	Long lead times in supplier contracting process delays commencement of locomotives assembly	2	2	4
2	Setting up of 4 OEM assembly lines simultaneously will spread critical resources and delay delivery schedule	3	3	9
3	Transnet Engineering attempts to manufacture as much scope as possible within TE as opposed to looking for opportunities to outsource products to third parties local suppliers	2	2	4
4	Limited number of experienced locomotive assemble managers	3	3	9
5	TE do not have the necessary project management skills and experience to manage complex projects	3	3	9
6	Quality of assembly of product may result in potential bottleneck at testing stations due to quality of assembly	2	3	6
7	Allow adequate time for the translation of drawings (especially Chinese)	2	2	4
8	TE cannot develop their Standard Operating Procedures (SOP) for BT through observation as usually the case. (BT plan to assemble prototypes at TE)	2	2	4

* 1 = Low, 2 = Medium, 3 = High

Audex 83



Annexure E

Reconciliation of price

The following table provides a reconciliation between the submitted bid prices to the final evaluated prices, highlighting the impact of each change to the final price used for evaluation:

	Bidder 1	Bidder 2	Bidder 3	Bidder 5	Bidder 7
Price per loco as submitted by bidder	30 955 000	34 380 000	39 906 949	31 358 000	29 880 000
Add: Additional items to balance back to annexure F	1 821 465	636 007	1 165 646	698 720	809 401
Special tooling	3 762	34 789	39 997	136 998	37 080
Engineering support					
Capital Spares	491 240	402 918	855 648	538 547	507 558
Consumables	45 302		7 817		
Spares holding	27 405	198 300	253 334	8 150	264 762
Setup cost			8 799	15 025	
Insurance					
Rounding			51		1
Forex Hedging	1 253 756				
Price per loco submitted as per annex F (capital acquisition cost)	32 776 465	35 016 007	41 072 595	32 056 720	30 689 399
Adjustments to normalise:					
Deduct Schedule B capital spares	-16 360	-122 648	-19 114	-	-23 996
Deduct Forex hedging	-1 253 756	-	-	-	-
Sub Total 1 (Price excluding impact of hedging and escalations)	31 506 349	34 893 359	41 053 481	32 056 720	30 665 403
Add Options	1 266 001	1 262 187	3 165 748	1 303 041	2 122 546
Sub Total 2 (Price with Options included)	32 772 350	36 155 546	44 219 229	33 359 761	32 787 949
Impact of Re-basing (foreign exchange movements)	1 966 587	2 040 643	2 082 677	4 731 994	907 051
Sub Total 3 (Total price before TE adjustment)	34 738 937	38 196 188	46 301 906	38 091 755	33 695 000
Impact of not using TE as the main sub-contractor	-1 905 514	-3 480 000	-	-	-
Price used for evaluation	32 833 423	34 716 188	46 301 906	38 091 755	33 695 000



Annexure D

Reconciliation of price

The following table provides a reconciliation between the submitted bid prices to the final evaluated prices, highlighting the impact of each change to the final price used for evaluation:

	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Price per loco submitted	40 500 000	30 929 353	36 490 000	25 624 560
Add adjustments for items to reconcile to price per Annexure F:	493 202	548 193	2 275 033	34 141
Special tooling	22 787		33 724	31 075
Engineering support				
Capital Spares	442 830	532 721	407 915	
Consumables			1 756 462	3 066
Spares holding	27 595	15 472	74 399	
Setup cost				
Insurance			2 534	
Rounding	-10		-1	
Customs				
Forex Hedging				
Price per loco submitted as per annex F (capital aquisitoin cost)	40 993 202	31 477 546	38 765 033	25 658 701
Adjustments to normalise:				
Deduct Schedule B capital spares	-	-126 034	-	-
Add spares not included	41 012	-	26 855	497 257
Deduct Forex hedging	-	-100 000	-	-
Sub Total 1 - Price excluding impact of hedging and escalations	41 034 214	31 251 512	38 791 888	26 155 958
Add Options	496 108	196 399	1 059 637	881 342
Sub Total 2 - Price with options included	41 530 322	31 447 911	39 851 526	27 037 300
Impact of Re-basing for foreign exchange movements	2 702 531	3 337 155	4 549 746	1 502 241
Sub Total 3 - Total price before TE adjustment	44 232 853	34 785 066	44 401 272	28 539 541
Impact of not using TE as the main sub-contractor	-	-1 530 190	-1 640 000	-1 046 060
Price used for evaluation	44 232 853	33 254 876	42 761 272	27 493 481



