



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

MSUNDUZI MUNICIPALITY

Our City of Choice is Moving Forward

PARLIAMENTARY STANDING COMMITTEE ON APPROPRIATIONS

08 FEBRUARY 2022

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PROJECT SUMMARY

THE PROJECT IS CURRENTLY 99% COMPLETE

EXPENDITURE TO DATE IS 99%

NO ROLLOVER APPLICATION IS ANTICIPATED

REQUEST FOR REINSTATEMENT OF THE PROJECT

1. PROJECT BACKGROUND

- When the IPTN project was introduced to Msunduzi Municipality the Municipality used the project as an opportunity to re-organise public transport within the City in order to ensure that Msunduzi commuters have access to sustainable, safe and efficient public transport services
- The overall goal of this initiative for the Municipality was to improve the quality of life for Msunduzi's residents through the provision of an integrated public transport network that is safe, convenient, clean, affordable and socially equitable.
- This system and service was meant to bring the previously marginalized members of the community into the mainstream of economic and social activity.

PROJECT BACKGROUND Continues.....

- ✓ Msunduzi IPTN project started in November 2011 which was the planning stage of the project.
- ✓ The planning stage and preliminary design with base operational plan and financial modelling were completed in November 2013. This plan was based on full BRT concept which was a citywide network.
- ✓ Detailed design that was based on the preliminary design concept commenced in February 2014.
- ✓ Construction of Phase 1a trunk route commenced in January 2016 with appointment of two contractors (WP1 and 2)
- ✓ In 2016/17 NDOT advised the team that due to lessons learnt from other cities the IRPTN/BRT concept is expensive and not sustainable for smaller cities. Therefore the city should scale down from the prior BRT concept. The scaled down approach did not affect the phase 1a infrastructure but only the operational plan and financial model.

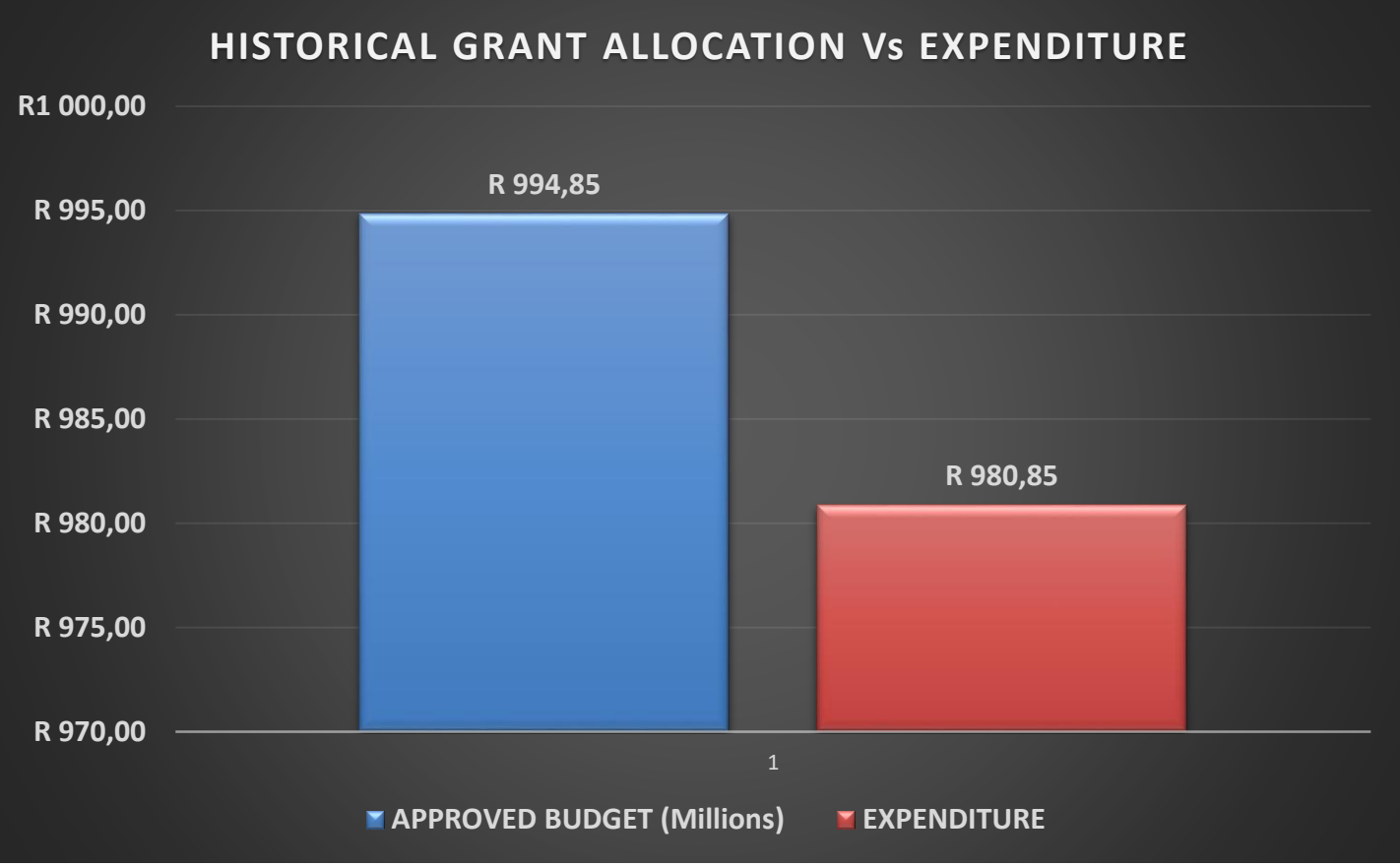
PROJECT BACKGROUND Continues.....

