



PROGRESS REPORT ON BUS TRANSFORMATION

1. BACKGROUND

Further to the previous reports, this is a progress report on the Bus Transformation Project with specific focus on the tender programme.

It will be recalled that after the finalization of the Strategic Public Transport Network (“SPTN”) in April 2007, it was agreed that all the current subsidized contracts should be put out on tender or negotiated, as the case may be, as part of putting the SPTN into operation. In this regard a tender programme was developed indicating a roll out plan for the issuing out of the said tenders.

- 1.3 It must also be taken into account that the tender programme was developed in the context of the Gauteng Strategic Action Agenda on Transport (“the Action Agenda”) which materially changed the conversational process in the re-design and ultimate issuing out of subsidized public transport tenders. The exact nature and extent of the said change will be discussed below.

2. TENDER PROCESS AS PER THE ACTION AGENDA

- 2.1 Briefly the Action Agenda laid down the following as the basis for issuing tenders or negotiating subsidized contracts:

- The SPTN, being extensively consulted upon and agreed to with Municipalities, is a provincial plan that will inform provision of public transport in the province.



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- The SPTN Operational Guidelines would inform the basis upon which the SPTN will be operated to achieve *inter alia* integration and the improvement of quality standards.
 - A tender programme as approved by the Department would also be used to phase in new subsidized transport services in the province.

In executing the aforesaid, regular reporting would be provided to the National Department of Transport (“NDOT”) to keep them abreast of the process and transport planning in the province.

2.2 The latter approach translated into the following modus operandi in the dealing with the re-design of the subsidized services:

- The Department conducts on-board surveys and thereafter re-designs the contracted services ;
- After the designs are completed and are in line with Gauteng Strategic Agenda, the Department compiles the Model Tender Contract Document;
- The Departmental Acquisition Council (“DAC”)thereafter approves the tender and facilitates the advertisement thereof;
- The adjudication process entails setting up a Cross Functional Sourcing Team that is comprised amongst others by the NDOT. Once adjudicated, a recommendation would be made to the DAC to appoint.

It would be noted from the above, that NDOT would only be involved in the design process when the tenders are adjudicated. The rationale



for this is that NDOT would have already applied its mind to the Action Agenda and approved the new design process recommended therein.

All of the aforementioned background information is material in assessing the developments that unfolded in the execution of the tender programme and the future handling of this process.

3. **TENDER/NEGOTIATED CONTRACTS PROGRAMME**

In order to cover all the current contracted services, the tender programme was divided into four batches spanning the period of one year. The grouping of the batches was informed by inter alia the size of the operations and their impact on any municipal initiative. Below is a brief summary on the status of each contracted service:

Atteridgeville Services

4.1.1 Surveys

Surveys were conducted and completed as per the tender programme.

4.1.2 Design Process

- The services have been re-designed and three new contracts were developed viz.
 - Atteridgeville/Saulsville to the Southern Areas of Tshwane;
 - Atteridgeville/Saulsville to the Eastern Areas of Tshwane;
 - Atteridgeville/Saulsville to the Northern and Western Areas of Tshwane



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- All the necessary processes to ensure the smooth implementation of the aforesaid services were undertaken including consultation with City of Tshwane Municipality, South African Rail Commuter Corporation; and the Pretoria City Transport.

Advertisement

- After all the queries raised by City of Tshwane were satisfactorily dealt with, the services were advertised on the 29 November 2007.
- However as a result of NDOT's intervention, a meeting was held between the Department and NDOT whereat it was agreed that:
 - The tender for the Atteridgeville services would be withdrawn;
 - An intergovernmental Task team comprising of both NDOT and the Department would be set up, to prepare a motivation to National Treasury by NDOT for the provision of additional funds for subsidized services;
 - The response of National Treasury would chart the wayforward in the further conduct of the tender programme



4.1.3 Comments

The intergovernmental task team has not sat as yet. The Department has initiated the meeting but due to the unavailability of NDOT, the meeting was called off

South Western Areas Services

4.2.1 Surveys

Surveys were conducted and completed as per the tender programme

4.2.2 Designs

The preliminary re-design of the services has been completed. but due to some of these services impacting on the City of Joburg's ("CoJ") Phase 1 BRT especially on the Inner City distribution, there was a need to consult with the COJ on the matter.

The designs were submitted to COJ for their consideration and an extensive session was conducted to take them through the designs and their possible impact on the BRT. A copy of the said designs as presented to COJ, are attached hereto.