From: Erica Lai <ericalai@ougp.co.za>
Sent: Wednesday, 04 December 2013 11:57
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'
Cc: 'Kao John'
Subject: RE: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)
Attachments: Clarification Letter to TFR.PDF

Hi, Lindiwe:

Please find the attached the letter of clarification.

Kindly acknowledge the receipt of this mail. Many thanks!

Kind Regards,

Erica Lai

From: Lindiwe Mdletshe Transnet Freight Rail JHB [mailto:Lindiwe.Mdletshe@transnet.net]
Sent: Monday, December 02, 2013 5:10 PM
To: Erica Lai
Cc: 'Kao John'
Subject: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Dear Tenderer,

Please find attached letter for your attention.

Kindly acknowledge receipt of this email.

Kind Regards



Lindiwe Mdletshe
Commodity Manager
Supply Chain Services
Transnet Freight Rail

☎ 011 584 0620

011 773 0832

www.transnet.net

☎ 083 2683365

✉ Lindiwe.Mdletshe@transnet.net





CSR QISHUYAN SA (PTY) LTD

CSR Qishuyan SA (Pty) Ltd (2012/075377/07), 6th Floor, Sandton City Office Tower, 5th Street & Rivonia Road, Sandton, 2196, Tel: 0117833780/1, Fax: 011 783 8312, www.qscn.com.cn

The Chairperson
 Transnet Freight Rail
 Acquisition Council
 Ground Floor
 Tender Box
 Inyanda House 1
 21 Wellington Road
 Parktown

Dear Sir

RE: RFP No. TFRAC-HO-8609 ("RFP") / Clarification of Base Cost

1. We refer to the RFP and your letter dated 02 December 2013 in which you have requested certain clarifications relating to the use of TE (TRE) as a subcontractor, as was reflected in our proposal of 30 April 2013 ("Proposal").
2. As understood in the RFP, we have focused our efforts towards maximizing the involvement of TE for the supply/manufacturing of certain components and provision of various services in respect of the 465 diesel locomotives. This was done not only as an imperative of TFR in accordance with the RFP, but also because we believe that TE possesses the necessary technical ability and expertise as a tier 1 manufacturer and service provider. We also believe that TE has the most extensive platform with which we can work in order to achieve the delivery milestones as are required by TFR.
3. Further to the above, it must be noted that certain major suppliers/manufacturers have committed themselves to an exclusive relationship with other tenderers, making it extremely difficult to find suitable and competent alternatives to TE.
4. Despite the aforementioned and in specific response to your queries, we provide hereunder an estimate of the information requested by you, based on the revised figures furnished to you on 29 November 2013.

1. What would be the Rand impact on your price per locomotive if you did not use TE as a local subcontractor, but used an alternative local private sector subcontractor?	R 6,677,169.00
2. What would your price per locomotive be if you did not use TE as a local subcontractor but used an alternative local private sector subcontractor?	R 32,986,534.00

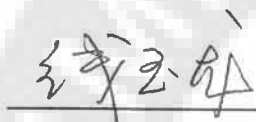
The main factors affected the changes in the price per locomotive are the set up costs and the labor costs from TE (TRE), which contribute to a major portion of the costs.