- ✓ Additional two contractors were appointed in the December 2017 (WP 3 and 4) .
- ✓ By the time the Municipality was suspended from the grant we were busy with infrastructure implementation for Phase 1a and procurement process for operational readiness component of the project. Since the Municipality was instructed to only concentrate on commitments that were already on going prior to suspension, therefore the procurement process for operational readiness contracts was cancelled.
- ✓ Infrastructure implementation is currently 99% complete with the last work package to be completed by the 15 February 2022.
- ✓ Even though the infrastructure component will be completed but the IPTN will not be operational due to suspension of the Municipality from the PTNG grant.

2. FIVE YEARS EXPENDITURE AND PERFORMANCE

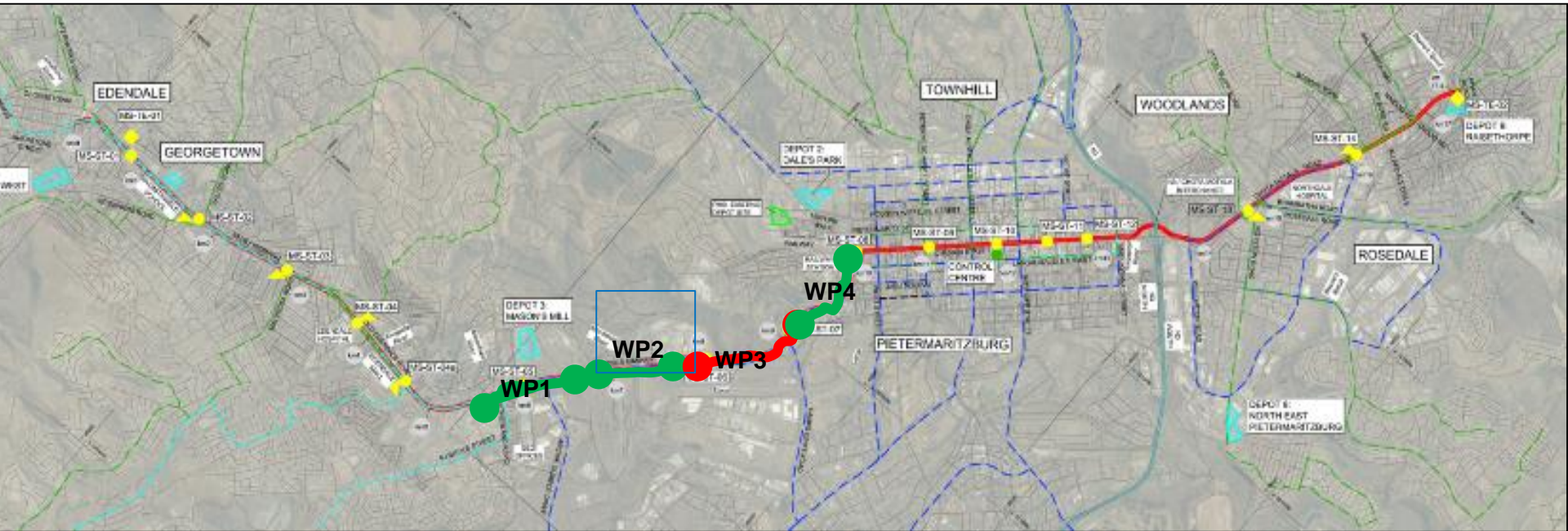
FINANCIAL YEAR	APPROVED BUDGET (Millions)	EXPENDITURE	COMMENTS
2009/10 - 2015/16	R637,10	R255,80	R144,90 Roll over was approved
2016/17	R200,03	R191,34	No Roll over required
2017/18	R157,50	R114,90	Roll over not granted
2018/19	R199,10	R199,10	No Roll over required
2019/20	R194,66	R100,10	Roll over of R94 578 574 granted
2020/21	R134,00	R83,60	Awaiting rollover feedback for R50.4m
2021/22	R50,4 (2020/22 rollover funds).	R36	Due to contractual obligations as per GCC, there will be a shortfall of 11,9m to complete the project
	R1 522,40	R980,85	

