



TOGETHER ADVANCING PEOPLE'S POWER IN ETHEKWINI



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Presentation to the Portfolio Committee on Trade and Industry

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The Background

- Standardisation policy (local vehicle manufacturers)
- Initiative to DTI on local content (10% local content and production on Bus Chassis)
- Replacement Parts (locally produced parts)
- Localised manufacturing of fire fighting appliances (fire engines) that were historically imported.
- Five(5) year procurement plan
 - Engagements with the Automotive Cluster for possible opportunities

The volume and value of bus bodies procured by the City since bus bodies were designated in July 2012.

- EThekwini Municipality procured hundred and twenty four buses (124).
- Eighty buses (80) were standard commuter buses and forty four (44) low entry buses.
- The capital budget spend for bus bodies was R 104 million.
- The total number of buses purchased since the designation of the sector (bus body) is hundred and twenty four (124).



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Timeframes Associated with the Procurement of Bus Bodies

- Timeframes differs from suppliers and it is impacted by the current production schedule and market demand.
- General plant production is approximately sixty(60) buses per month.

Bus Body Procurements Subject to Procurement Obligations including the National Industrial Participation Programme (NIPP) (Continuation)

Five(5) Year Bus Requirements Projections

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Rigid - Commuter	50	50	50	50	50	250
Rigid - Low Entry 12M	30	44	0	47	58	179
Artic(18M)/DD	(6 million each) 0	0	41	94	152	287
Midi(9.5M)	25	25	25	94	172	341
Total Estimated Quantities	105	119	116	285	432	1057
Total Estimated Cost (Rands)	280m	362m	510m	1,387bn	2,32bn	4,859bn

The Local Content Requirements Set in the Tender Documents and the Final Agreed Contractual Obligations Reached.

- Since the designation of bus body sector, EThekweni Municipality implemented it on all the Bus Procurements. This is done by advertising bids with the specific bidding condition that at least 80% on bus body must be local content.
- Upon the tender advert closure, a two(2) stage evaluation process is used whereby the first stage is the evaluation in terms of the stipulated minimum threshold for local production and content. This is done by analyzing the declaration made by the bidder in the Declaration for Local production and Content (MBD 6.2).
- It was therefore noted that all bus body builder(s) that have responded to the bus procurement enquiries put out by EThekweni municipality meet the local content requirements when manufacturing bus bodies.

Process to verify that local content requirements are being met

- Upon the awarding the contract, EThekweni municipality appoints a technical specialist (Quality Controller) who then inspect buses before they can be delivered.
- City delegation visited the local bus body builders to establish their readiness on meeting the local content requirements.
- DTI to be engaged to assist in the verification of the local content.

Progress with meeting the localisation targets set in the 2012 bus body designation.

- Progress has been made in meeting the localisation targets set in 2012 as follows:
 1. Hundred and twenty four (124) buses purchased in 2012 complied with the targets (80% local content on bus body).
 2. EThekweni Municipality is in the process of procuring hundred and fifty (150) buses as part of the three (3) year replacement programme which will comply with the set target on local content.
 3. The proposed target on the chassis to improve the local content was submitted by EThekweni Municipality (City Fleet) to DTI for consideration.
 4. The city has implemented a minimum local content requirement of 80% across all public transport bus types including BRT.

Points for consideration

- Bus Specifications to be aligned to achieve the local content objectives.
- Strategies for creation of growth in the industry.
- Awareness programmes on local content.
- Total cost of ownership VS capital cost.
- Control measures on private subsidised operators.
- Mandatory replacement cycle.
- Quality improvement on local manufactured products.
- Business agreements to be made with SADC Region countries in order to achieve the economies of scale.
- Sustainability of local manufacturers.



THANK YOU