

INQUIRY INTO THE LEVELS OF COMPLIANCE WITH THE LOCALISATION AND LOCAL PUBLIC PROCUREMENT POLICY

PORTFOLIO COMMITTEE - TRADE AND INDUSTRY PARLIAMENT

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DATE (27/02/2018)

CONTENTS

1. Introduction / Background
2. Volume, Value And Local Content
3. Challenges
4. Conclusion



1. INTRODUCTION / BACKGROUND

Introduction / Background

The City as part of its MyCiTi integrated transport system completed two contracts **under the bus body localization program**. A further contract is currently underway.

- **40 low floor buses** (12m and 18m) where procured under contract to Volvo SA (PTY) Ltd between July 2013 and June 2015.
- **66 high floor buses** (12m and 18m) where procured under contract to Scania (PTY) Ltd between September 2013 and June 2015.
- **11 battery powered low-entry buses** (12m) are to be delivered – anticipated in June & July 2018.

2. VOLUME, VALUE AND LOCAL CONTENT



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BUS PROCUREMENT CONTRACTS

Contract No.	Bus Value. (Unit Price)	Bus Type.	No. of Units	Timeframe (in months)	Value of buses per bus type procured under Contract	Total value of buses procured under Contract
138G	R2 670 000,00	12m Low Floor City/Suburban bus	20	22	R53 400 000,00	R126 500 000,00
	R3 655 000,00	18m Low Floor City/Suburban bus	20	23	R73 100 000,00	
140G	R2 352 463,00	12m High Floor City/Suburban bus	42	21	R98 803 446,00	R174 567 222,00
	R3 156 824,00	18m High Floor City/Suburban bus	24	22	R75 763 776,00	
238G	R8 503 386,00	12m Low Entry City bus	11	Under Construction	R93 537 246,00	R93 537 246,00

Prices at time of tender, exclude VAT and other cost items (i.e. warranty, maintenance program etc)
 Contract 238G; Still in progress

**LOCAL PRODUCTION AND CONTENT VALUES
(REQUIRED, DECLARED AND ACHIEVED)**

Bus Type.	No. of Units	Tender specifications	Tenderer's Declaration (pre award)	Achieved	Verification process
12m Low Floor City/Suburban bus	20	80%	84.1%	87.6%	Independent Audit obo the CoCT
18m Low Floor City/Suburban bus	20	80%	84.2%	84.64%	Independent Audit obo the CoCT
12m High Floor City/Suburban bus	42	80%	83.5%	88.15%	Independent Audit obo the CoCT
18m High Floor City/Suburban bus	24	80%	83.5%	81%	Independent Audit obo the CoCT
12m Low Entry City bus	11	70%	76.02%	<i>Pending completion of bus manufacturing process (June 2018) Specified as a City bus.</i>	

3. CHALLENGES



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Challenges

No significant challenges with procurement to date.

1. **Appropriate legislative and other mechanisms** to be effected to enforce improvement of localization:
 - a. Improve definitions: For example what differentiates a "City bus" from a "Suburban bus" .
 - b. Greater clarity regarding the verification process is required. To date we have included an independently audited verification process. However it is understood that this should be done by ITAC but procedures to effect this are not clear nor are the feedback mechanisms.
 - c. The procedures for dealing with buses constructed using an integrated space frame structure is not adequately dealt with. No guidance when trying to differentiate the bus body from the rest of the bus in this case.
2. **Challenges for OEMs new to the SA market**
 - a. Limited number of body builders available.
3. **Challenges in finding Suppliers**
 - a. Temporary disruption with glass supplier (windows).
4. **Challenges procuring Local Labour**
 - a. Lack of skilled Labour and qualified Artisans (Bus Body Building Industry).

4. CONCLUSION

Although meeting the local content requirements as set out by Government has been challenging, the City's suppliers to date have met all the localization targets for Bus Bodies.

**THANK
YOU**

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