5 YEARS EXPENDITURE AND PERFORMANCE Continues...



- ✓ Funds approved since inception of the project - R994,85 million
- ✓ Funds spent on the project since inception of the project– R980,85 million

3. PROJECT CHALLENGES



 Project completed

 Contractor on-site

PROJECT CHALLENGES Continues...

2008/09 and 2009/10

- ✓ The project could not commence because of scope overlap between KZN DOT and the Municipality.
- ✓ This was finally resolved during the 2010/11 financial year.

2010/11

- ✓ Tender for planning and preliminary design was advertised
- ✓ After the tender evaluation stage, there was an objection from unsuccessful tender resulting in a delay in making the appointment

2011/12

- ✓ Objection was resolved and preliminary design commenced in August 2011.

PROJECT CHALLENGES Continues...

2012/13

- ✓ Preliminary design was on going and at 90% by end of the financial year
- ✓ Taxi advisor was appointed

2013/14

- ✓ Preliminary design was completed and signed off by November 2013.
- ✓ Project was moved from Transportation Department and IDT was appointed as implementing agent.
- ✓ IDT commenced with Gap Analysis on the preliminary design (always the case in changes of service providers due to accountability for the designs)

2014/15

- ✓ Detailed design commenced
- ✓ The Municipality took over the project from IDT

PROJECT CHALLENGES Continues...

2015/16

- ✓ Two contractors (Work Package 1 and 2), for upgrading of Moses Mabhida Road from KM 5.5 to 7.5 (Trunk route) were appointed
- ✓ There were construction delays due to relocation of services- the late turnaround time from third parties (such as Eskom and Fiber service providers) contributed to delays on the project.

2016/17

- ✓ Overall progress on construction for Phase 1a was at 23%
- ✓ Re-appointment of technical advisors
- ✓ Tenders for the remaining two work packages were advertised

PROJECT CHALLENGES Continues...

2017/18

- ✓ Commencement of two additional construction contracts which are part of Phase 1a from km 7.5 to 10.3 (Work Package 3 and 4).
- ✓ There was 3 months delay for WP4 due to tender objection which resulted in court interdict
- ✓ Overall progress on construction for Phase 1a was at 36%
- ✓ Slow performance notices were sent to WP2 contractor and the contract was terminated by end of the financial year.
- ✓ New tender for WP2 replacement contractor was commenced
- ✓ Appointment of a business value survey service provider
- ✓ Advert of the PMU
- ✓ Full Council approval of strategy documents

2018/19

- ✓ Completion of Work Package 1 from km 5.5 to km 5.6
- ✓ Tender closed for WP2 and Objection was received
- ✓ Achieving 40% progress on Work Package 3
- ✓ Achieving 53% progress on Work Package 4
- ✓ Completion of business value surveys for Phase 1
- ✓ Cancellation of the PMU advert as per NDOT advice and Operational services were advertised separately

PROJECT CHALLENGES Continues...

