No.122 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Thursday, 24 March 2022

**ANNOUNCEMENTS**

none

**TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Roads and Transport Portfolio Committee, Hon. G D Schneemann, tabled the Committee’s Focused Intervention Study (FIS) Report on the Progress in resuming delayed projects, as attached:**

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**Adopted Focused Intervention Study (FIS) Report on** **the Progress in resuming delayed projects**

| **Committee Details** | **Department Details** |
| --- | --- |
| **Name of Committee** | **Roads and Transport**  | **Name of Department** | **Department of Roads and Transport**  |
| **Which Financial Year** | **2021/22 FY** | **Dept. Budget Vote Nr.** | **09** |
| **Which Quarter** | **2nd Quarter**  | **Hon. MEC** | **Mr. J. Mamabolo**  |
| **Committee Approvals** |
|  | **Name** | **Signed** | **Date** |
| **Hon. Chairperson** | **Mr. G. Schneemann**  |  |  |
| **Adoption and Tabling** |
| **Date of Final Adoption by Committee**  | **Scheduled date of House Tabling** |
| **Friday, 18th March 2022** | **Friday, 25th March 2022** |

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# ABBREVIATIONS

|  |  |
| --- | --- |
| **Abbreviation** | **Full Wording** |
| APP  | Annual Performance Plan |
| DID | Department of Infrastructure Development |
| DLTC | Driver license Testing Centre |
| DRT | Department of Roads and Transport |
| FIS | Focus Intervention Study |
| FY  | Financial Year |
| GMA | Gautrain Management Agency |
| GPG | Gauteng Provincial Government |
| GPL | Gauteng Provincial Legislature |
| GPT | Gauteng Provincial Treasury |
| MEC | Member of the Executive Council |
| MTEF | Medium Term Expenditure Framework |
| MVRA | Motor Vehicle Registration Authority |
| PFMA  | Public Finance Management Act |
| PSP | Professional Service Provider |
| SCM | Supply Chain Management  |
| SMMEs | Small Medium Micro Enterprises |
| SOM | Sector Oversight Model |
| TIH | Transport Infrastructure House |
| TOLAB | Transport Operating Licensing Administrative Board |

# EXECUTIVE SUMMARY

In line with the strategic objectives of the Department of a modern, accountable and development-oriented department, the Committee agreed to undertake a study on the progress in resuming delayed projects namely, K46 William Nicol, P39/1 Muldersdrift, Sebokeng DLTC/TOLAB and Vereeniging Taxi rank. Since the beginning of the current political term, the Committee noted the lack of developments within the four projects and subsequently, raised concerns and recommendations, which were adopted as House resolutions, on the four projects but to-date there seem to be no or minor developments taking place in implementing the projects. These concerns and recommendations were based on the possible negative financial and non-financial implications which were probable and/or unavoidable within the above-mentioned projects. The purpose and objective of the study was to make a follow up on the progress made by the Department in resuming the above-mentioned delayed projects.

Based on the presentations and engagements with the Department, contractors and consultants as well as oversight visits conducted to the above-mentioned projects, the Committee noted that the implementation of infrastructure projects seems to be a very crucial and challenging area for the Department as planning and implementation targets, including allocated budgets, are not achieved as planned. The Committee noted that similar challenges are experienced within these projects that range from poor performance by contractors, lack of proper supervision by consultants, late or non-payment of supplier invoices which leads to contractors abandoning sites and particularly the lack of intergovernmental relations with the Gauteng Department of Infrastructure Development.

On K46 William Nicol, the Committee noted that the Department that the contractor has been appointed, contracting of SMMEs is ongoing, contractor has completed 70% of site establishment, construction of materials lab has commenced and re-establishment of missing survey benchmarks with physical progress at 37% of time lapsed. On P39/1 Muldersdrift, the Committee noted that payment of outstanding invoices to the contractor and consultant which led to the abandoning of site is currently in progress and contractor is expected resume works in April 2022 when payments have been effected.

On Sebokeng DLTC/TOLAB, the Committee noted the projects was formally transferred to GDRT on the 25th of August 2021, the Department took a decision to make use of the services of HATCH for the development of the condition assessment report, and appointment of the Consultant from the GDRT panel of consultants for the review of drawings, finalisation of the tender document and construction supervision and the condition assessment report was completed which will be followed by the appointment of Professional Service Providers (PSP) whilst the appointment can only be concluded as soon as SCM has finalised the framework for procurement of PSP through a panel.