5. Given the time constraints in presenting TFR with this response, it has not been possible for us to verify the quality of product and ability to deliver in accordance with the RFP, should alternative local suppliers/manufacturers be used.



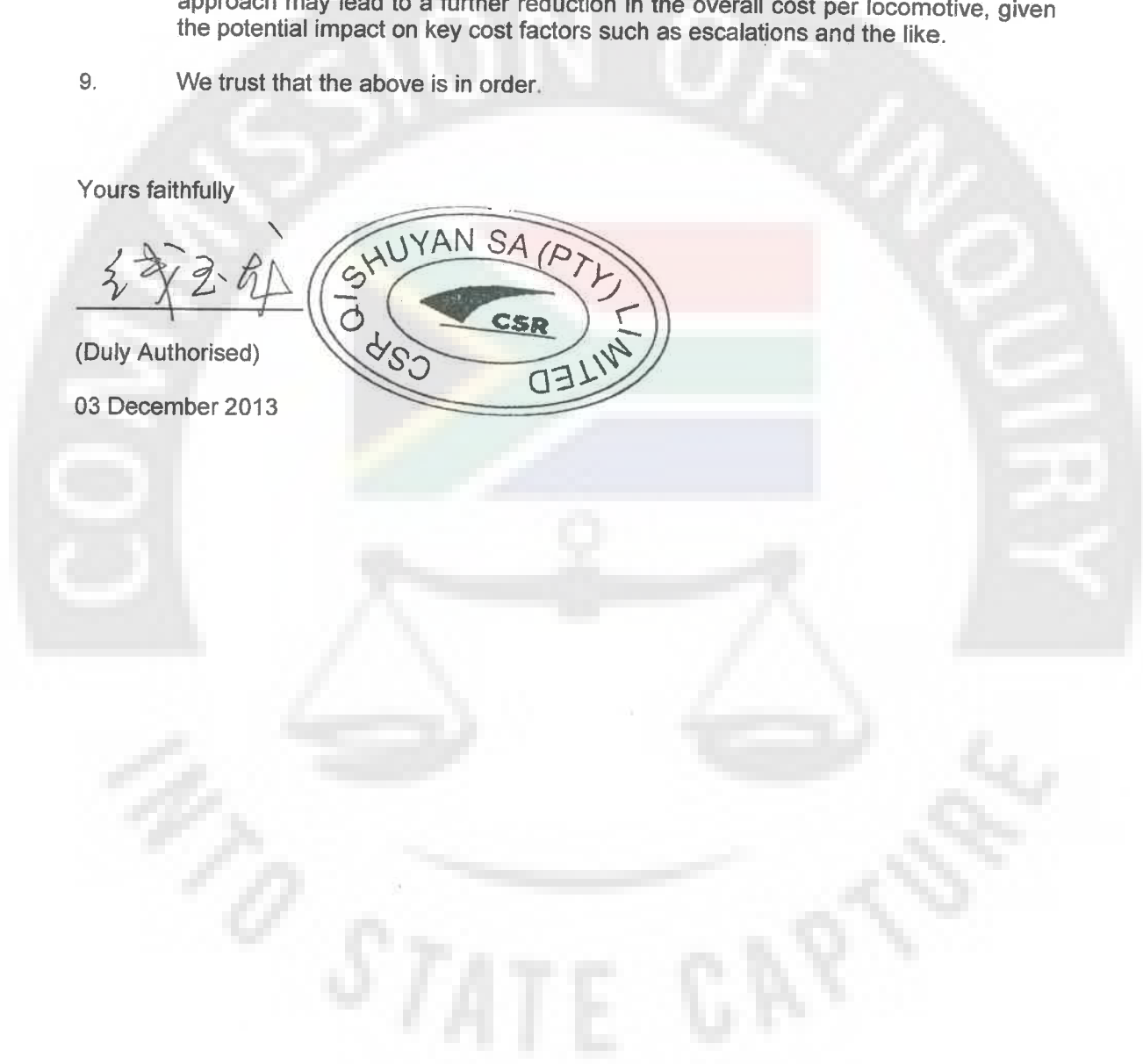
6. It is important to note that should alternative local suppliers/manufacturers be used, this would have a consequential impact on the local content and supplier development commitments that were submitted in our Proposal. We will endeavor our best ability to remain supplier development and local content commitments the same.
7. In determining the figures presented herein, we have assumed a reduced price of certain components and services that we had previously attributed to TE in our Proposal.
8. In giving effect to any amendment of suppliers/manufacturers as may be required or desired by TFR, our approach would be to discuss the issue with TFR in order to develop the most beneficial and attractive supply chain structure so as to ensure value for money and certainty of quality and delivery to TFR. Such an approach may lead to a further reduction in the overall cost per locomotive, given the potential impact on key cost factors such as escalations and the like.
9. We trust that the above is in order.

