

[RFP: Ferrous Scrap Contract 2026 – BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS]

TRANSNET INVITES PROPOSALS FOR THE SALE OF FERROUS SCRAP FOR A PERIOD OF FIVE (5) YEARS

1. BACKGROUND

Transnet generates ferrous scrap through various operations, including but not limited to standard operational by-products, obsolescence, exceeding functional lifespan, or irreparable damage. This ferrous scrap is concentrated countrywide and serves different Transnet Operating Divisions.

Bidders are required to submit proposals for each designated area and may choose to submit offers solely for the areas in which they intend to compete. Each area will be evaluated separately for pricing and BBBEE (specific goals), with the highest-ranked bidder preferred. This approach aims to ensure that Transnet creates opportunities for all potential respondents, minimises logistical burdens, and maximises revenue from scrap sold per cluster. All bidders responding to this request must be registered suppliers in South Africa to provide this service, in line with National Treasury requirements.

Successful contractors will be required to dismantle, cut, process, load, and transport all scrap to their premises at their own cost. Such input costs must be factored into the pricing offer, as Transnet will not be liable for any expenditure; the award will be classified as an income-generating contract. Equipment and resources will likely vary from site to site, and bidders must factor this into their pricing offer.

Scrap materials are provided and made available at designated cluster sites. Bidders are not obligated to maintain physical operations at these locations; however, they must demonstrate adequate logistical capacity to cut and collect at these locations, and comply fully with all regulatory standards relevant to ferrous scrap cutting, collection, and utilisation. Bidders must demonstrate their ability to handle any available load quantity for collection in a full skip, ensuring no material is stockpiled to achieve optimal load quantities. In instances where further processing is necessary, the Contractor will be responsible for transporting the full skip to their own facility or a rented site for additional processing.

2. EXECUTIVE OVERVIEW

Whereas Transnet is seeking a partner(s) to provide solutions for disposing of Transnet's ferrous scrap steel to South African steel companies, who consume scrap ferrous steel, for a period of five (5) years nationally, it also seeks to improve its current processes for providing these goods/services to its end-user community across all locations.

The selected service provider(s) must align with Transnet's mission and business objectives. These mutual goals will be met by meeting contractual requirements and addressing new challenges in an environment of teamwork, joint participation, flexibility, innovation, and open communication. In this spirit of partnership, Transnet and its service provider(s) will review current business practices to enhance processes and support systems. Such a partnership will enable 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 achieve maximised revenue and reduced logistical burden resulting from the Service provider's ability to process and remove scrap efficiently across multiple sites.

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 the supply/provision of goods/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 the removal and disposal of scrap assets on a cluster basis, avoiding fragmented ad-hoc collections.

2.7 This tender will specifically benefit the Ports of Transnet by improving operational efficiency through reliable skip services, reducing on-site congestion, maximising revenue from port-generated scrap, and ensuring compliant disposal of hazardous materials from port assets. Emphasis is placed on the urgency required by Transnet in clearing scrap at the ports.

2.8 It is an explicit requirement of any subsequent contract resulting from this RFP that none of the ferrous scrap metal purchased and/or obtained through such contract may be exported or resold to any other parties. All ferrous scrap purchased and/or obtained under such contract must be consumed and processed within the local RSA market for reuse within the local RSA steel industry. Acceptable domestic consumption activities include resale to South African foundries and smelters, and transformation to other steel products. Transnet will periodically request invoices with registered SA smelters and foundries, proofs of payment, and/or production schedules or similar depicting Transnet tonnages consumed.

2.9 Transnet must ensure compliance with the Department of Environmental Affairs and environmental legislation. A contractor should understand the urgency in responding to the clearing of derailment to prevent non-compliance to the requirements of the Department of Environmental Affairs and applicable legislation.

3. SCOPE OF REQUIREMENTS

Transnet has, for the past five (5) years, successfully disposed of ferrous scrap within the borders of the RSA. This approach continues to generate maximum revenue and create measurable transformation opportunities within the industry. The disposal of scrap is structured across seven (7) main areas/clusters, with each area/cluster evaluated separately. Bidders may select one or more clusters in which they wish to compete and are not required to bid for all clusters. Award(s) will be made to the highest-ranked compliant bidder per cluster.

Scope Requirements:

3.1 The port environment requires reliable skip service (removal and replacement of full skips). No staging area will be provided within the port environment for general processing of scrap metal for purposes of reaching the contractor's optimal load quantity or any other reason, except in the following circumstances:

3.1.1 Where oversized scrap material is too large to place in a skip;

3.1.2 Where works orders are issued for dismantling and processing of assets.

3.2 Bidders must have their own cutting, processing and loading equipment (ideally an excavator with grab attachment for loading), or have access to said equipment. Transnet will request proof of ownership or access to required equipment.