On Vereeniging Taxi Rank, the Committee noted that the two key consents now required to proceed are the Provincial Treasury approval of the proposal to split the Business Case into the temporary and permanent ranks and certainty by the National Treasury on the Procurement Regulations. Furthermore, stakeholder meetings to share the latest concept designs delayed until confirmation of budget allocation by GPT whilst meeting with all stakeholders to be held last week of March 2022 to keep all stakeholders informed of developments. However, the project is envisaged that it will take another 12 months before construction work can commence on the permanent facility.

In conclusion, taking into consideration that the Department has established a Transport Infrastructure House (TIH), the Committee would urge the Department to ensure that the TIH is capacitated with the required skills and expertise required to provide effective interventions for implementation of these projects. The Committee is of the view that if the TIH is well capacitated, it will assist the Department with proper monitoring and evaluation in planning and implementation of planned targets for infrastructure projects thereby restricting irregular and wasteful expenditure realised because of work stoppages and poor performance by appointed contractors.

# INTRODUCTION

This report aims to outline the purpose of a Focus Intervention Study (FIS) as one of the imperatives of the Sector Oversight Model. The FIS conducted by the Committee is significant in that it makes provision for the information provided by the Department of Roads and Transport and its entities to be verified. This will allow the Committee to verify whether service delivery has taken place. It is imperative that the FIS should be indicative of actions that need to be taken by the Committee to proactively address issues of Departmental effectiveness and efficiency in relation to service delivery.

In line with the strategic objectives of the Department of a modern, accountable and development-oriented department, the Committee agreed to undertake a study on the progress in resuming delayed projects namely, K46 William Nicol, P39/1 Muldersdrift, Sebokeng DLTC/TOLAB and Vereeniging Taxi rank. Since the beginning of the current political term, the Committee noted the lack of developments within the four projects, subsequently, raised concerns and recommendations, which were adopted as House resolutions, on the four projects but to-date there seem to be no or minor developments taking place in implementing the projects. These concerns and recommendations were based on the possible negative financial and non-financial implications which were probable and/or unavoidable within the above-mentioned projects.

The purpose and objective of the study is to make a follow up on the progress made by the Department in resuming the above-mentioned delayed projects.

# PROCESS FOLLOWED

In considering the FIS the Committee undertook the following process:

* Committee Researcher identified two topics emanating from the 2021/22 FY Budget Vote process and presented before the Committee. The Committee agreed on the need to assess the progress in resuming delayed projects namely, K46 William Nicol, P39/1 Muldersdrift, Sebokeng DLTC/TOLAB and Vereeniging Taxi rank;
* On Tuesday,22nd February 2022, the Committee held an engagement session with the Department, Professional Supervisory contractors and appointed project contractors for K46 William Nicol and P39/1 Muldersdrift. Subsequently, the Committee conducted oversight visits to both projects to assess progress thereof;
* On Thursday, 10th March 2022, the Committee received presentations from the Department on the progress to-date in resuming the delayed projects namely, K46 William Nicol, P39/1 Muldersdrift, Sebokeng DLTC/TOLAB and Vereeniging Taxi rank. Subsequently, the Committee conducted oversight visits to Vereeniging Taxi Rank and Sebokeng DLTC/TOLAB;
* On Friday, 18th March 2022, the Committee deliberated on the findings and recommendations and thereafter adopted the Focus Intervention Study report.

# FINDINGS, RECOMMENDATIONS AND IMPLICATIONS ON LAW MAKING

**5.1 Committee Findings**

Based on the presentations from the Department, engagements with supervisory and implementing contractors as well as oversight visits conducted on the delayed projects, the Committee observed the following: -

**K46 William Nicol**

* The contract was awarded to Slim B and D Construction Pty (Ltd) on 2nd June 2021 for an amount of **R469 414 877.50** (incl. VAT);
* The project completion date was expected to be on the 03rd of December 2022 with contract duration set at 16 months. However, project commenced in February 2022 due to the stoppage of works by the community due to job creation for local labourers and SMMEs;
* The contractor has applied for Extension of completion date with the Consultant for consideration and approval by the Department and Provincial Treasury;
* The stakeholder consultation was finalised in February 2022 wherein 3 Community Liaison officers were appointed, and 70 local labourers have been appointed and started work on 01st of March 2022;
* Contracting of SMMEs is ongoing;
* Contractor has completed 70% of site establishment and construction of materials lab has commenced. Furthermore, re-establishment of missing survey benchmarks with physical progress at 37% of time lapsed.