Yours faithfully



(Duly Authorised)

03 December 2013



From: Erica Lai <ericalai@ougp.co.za>
Sent: Wednesday, 04 December 2013 18:21
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'; 'Prudence Nkabinde Transnet Freight Rail JHB'; lolo.sokhela@transnet.net
Subject: RE: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)
Attachments: clarification letter to TFR 04122013.pdf

Hi, Lindiwe:

Please find the attached the requested clarification letter for your urgent attention.

Kindly acknowledge the receipt of this letter and Many thanks!

Kind Regards,

Erica Lai

From: Erica Lai [mailto:ericalai@ougp.co.za]
Sent: Wednesday, December 04, 2013 12:03 PM
To: 'Prudence Nkabinde Transnet Freight Rail JHB'; 'lolo.sokhela@transnet.net'
Subject: FW: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

From: Erica Lai [mailto:ericalai@ougp.co.za]
Sent: Wednesday, December 04, 2013 11:57 AM
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'
Cc: 'Kao John'
Subject: RE: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Hi, Lindiwe:

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Kindly acknowledge the receipt of this mail. Many thanks!

Kind Regards,

Erica Lai

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Sent: Monday, December 02, 2013 5:10 PM
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Cc: 'Kao John'
Subject: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Dear Tenderer,

Please find attached letter for your attention.

Kindly acknowledge receipt of this email.