3.3 Bidders must be able to collect all types of scrap regardless of condition (for example, greasy bearings, rusted scrap, 240-meter (and other) lengths of rails, stacks of rails spring clips, etc.)

3.4 Ability and resources to collect scrap anywhere along the rail network

3.5 Ability and resources to cut vegetation as and when needed by Transnet, to open up physical access to scrap that needs to be cut and/or collected. This will be done on a pre-approval basis and as agreed upon reimbursement terms.

3.6 Ability and resources to offload any type of materials from the scrap wagons before cutting. This will be done based on agreed upon reimbursement terms.

3.7 Ability and resources to clean and decontaminate chemicals and other contamination from the tankers and wagons as and when needed. This will be done on a pre-approval basis and as agreed upon reimbursement terms.

3.8 Ability and resources to transport any reclaimables from cut wagons and/or locomotives to Transnet dedicated sites. This will be done on a pre-approval basis and as agreed upon reimbursement terms.

3.9 Ability to dismantle and separate non-ferrous from ferrous scrap.

3.10 Transnet reserves the right to perform site visits before the award only to the recommended bidders as a form of due diligence.

4. EXCLUSIONS

4.1 Transnet reserves the right to retain all valuable components for reuse from assets scrapped on site.

4.2 Transnet reserves the right to retain semi-precious metals such as copper and aluminium contained in an asset when it is being disposed of from the site.

4.3 Should the Service Provider fail to accept a works order within seven (7) calendar days of issuance or fail to execute the works order within the agreed timelines, Transnet reserves the right to cancel such works order and/or re-issue the scope to another awarded bidder in another cluster.

4.4 Transnet reserves the right to exclude specific assets from this contract and dispose of them as complete functional units, where commercially or operationally justified. Such disposals shall be conducted outside the scope of this agreement and shall not constitute a breach of any contractual obligation.

5. GREEN ECONOMY / CARBON FOOTPRINT

Transnet wishes to understand your (bidder's) company's position regarding environmental commitments, including key ecological characteristics such as waste disposal, recycling, and energy conservation. Please submit details of your entity's policies in this regard.

Compliance with the environmental requirements below protects Transnet and its supply chain from statutory fines, environmental liability, and reputational damage under the National Environmental Management Act (NEMA) and the Waste Act. Transnet requires proof of lawful disposal to discharge its legal obligations as the generator of waste.

5.1 Respondents disposing of assets containing **asbestos** must be equipped to do so and must provide Transnet with the necessary disposal certificates for the asbestos. *Failure to provide certificates will constitute a breach of contract.*

5.2 Respondents disposing of assets that contain hazardous waste (including oils, greases, batteries, and chemical residues) must be equipped to do so and must provide Transnet with relevant waste manifest documents indicating that the waste has been disposed of in a controlled and responsible manner at a permitted facility.

6. GENERAL SERVICE PROVIDER OBLIGATIONS

6.1 The service provider(s) shall be fully responsible to Transnet for the acts and omissions of persons directly or indirectly employed by them.

6.2 The service provider(s) must comply with all requirements stated in this RFP.

6.3 The service provider(s) must remain registered as a supplier with Transnet and comply with all applicable National Treasury regulations throughout the contract period.

6.4 The service provider(s) must ensure that obsolete or surplus ferrous assets are responsibly reintegrated into the local industrial value chain.

6.5 Successful bidders must be able to provide scrap extraction and processing services, including removing and disposing of products from wagons and containers.

7. FINANCIAL AND OPERATIONAL REQUIREMENTS

The following requirements are to be fulfilled by all successful bidders. Compliance must be demonstrated prior to contract award and maintained throughout the contract period.

7.1 Financial Security or Credit Vetting

The successful bidder must either:

7.1.1 Provide an irrevocable bank guarantee in a form and amount acceptable to Transnet; or

7.1.2 Successfully pass the credit vetting process undertaken by Transnet.

- Cash Customer/Upfront payment

Transnet reserves the right to determine, at its sole discretion, the sufficiency of any bank guarantee and the outcome of credit vetting.

7.2 Invoicing and Payment Systems

The successful bidder's financial systems must be capable of:

7.2.1 Processing Transnet invoices within 48 hours of receipt thereof and

7.2.2 All invoices for a given period shall be paid within seven (7) days of Transnet issuing the month-end statement, provided that such seven-day period shall not extend beyond the seven (7) day payment term from statement date.

7.3 Additional Related Services

The successful bidder must perform all additional services necessary to enable the extraction and processing of scrap, including but not limited to the removal and disposal of product from wagons and containers.