**P39/1 Muldersdrift**

* Jodan Construction was appointed for an amount of **R141 513 202.45** (Incl. VAT) on the 28th of February 2019 for the rehabilitation of provincial road P39/1 between KM 39.90 and KM 45.35 near Muldersdrift and the improvement of P39/1 and Cedar Road intersection;
* The Consultant on the project is Element Consulting Engineers (ECE) appointed for an amount of **R16 134 280.35** (incl. VAT);
* Progress to date is 90% and time lapsed is estimated at 194% (approximately 4 months);
* Approval of two months extension of time for completion of works and payment for work done for the contractor and consultant was granted;
* The construction duration was 18 months with a completion due date of 29th September 2020;
* An extension of time of 2,3 months was approved with the revised completion date of 11th December 2020, for an amount of **R2 225 573.09**;
* Contractor suspended works on the 30 of October 2021 due to non-payment of invoices;
* Payment of outstanding invoices to the contractor and consultant which led to the abandoning of site is currently in progress;
* Contractor will resume works in April 2022 when payment have been effected;

**Sebokeng DLTC/TOLAB**

* In 2012 the Department (GDRT) engaged with the Department of Infrastructure Development (DID) to assist with the implementation of the Refurbishment of existing and Establishment of new DLTC’s;
* Pro Plan Engineers were appointed as the Professional Service Provider (PSP) for the design and supervision of the Sebokeng DLTC. Planning for the DLTC commenced in 2013/14 FY;
* The contractor (Makholi Projects) was appointed in September 2015 and construction of the DLTC and MVRA buildings commenced in October 2015;
* During construction (excavations) of the project, it was found that the contaminated soil conditions were deeper than the recommended excavation depth, this necessitated additional excavations, funding and materials;
* A meeting was held with the MEC on the 7th of April 2016, resulting in the MEC requesting the DRT, GDID and Gauteng Treasury officials to find alternative ways to reduce the amount required to build the three buildings (MVRA, DLTC & TOLAB);
* The Department engaged with Provincial Treasury to assist with a cost review exercise where a report was developed and approved. The report had the following recommendations: -

- The functions of the new Sebokeng MVRA be incorporated into the new Sebokeng DLTC

 building – implemented as recommended;

- The new Sebokeng TOLAB to use the building originally designed for the new MVRA - not yet

 implemented;

* Subsequent to the approval of the report, a follow up meeting was held between Provincial Treasury, GDRT& GDID on the 5th of April 2017 to follow up on the implementation of the report;
* Two letters dated 23/06/2017 and 04/12/2017 were written and sent to GDID: HOD by GDRT: HOD requesting the DID to implement the project as per the recommendations report, which is to construct two buildings instead of one, then the other building will be occupied by the TOLAB unit;
* Subsequent to the second letter an instruction from GDID: HOD dated 22/01/2018 was issued to the consultants (Pro Plan) to commence with the implementation of TOLAB building;
* The contractor was issued with a negative certificate amounting to **R26 535 000** by the PSP for over payment on materials submitted by Contractor. Subsequently, the contractor lodged a formal dispute against the GDID for the negative certificate issued;
* During the dispute resolution process, the contractor abandoned site and thus led to the site being vandalised. GDID has subsequently organised 24hr security to be on site to mitigate further vandalism on site;
* A letter dated 23rd March 2021 was sent to GDID: HOD to recall the Sebokeng and Mabopane DLTC projects due to poor performance and projects were formally transferred to GDRT on the 25th of August 2021;
* The Department took a decision to make use of the services of HATCH for the development of the condition assessment report, and appointment of the Consultant from the GDRT panel of consultants for the review of drawings, finalisation of the tender document and construction supervision;
* The condition assessment report was completed which will be followed by the appointment of Professional Service Providers (PSP) and the appointment can only be concluded as soon as SCM has finalised the framework for procurement of PSP through a panel.