Kind Regards



Lindiwe Mdletshe
Commodity Manager
Supply Chain Services
Transnet Freight Rail

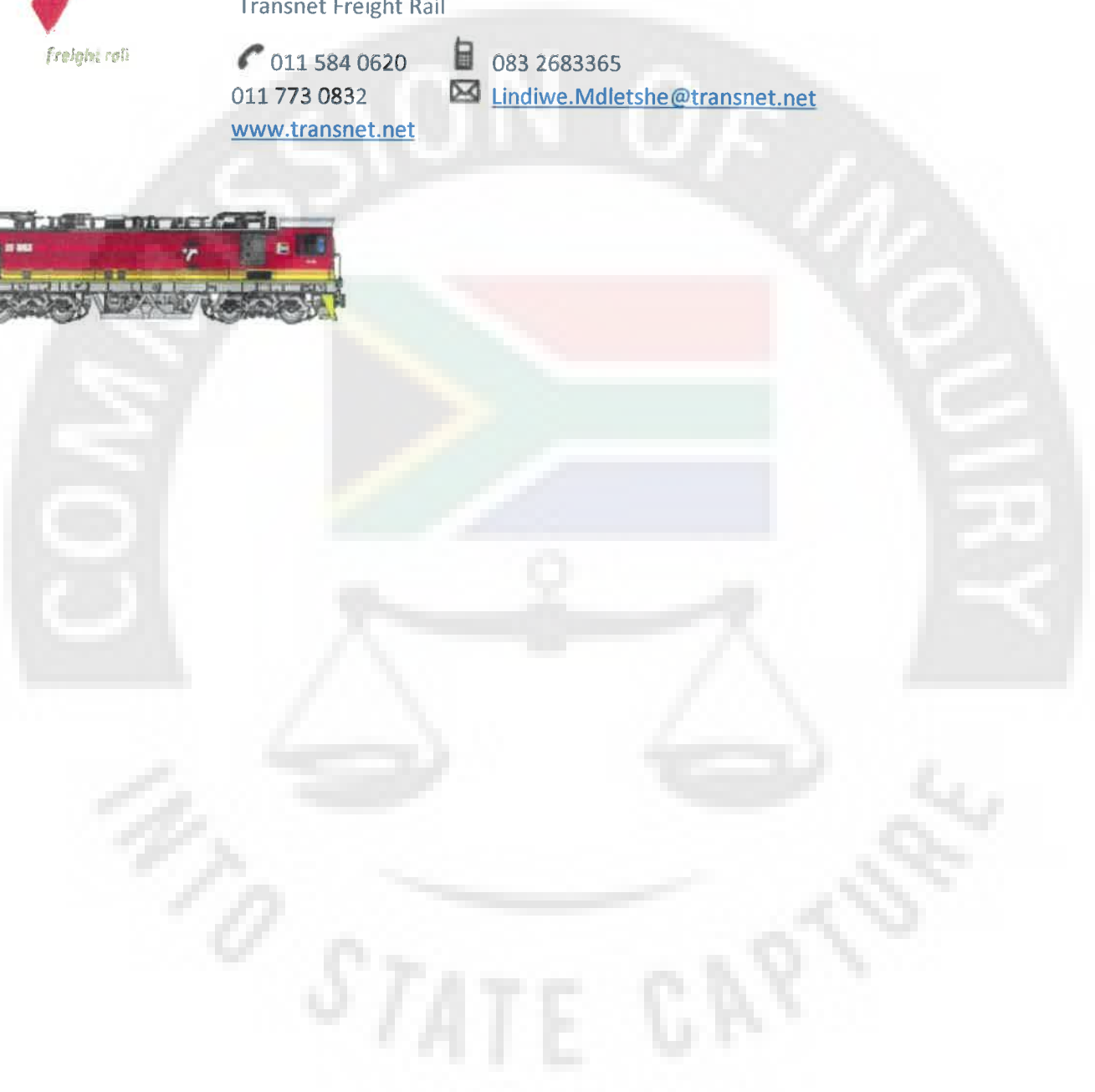
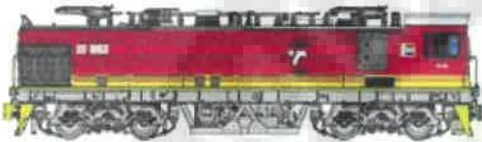
☎ 011 584 0620

☎ 083 2683365

☎ 011 773 0832

✉ Lindiwe.Mdletshe@transnet.net

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CSR QISHUYAN SA (PTY) LTD

CSR Qishuyan SA (Pty) Ltd (2012/075377/07), 6th Floor, Sandton City Office Tower, 5th Street & Rivonia Road, Sandton, 2196, Tel: 0117833780/1, Fax: 011 783 8312, www.qscn.com.cn

The Chairperson
 Transnet Freight Rail
 Acquisition Council
 Ground Floor
 Tender Box
 Inyanda House 1
 21 Wellington Road
 Parktown

Dear Sir

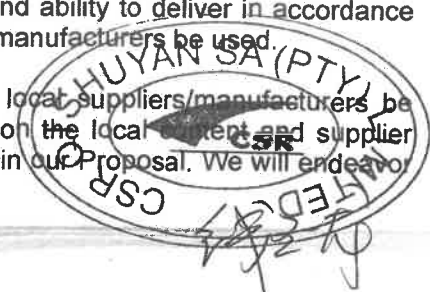
RE: RFP No. TFRAC-HO-8609 ("RFP") / Clarification of Base Cost