2019/20

- ✓ Overall progress on construction for Phase 1a was at 83%
- ✓ 53% progress on Work Package 3
- ✓ 77% progress on Work Package 4
- ✓ Objection for WP2 was resolved and contractor appointed
- ✓ Finalizing SCM processes for operational services, requested intervention from NDOT and NT through Cities support program, and Cogta through administrator's infrastructure representative.
- ✓ Received project suspension letter from NDOT (not enter into new commitments, use current allocation to close all current commitments).
- ✓ Various engagements were held with NDOT and NT explaining the implication of the suspension on infrastructure implementation program and cash flows, shortfall amount in order to conclude current commitments.

PROJECT CHALLENGES Continues...

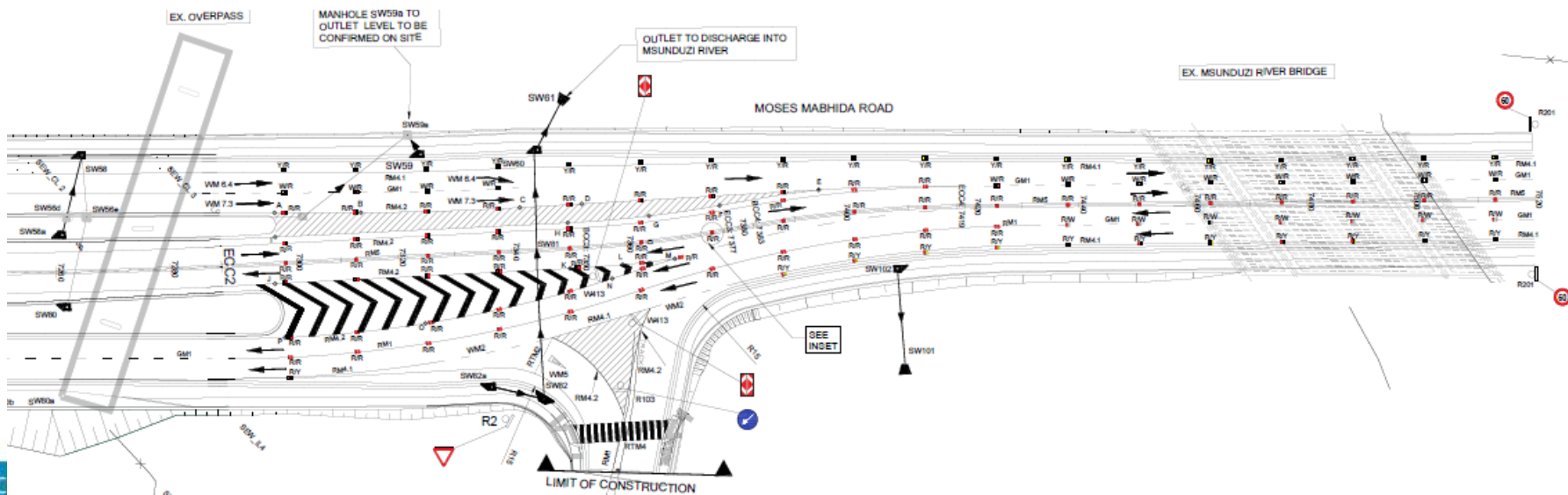
2020/21

- ✓ Rollover amount of R94 578 574 was approved
- ✓ Completion of Work Package 4
- ✓ Achieving 76% progress on Work Package 2
- ✓ Achieving 94% progress on Work Package 3
- ✓ After lengthy engagements with NDOT and NT, the shortfall amount of R134m was transferred to the Municipality on the 28 March 2022. By the time the shortfall funding was received there were outstanding invoices for January and February 2022, which resulted in further delays to the project as one of the contractor had already suspended the works due to cash flow problems. Therefore project duration was extended.

PROJECT CHALLENGES Continues...

