



CNR CONSORTIUM

11 March 2014

Attention: Uindiwe Mdelethe
Transnet Freight Rail
Acquisition Council

465 New Diesel Locomotives for General Freight – Impact of Locating in Durban

Dear Uindiwe and Garry

Further to our previous email in this regard. Following the request from TFR for CNR Consortium to consider the Durban facilities for manufacture of locomotives, the following calculations were made:

IMPACT OF MANUFACTURING IN DURBAN VS JOHANNESBURG

TRANSPORT COSTS

	Saving	Extra Cost	Comment
Engine		R 8 000.00	Engine Imported but testing done in JHB
Propulsion System		R 16 000.00	ABB is located in JHB. 40% is imported portion, assembly in JHB
Brakes		R 8 000.00	Knorr Bremse located in JHB.
Chinese components supplier	R 8 000.00		Imported components from Dalian
Locomotive Gears		R 4 000.00	Based in JHB
Air Conditioner		R 4 000.00	Based in JHB
Wheels + Axles	R 8 000.00		Imported components
Refrigerator		R 500.00	Based in JHB
U-tubes and gear case	R 4 000.00		Rotacon based in Durban
Communications equipment		R 200.00	Located in JHB
Total	R 20 000.00	R 40 700.00	
Difference per locomotive		R 20 700.00	
Extra Cost on Locomotives		R 4 077 900.00	

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Email: Rowlen@globalgroups.org

Imported Locomotive

Saving on Imported Locomotives (20)	R 1 000 000.00		Fully built locomotives
Saving on Kits (15)	R 285 000.00		Bogie, under-frame and body panels imported from Dallan
Total	R 1 285 000.00		
Total Extra Transport Costs		R 2 792 900.00	

Transport Cost is calculated based on 32ton at R19 000 and 28T at R16 000 per trip.

FLIGHTS AND ACCOMODATION

Minimum of 4 people to fly (F) to Durban every week from JHB	R 1 320 000.00
Accommodation (A)	R 960 000.00
Extra F & A cost	R 2 280 000.00

Office Costs

New Office set up for 60 personnel	R 604 800.00
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Total Extra Costs of locating in Durban	R 9 755 600.00
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The above costs only relates to the measurable financial implications. Please bear in mind that there is always be a considerable amount of immeasurable financial losses that will be incurred due to relocating to Durban.

Furthermore, it will be very inconvenient and counterproductive to split our resources between Johannesburg and Durban.

For these reasons we request that the manufacturing should be done at Koedoespoort. Knowing the Koedoespoort facility well, I was wondering whether it will be possible to utilise the old Koedoespoort East roundry facility.

The CNR Consortium is of the opinion that the project can be better managed and executed in the Koedoespoort facility given its proximity to the existing offices.

Kind regards

Rowien von Gerlcke
On behalf of CNR Consortium / Unincorporated Joint Venture

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