1. We refer to the RFP and your letter dated 02 December 2013 in which you have requested certain clarifications relating to the use of TE (TRE) as a subcontractor, as was reflected in our proposal of 30 April 2013 ("**Proposal**").
2. As understood in the RFP, we have focused our efforts towards maximizing the involvement of TE for the supply/manufacturing of certain components and provision of various services in respect of the 465 diesel locomotives. This was done not only as an imperative of TFR in accordance with the RFP, but also because we believe that TE possesses the necessary technical ability and expertise as a tier 1 manufacturer and service provider. We also believe that TE has the most extensive platform with which we can work in order to achieve the delivery milestones as are required by TFR.
3. Further to the above, it must be noted that certain major suppliers/manufacturers have committed themselves to an exclusive relationship with other tenderers, making it extremely difficult to find suitable and competent alternatives to TE.
4. Despite the aforementioned and in specific response to your queries, we provide hereunder an estimate of the information requested by you, based on the bidding figures furnished to you on 30 April 2013.

1.	What would be the Rand impact on your price per locomotive is you did not use TE as a local subcontractor, but used an alternative local private sector subcontractor?	R 6,677,169.00
2.	What would your price per locomotive be if you did not use TE as a local subcontractor but used an alternative local private sector subcontractor?	R 29,399,163.00

The main factors affected the changes in the price per locomotive are the set up costs and the labor costs from TE (TRE), which contribute to a major portion of the costs.

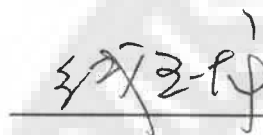
5. Given the time constraints in presenting TFR with this response, it has not been possible for us to verify the quality of product and ability to deliver in accordance with the RFP, should alternative local suppliers/manufacturers be used.
6. It is important to note that should alternative local suppliers/manufacturers be used, this would have a consequential impact on the local content and supplier development commitments that were submitted in our Proposal. We will endeavor



our best ability to remain supplier development and local content commitments the same.