2021/22

- The city is continuing with implementation of infrastructure component and winding down process as per the NT instruction:
 - ✓ Work Package 2
 - Project was practically completed on the 4 February 2022
 - Road widening is tying back to existing lanes over the Msunduzi bridge, the bridge was not widened due to suspension as at the time of suspension the contractor was not yet appointed, due to EIA challenges.



PROJECT CHALLENGES Continues...

2021/22

✓ Work Package 3

- Project is at 99% complete, projected practically completion date is the 15 February 2022.
- Road widening is encroaching on private properties, due to suspension of the project the land acquisition process will not proceed and designs have been reviewed for the road to be constructed on available road reserve.



PROJECT CHALLENGES Continues...

2021/22

- ✓ Due to contractual obligations as per the General conditions of contract (rain delays, delays to due unforeseen circumstances) there is additional shortfall of R11,9 million for the project to be completed.
- ✓ Letter requesting the shortfall amount was sent to NDOT and National Treasury in December 2021.
- ✓ Response from NDOT requesting additional verification information was received on the 18 January 2022 and latest information that was requested was sent on the 4th February 2022.
- ✓ The Municipality will then await the feedback from NT and NDOT. Therefore although the project will be completed but the Municipality will not be able to honour last invoices for service providers.

PROJECT CHALLENGES Continues...

Summary of Challenges

- Procurement delays:
 - Objections
 - No responsive bidders
- Typical construction challenges such as
 - Relocation of Services
 - Disputes between main contractors and sub-contractors
 - Stoppage of work by business forums
 - Traffic congestion and accommodation
- Insufficient Planning
- Administrative instability
- Political instability
- Project team capacity

4. SERVICE DELIVERY IMPLICATIONS DUE TO SUSPENSION OF THE PROJECT

Although the infrastructure component of the project will be completed by the 15 February 2022, but the Municipality is not ready for operations as the operational readiness services were affected by the suspension of the project in December 2019.

- Therefore the above will result in loss or delayed opportunity for the Municipality to deliver an improved public transport system for Msunduzi public transport users;
- Regression with the progress made with the taxi industry and community at large.
- The value for the money that has been spent will not be realized as the objectives of the project will not be achieved.
- Community at large and businesses were patience with government during planning and infrastructure implementation looking forward to the benefits of the system, now it will take time for them to realize these benefits.

SERVICE DELIVERY IMPLICATIONS DUE TO SUSPENSION OF THE PROJECT Continues...

- Msunduzi spatial development was planned and implemented around the IPTN, the longer it takes to implement the project the more the alignment is lost with these plans.
- During the construction phase of the project the following employment was created:

JOB CREATION			
General Labour			
MEN	WOMEN	YOUTH	TOTAL
95	76	56	227
Graduates			
6	4	10	20
TOTAL			247

- 74 local subcontractors also benefitted
- It was projected that more than 200 job opportunities were going to be created during operations, that has been lost.

5. ASSISTANCE REQUESTED FROM OTHER GOVERNMENT STRUCTURES

- When operational services were advertised in May 2019 and no bidders were found responsive, the Municipality did request assistance from NDOT to utilize the Cities network program from NT, however NT indicated that this program is only for Metros and the Municipality was referred to Cogta.
- Assistance was requested to Cogta through the Administrator's technical assistance of which, it was indicated that, Cogta did not have a panel of service providers that are able to provide the nature of the services that were advertised by the Municipality.
- There has been ongoing working relationships with Ethekewini and KZN DOT.
- The technical teams from Msunduzi, Ethekewini and KZNDOT have been working together to develop a turnaround strategy of operations of the Msunduzi IPTN.

6. CONCERNS RAISED BY NDOT AND PROPOSALS

Concerns that have been raised by NDOT on bilateral meetings:

- Slow progress on the project since inception
- Wall to wall project planning approach, need to be scaled down lessons from learned from other cities proved that this approach is not sustainable.
- Objections
- Longer procurement processes
- Poor performance of Contractors
- Administrative instability
- Political instability
- Lack of financial commitment to the project by the Municipality

7. TURN AROUND PLAN

- Infrastructure implementation has been completed.
- Municipality has allocated a budget of R5 million in the next financial year towards the operational and business plan for the IPTN project .
- There are other funding sources from National Treasury to develop plans (Urban network strategy) that will support the IPTN
- However due to number of activities and expertise that are required for operations on Phase 1a additional funding will be required.
- The Municipality has looked at number of approaches to operationalize the IPTN, this will be discussed with NDOT and assistance in this regard has just been requested from NDOT (request was sent on the 1 February 2022).
- Msunduzi Taxi industry was united and committed to the project although the suspension affected the trust between these two parties.
- As a result of suspension of the project, meetings with stakeholders are affected and no longer taking place.