**Vereeniging Taxi Rank**

* GPT advised GDRT by letter dated 14th February 2022 that the Business Case for Vereeniging is not approved and requires further information and approximately 23 Issues/concerns identified by GPT need to be addressed in “Version 2” of the BC’s and re-submitted for approval. GMA and GDRT have commenced addressing the issues raised by GPT;
* GDRT response with a request for clarification of several issues sent to HOD: Provincial Treasury and to track the matter and HOD: DRT required a meeting with Provincial Treasury to address any other concerns including proposal that the Temporary taxi facilities be approved as Phase 1 while the issues for the main facility are addressed;
* The draft budget allocations for 2022/23 FY currently do not allow any funds for the repairs to the temporary facility but provides for budget allocation for pre-design investigations for the permanent facility;
* The two key consents now required to proceed are the Provincial Treasury approval of the proposal to split the BC into the temporary and permanent ranks, and certainty by the National Treasury on the Procurement Regulations;
* Stakeholder meetings to share the latest concept designs delayed until confirmation of budget allocation by GPT;
* Separate stakeholder meetings were held with Vereeniging Business Chamber and the MMC with top officials in Sedibeng on 23rd of February 2022 whilst meeting with all stakeholders to be held last week of March to keep all stakeholders informed of developments;
* the project is envisaged that it will take another 12 months before construction work can commence on the permanent facility.

**5.2** **Committee Recommendations**

The Committee recommends that the Department should provide the Committee with a detailed report, on 31st of May 2022, on the following:-

**K46 William Nicol**

5.2.1 Stakeholder consultation process regarding the appointment of local labourers and contracting of

 SMME’s.

5.2.2 The site establishment, construction of materials lab and re-establishment of missing survey

 benchmarks.

5.2.3 The submission for approval of extension of project timelines by the contractor through the

 Consultant. The report should also include the possible financial and non-financial implications for

 the requested extension of construction time.

**P39/1 Muldersdrift**

5.2.4 Payment of outstanding invoices to the contractor and consultant.

5.2.5 The possible financial and non-financial implications for the extension of construction time.

**Sebokeng DLTC/TOLAB**

5.2.6 Development of Supply Chain Management framework for procurement of PSP through a panel.

5.2.7 The proposed revised planning and implementation targets for construction of the project. The

 report should also include the proposed timelines and required budget to implement the project.

**Vereeniging Taxi Rank**

5.2.8 Provincial Treasury approval of the proposal to split the Business Case into the temporary and

 permanent ranks, and certainty by the National Treasury on the Procurement Regulations.

5.2.9 Intervention plans to maintain the current taxi rank to eradicate potholes, address drainage

 challenges and abolition facilities.

**OVERALL ASSESSMENT**

5.2.10 Consequent Management processes, and outcomes thereof, that have been instituted against

 officials of the Department, contractors and Consultants who were part of the causes of delays

 in the above-mentioned projects.

# ACKNOWLEDGEMENTS

Appreciation is expressed to all Members of the Committee for their commitment to the oversight process as well as MEC J. Mamabolo, HOD Dr D. Barclay, officials from the Department and supervisory and implementing contractors for their cooperation during the FIS process.

Gratitude goes to Members: A. Ndlovana, R. Kekana, D. Ledwaba, P. Mabunda, F. Nel, E. Du Plessis, M. Ledwaba and N. Radebe for their commitment to the oversight process.

On behalf of the Committee, the Committee's appreciation and gratitude also goes to the following persons: Group Committee Coordinator, Mr. T. Bodibe; Committee Researcher Mr. F. Thaba; Committee Coordinator Mr. S. Mthiyane; Committee Administrator, Ms. H. Mtshizana; Hansard Recorder Ms. N. Zondo; Information Officer, Mr. L. Ncume; Media Officer, Ms T. Nzuke; Public Participation Officer, Mr. B. Dhlomo; Service Officer, Ms. S. Sithole for their devoted assistance.

# ADOPTION

After due consideration, the Roads and Transport Portfolio Committee unanimously adopted the Focused Intervention Study Report on “**Progress in resuming delayed projects: K46 William Nicol, P39/1 Muldersdrift, Sebokeng DLTC/TOLAB and Vereeniging Taxi rank”**.

In terms of Rule 165 the Committee presents to this House and recommends the adoption of the Committee’s Focused Intervention Study Report on “**Progress in resuming delayed projects: K46 William Nicol, P39/1 Muldersdrift, Sebokeng DLTC/TOLAB and Vereeniging Taxi rank**”, taking into account the comments and recommendations made in this report.