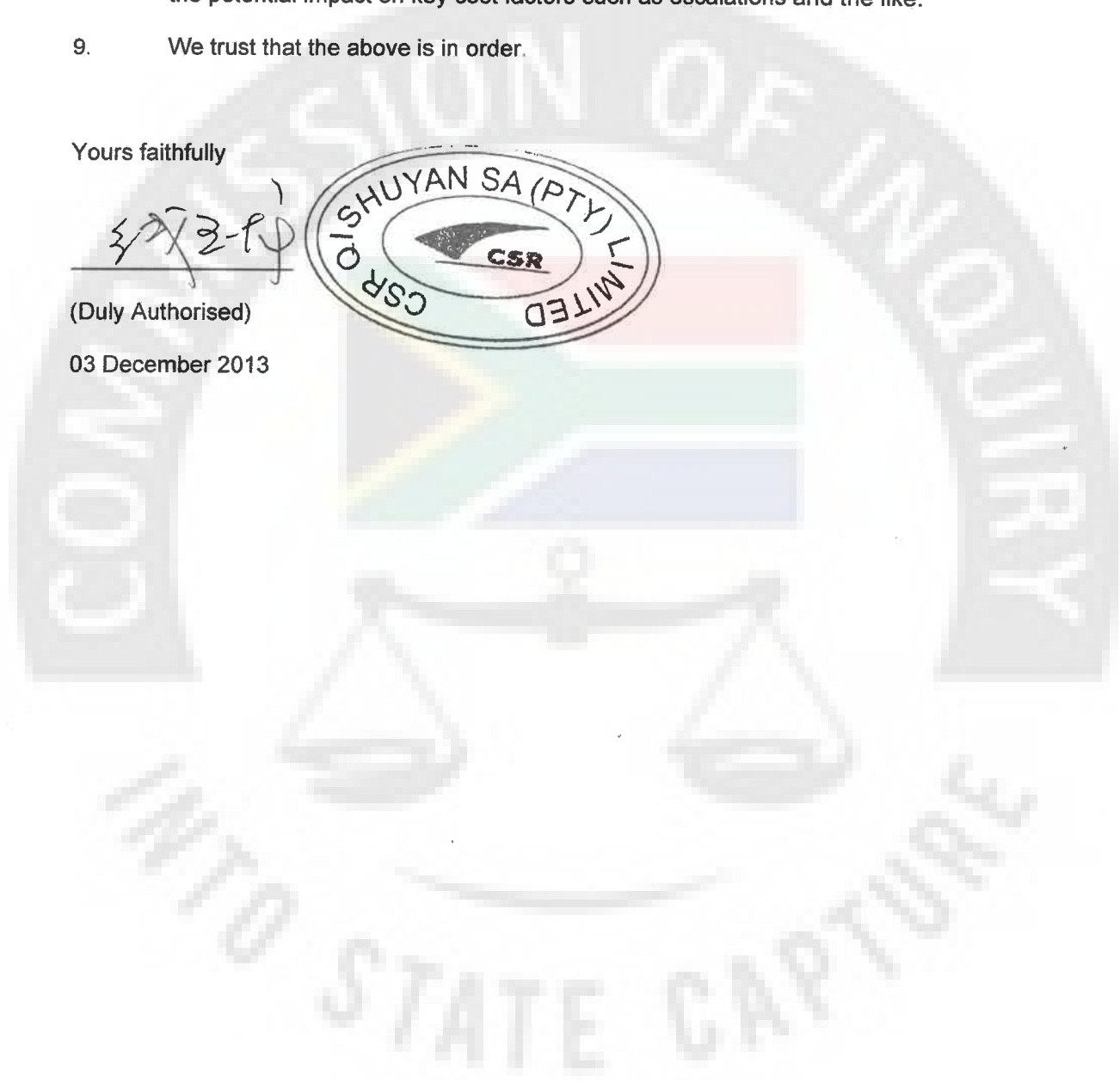
7. In determining the figures presented herein, we have assumed a reduced price of certain components and services that we had previously attributed to TE in our Proposal.
8. In giving effect to any amendment of suppliers/manufacturers as may be required or desired by TFR, our approach would be to discuss the issue with TFR in order to develop the most beneficial and attractive supply chain structure so as to ensure value for money and certainty of quality and delivery to TFR. Such an approach may lead to a further reduction in the overall cost per locomotive, given the potential impact on key cost factors such as escalations and the like.
9. We trust that the above is in order.

Yours faithfully



(Duly Authorised)

03 December 2013



From: Erica Lai <ericalai@ougp.co.za>
Sent: Wednesday, 04 December 2013 19:44
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'
Subject: RE: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)
Attachments: clarification letter to TFR 041220130730.pdf

Hi, Lindiwe:

Please find the attached once again and apologies for the inconvenience.

Kind Regards,

Erica Lai

From: Erica Lai [mailto:ericalai@ougp.co.za]
Sent: Wednesday, December 04, 2013 6:38 PM
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'
Subject: FW: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Kind Regards,

Erica Lai

From: Erica Lai [mailto:ericalai@ougp.co.za]
Sent: Wednesday, December 04, 2013 6:21 PM
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'; 'Prudence Nkabinde Transnet Freight Rail JHB'; 'lolo.sokhela@transnet.net'
Subject: RE: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Hi, Lindiwe:

Please find the attached the requested clarification letter for your urgent attention.

Kindly acknowledge the receipt of this letter and Many thanks!

Kind Regards,

Erica Lai

From: Erica Lai [mailto:ericalai@ougp.co.za]
Sent: Wednesday, December 04, 2013 12:03 PM
To: 'Prudence Nkabinde Transnet Freight Rail JHB'; 'lolo.sokhela@transnet.net'
Subject: FW: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

From: Erica Lai [<mailto:ericalai@ougp.co.za>]
Sent: Wednesday, December 04, 2013 11:57 AM
To: 'Lindiwe Mdletshe Transnet Freight Rail JHB'
Cc: 'Kao John'
Subject: RE: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Hi, Lindiwe:

Please find the attached the letter of clarification.