TURN AROUND PLAN Continues...

- Political Stability:
 - ✓ The city has new political leadership which is positive and committed to this project and all other affairs of the City.
 - ✓ Council meetings are quorating and IPTN progress reports are submitted quarterly.

- Administrative stability:
 - ✓ All critical vacancies are filled
 - ✓ Permanent MM, CFO, General Manager for infrastructure services
 - ✓ All forensic investigation recommendations are being implemented
 - ✓ Due to scaling down of the project, it is being managed in-house through Roads and Transportation Department which is threatening the viability of this project.

8. IMPLICATIONS ON SOCIAL AND ECONOMIC DEVELOPMENT OF THE CITY.

- Msunduzi Municipality is a primary economic hub within uMgungundlovu District Municipality and its strategic location has favoured and helped the city establish and develop a strong and commanding industrial base.
- As a result there are many people from neighboring municipalities who are commuting daily to Msunduzi Municipality for business, employment and shopping activities, which result traffic congestion as this was going to be mitigated through an improved public transport system .
- IPTN project was used to strengthen economic development in the city as most of spatial plans and NDPG projects are planned and implemented along the IPTN corridor, with the aim of densifying the corridor, attracting investments and jobs creation, these plans are now affected by the suspension of the IPTN.

8. IMPLICATIONS ON SOCIAL AND ECONOMIC DEVELOPMENT OF THE CITY.

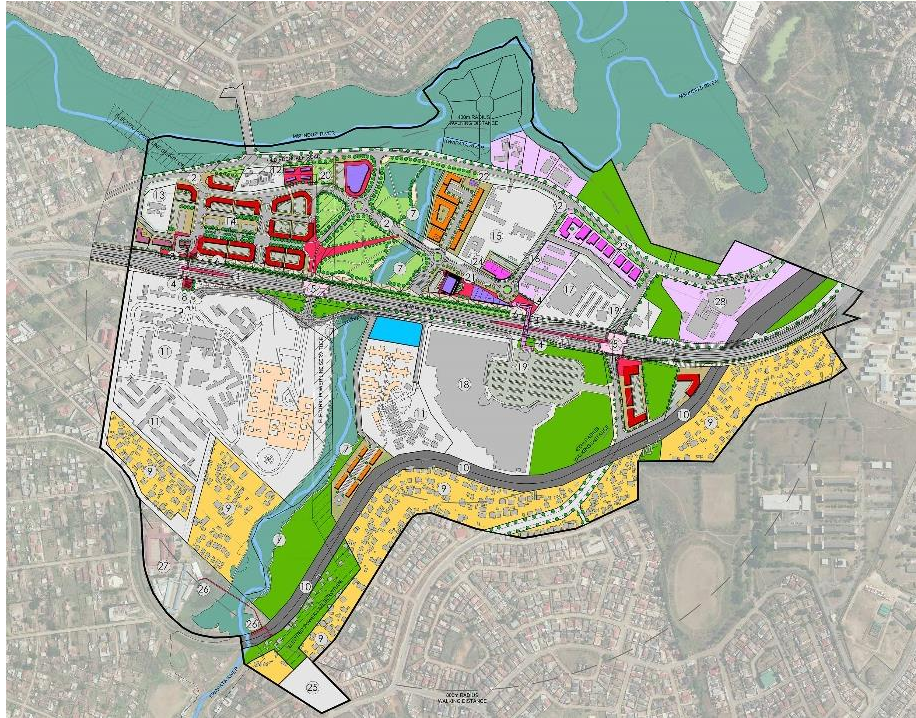
- Implementation of Town centre development which is an NDPG program that was aimed at enforcing the integration between land use and public transport along the IPTN trunk route in Edendale has commenced, budget of R80m for expropriation of land has been released by Provincial Human Settlement - then the objectives of this integration will not be achieved due to delayed implementation of the IPTN.
- In addition to this Higher Department of Education has invested R500m for realignment of Sikuma technical high school with DUT with in the same vicinity of the IPTN corridor.
- Based on the surveys that were done for the project, about 60% of Msunduzi residents are dependent on public transport, most of these commuters come from the Greater Edendale and Vulindlela areas which form part of Phase1a of the project. Opportunity for these people to have access to good public transport service will be delayed.

