###### National Assembly

Question Number: 9

**Mr S C Mncwabe (NFP) to ask the Minister of Transport:**

Whether he intends to intervene in the (a) crisis at Ethekwini Local Municipality where hundreds of bus drivers and other staff are not being paid timeously and (b) sale and purchase of the bus company at a great loss to the ratepayers? NW9E

**REPLY**

1. The contracting authority responsible for the bus company concerned (ie. Durban Transport) is the Provincial Department of Transport in Kwazulu Natal. The contractual arrangement between Durban Transport and Ethekwini Municipality is that of an owner and a contractor whereas the Province is the employer. It is the responsibility of the contracting authority (Province) to ensure that the operator exercise the highest degree of diligence in the provision of services and operate the service strictly in accordance with the relevant provisions of the contract. This includes deciding whether the operator has breached or failed to comply with the terms of the contract and taking the necessary action to resolve such matters. The response below was therefore, sought from Ethekwini Municipality, who responded as follows:

*A solution has been developed by the City and the operator to address these challenges, and it includes the following:*

* 1. *A ring-fenced bank account will be opened to ensure that all revenues due to the company are collected and protected; and that only legitimate business expenses are paid,*
  2. *An intervention team made up of City and Provincial officials, as well as financial management capacity from the private sector, has been put in place to provide oversight to the management of the bank account, and improve financial planning and management in the company,*
  3. *An independent adjudicator will be appointed to resolve all the claims and counter-claims between the City and the operator.*
  4. *As a medium to long-term solution, the City is in the process of finalizing an option for the provision of this service. Having complied with the requirements of Section 78 of the Municipal Systems Act, and resolved to utilize an external mechanism for service provision in the form of a municipal entity, the City is now addressing the requirements of Section 84 of the Municipal Finance Management Act. Officials in my Department will be meeting with City and Provincial transport officials in the third week of February to discuss this proposal by the City. After this meeting, a joint discussion between officials from the National Department, National Treasury, Provincial Treasury, Provincial Department of Transport, Department of Co-operative Governance and Traditional Affairs, and the City will be convened to finalize government’s position on the City’s intention to set up a municipal entity.*

1. *There is no intention by the City to buy the company. As indicated in (a) above, the City has resolved to establish a municipal entity to provide the service currently provided by Tansnat. The previous processes were all subjected to due diligence processes, to determine fair value.*