The Department still awaits feedback from COJ on what their attitude is on what has been proposed thus far. A meeting that was scheduled for the 26 November 2007 was cancelled at the request of COJ as amongst others they have not yet finalized their inputs to the proposals submitted.



4.3 **Eldorado Park**

4.3.1 Surveys

Surveys were conducted and completed as per the tender programme

4.3.2 Designs

Based on the surveys conducted it was pretty much evident that this service was heavily under-utilized over the years.

The design is currently in process and efforts are underway to investigate the possibility of incorporating these services into the SWA services.

4.4 **Tembisa & Boksburg**

4.4.1 Surveys

Surveys were conducted and completed as per the tender programme.

4.4.2 Designs

Design process is under-way. The better part of November was spent on analyzing the preliminary work undertaken on the designs with a view to finalizing the draft designs. In this regard Ranti & Associate, being the service provider appointed to draft the designs, are in the process of finalizing their drafts.

Furthermore meetings were held with Ekurhuleni Metropolitan Municipality (“EMM”) where it was agreed that the design



process must proceed as EMM has no plan of introducing any radical transport initiative that will impact on the design process.

4.4 **KwaMhlanga & Ekangala**

4.4.1 Surveys

Surveys were conducted and have just been completed. There were some delays in the finalization of the surveys due to certain changes that were introduced to the bus operations.

We are currently analyzing the survey data so as to inform the wayforward on the re-designs.

4.4.2 Designs

Tender will commence as soon as the analysis of the survey information is completed. It should be pointed out that any design work for this service, must be done in conjunction with the planning undertaken by City of Tshwane on their phase 1 BRT.

5.2 **Vaal**

5.2.1 Surveys

Surveys were conducted and completed as per the tender programme.

5.2.2 Designs

The design process is still underway. Preliminary work has been submitted for one of the contracts and we are currently



analysing same. Further designs on the other two services will be submitted during the course of December.

5.3 **Brakpan**

5.3.1 Surveys

Surveys were conducted and completed as per the tender programme

5.3.2 Designs

The design process is still underway. Preliminary work has been submitted and we are currently analysing same

5.4 **Batswana Gare & Botlhaba Tswana Services**

5.4.1 Surveys

Surveys were conducted and completed as per the tender programme. However there is a need to survey two other services which have been ceded to Gauteng province pursuant to the re-demarcation of the municipal boundaries.

5.4.2 Designs

The design process is on hold pending the completion of surveys for the other two services inherited from NW province and Tshwane's finalization of the phase 1 operational plan.

5.4.3 Comment

The designs of these services will have to be jointly done with the Tshwane plans of implementing their phase 1 BRT. Tshwane has just appointed service providers to develop their operational plan that will inform how the network will operate. Once Tshwane has made substantial progress on their operational plan, the design process would be better enhanced by the information emanating from the said operational plan.



6. **NORTH WEST STAR**

At the time of our appointment, our brief was to continue with the restructuring process of NTI on the basis that:

- A negotiated contract be concluded with NWS for the two outstanding services for Batswana-Gare and Botlhaba Tswana, thereafter;
- NWS off-sell its services (inclusive of the negotiated contracts).

The services were indeed designed and a business plan was prepared in compliance with Section 47 of the NLTTA and submitted to NDOT for the Minister of Transport to gazette. However NDOT raised concerns regarding the compliance of the designs with City of Tshwane's restructuring plans.

It was thus agreed that the services must be re-designed to be in line with the transformed network. Parallel to that process NDOT requested PriceWatehouseCoopers ("PWC"), as the transaction advisers to the NW government, to review a possibility of selling the NWS services whilst the re-design process was still pending.

It was agreed at that stage that a Steering Committee will be established comprised of NDOT, NW Transport department and the Department to oversee and consider whatever recommendations emanating from the PWC process.

PWC finished their review process and came up with various options to resolve the matter. The essence of their recommendation was that the negotiated contract option must still be pursued albeit with a flexibility of the designs still being changed once the Tshwane network has been re-structured.



Nothing much came out of that report since both NDOT and the Department were not satisfied with a recommendation that the Department should be tied down to a negotiated contract whilst there is no certainty on the nature of the network, purely for the purposes of assisting NW government to get rid of its assets.

Be that as it may, the NWS services were included in the tender programme as outlined above, to be re-designed once Tshwane has refined its thoughts on the network planning.

Subsequent to all of the aforesaid, due to the Cross Boundary Municipal Laws Repeal and Related Matters Act, some areas of North West province were incorporated into Gauteng. This led to two other contracts of NWS that were administered by NWS to be ceded in favour of the Department. The process is underway to appoint a service provider to conduct on-board surveys on these other services.