IMPLICATIONS ON SOCIAL AND ECONOMIC DEVELOPMENT OF THE CITY Continues...

- The system was meant to also address equality through IPTN by ensuring that commuters who are dependent on public transport will also have access to good and affordable public system.
- Amongst benefits of a good quality and reliable public transport system is reduced traffic congestion and seamless movement of traffic which result in attraction of investors as goods and people employed by businesses spend less time on the road due to lesser traffic using the road.

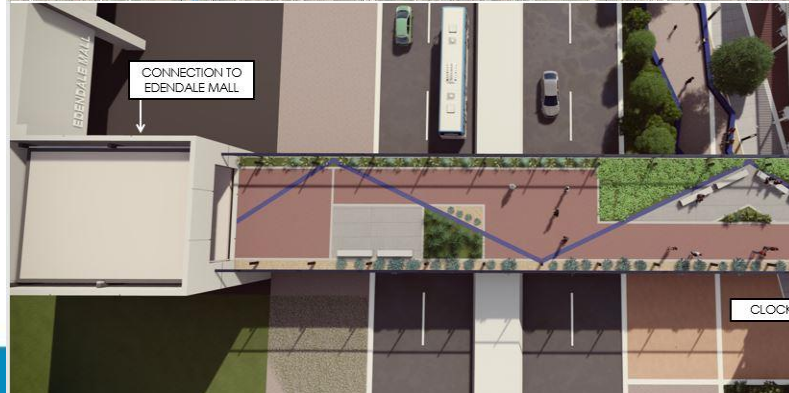
IMPLICATIONS ON SOCIAL AND ECONOMIC DEVELOPMENT OF THE CITY Continues...