Kindly acknowledge the receipt of this mail. Many thanks!

Kind Regards,

Erica Lai

From: Lindiwe Mdletshe Transnet Freight Rail JHB [<mailto:Lindiwe.Mdletshe@transnet.net>]
Sent: Monday, December 02, 2013 5:10 PM
To: Erica Lai
Cc: 'Kao John'
Subject: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Dear Tenderer,

Please find attached letter for your attention.

Kindly acknowledge receipt of this email.

Kind Regards



Lindiwe Mdletshe
Commodity Manager
Supply Chain Services
Transnet Freight Rail

☎ 011 584 0620

011 773 0832

www.transnet.net

☎ 083 2683365

✉ Lindiwe.Mdletshe@transnet.net





CSR QISHUYAN SA (PTY) LTD

CSR Qishuyan SA (Pty) Ltd (2012/075377/07), 6th Floor, Sandton City Office Tower, 5th Street & Rivonia Road, Sandton, 2196, Tel: 0117833780/1, Fax: 011 783 8312, www.qscn.com.cn

The Chairperson
 Transnet Freight Rail
 Acquisition Council
 Ground Floor
 Tender Box
 Inyanda House 1
 21 Wellington Road
 Parktown

Dear Sir

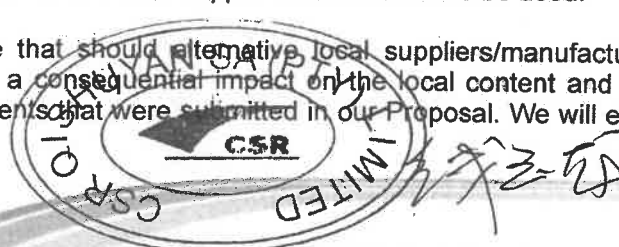
RE: RFP No. TFRAC-HO-8609 ("RFP") / Clarification of Base Cost

1. We refer to the RFP and your letter dated 02 December 2013 in which you have requested certain clarifications relating to the use of TE (TRE) as a subcontractor, as was reflected in our proposal of 30 April 2013 ("Proposal").
2. As understood in the RFP, we have focused our efforts towards maximizing the involvement of TE for the supply/manufacturing of certain components and provision of various services in respect of the 465 diesel locomotives. This was done not only as an imperative of TFR in accordance with the RFP, but also because we believe that TE possesses the necessary technical ability and expertise as a tier 1 manufacturer and service provider. We also believe that TE has the most extensive platform with which we can work in order to achieve the delivery milestones as are required by TFR.
3. Further to the above, it must be noted that certain major suppliers/manufacturers have committed themselves to an exclusive relationship with other tenderers, making it extremely difficult to find suitable and competent alternatives to TE.
4. Despite the aforementioned and in specific response to your queries, we provide hereunder an estimate of the information requested by you, based on the bidding figures furnished to you on 30 April 2013.

1. What would be the Rand impact on your price per locomotive is you did not use TE as a local subcontractor, but used an alternative local private sector subcontractor?	R 1,530,190.00
2. What would your price per locomotive be if you did not use TE as a local subcontractor but used and alternative local private sector subcontractor?	R 29,399,163.00

The main factors affected the changes in the price per locomotive are the set up costs and the labor costs from TE (TRE), which contribute to a major portion of the costs.

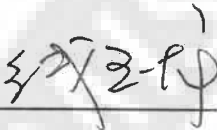
5. Given the time constraints in presenting TFR with this response, it has not been possible for us to verify the quality of product and ability to deliver in accordance with the RFP, should alternative local suppliers/manufacturers be used.
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our best ability to remain supplier development and local content commitments the same.

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Yours faithfully



(Duly Authorised)

03 December 2013