Edendale Town Centre Project



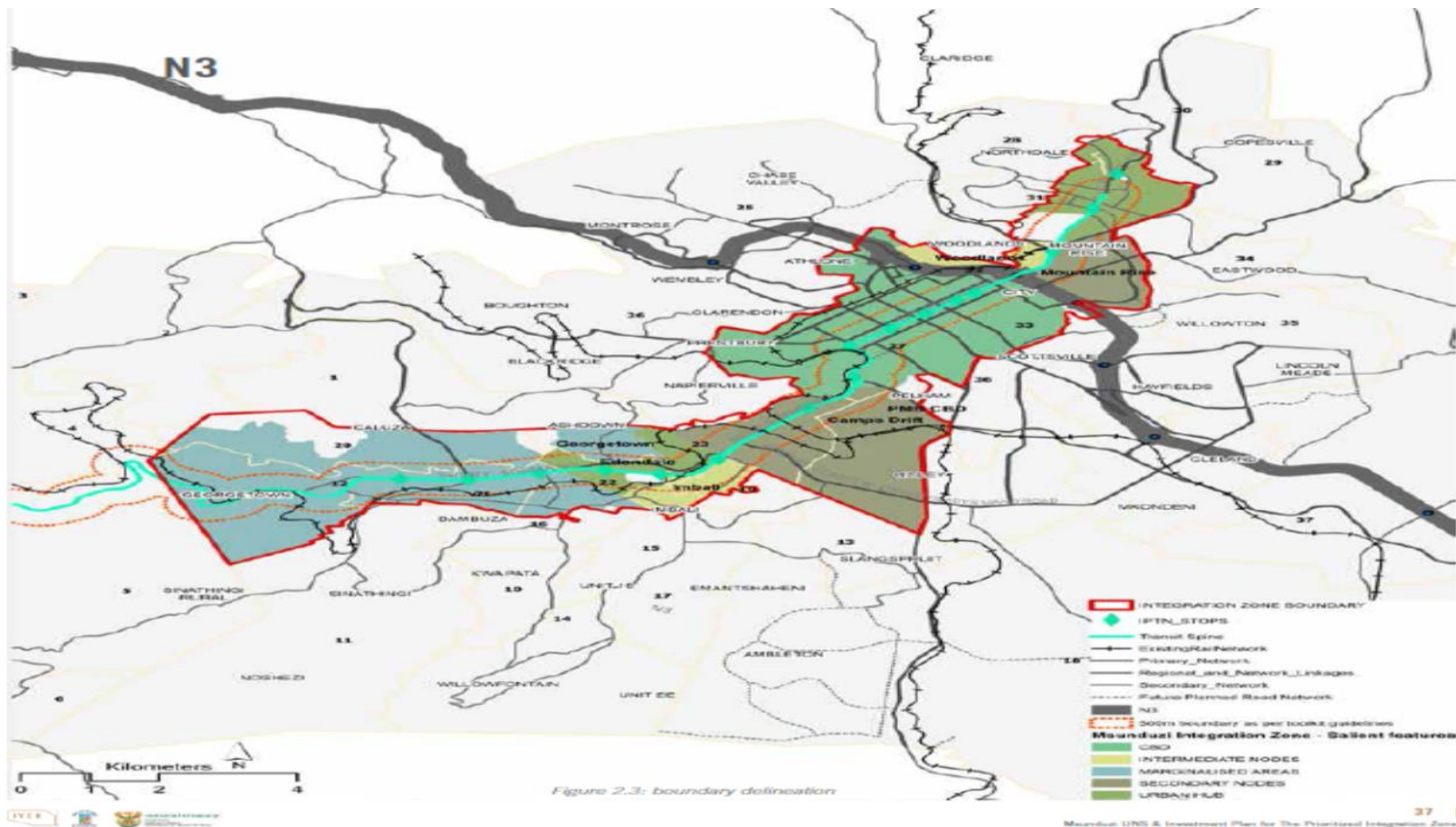
The total GLA for the entire hub is estimated around 80 940m² which is allocated as follows;

- 11718m² for SMME/Informal Sector
- 27878m² for Commercial Formal
- 41345m² for Residential.
- Approximately 699 units at an average unit size of 55m² are proposed within the Hub.



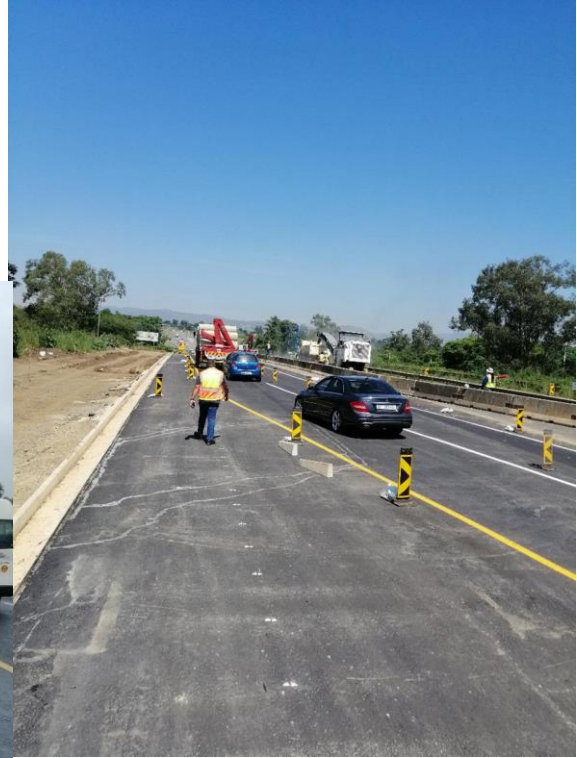
IMPLICATIONS ON SOCIAL AND ECONOMIC DEVELOPMENT OF THE CITY Continues...

Msunduzi Town Centre Project
Integration zone



9. INTERVENTION REQUESTED

- Support for the Municipality to be resuscitated to the grant in order to operationalize phase 1a of the project and implement other phases of the project



WP 2 Southbound mixed traffic lanes



WP 3 joining to WP3



Lanes for resurfacing along Hulamin



WP3



WP4

Thank you