

QUESTION NO 172

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**Mr T W Coetzee (DA) asked the Minister of Transport:**

(1) What are the (a)(i) names of the (aa) local and (bb) international technology suppliers contracted to the Gauteng Freeway Project and (b)(i) names and (ii) ID numbers of the directors of each of these companies;

(2) for each of these (a) local and (b) international companies, (i) what are the conditions of payment by SANRAL, (ii) over what period will these payments take place, (iii) what is the value of the amounts paid on specified dates and (iv) what penalties will be imposed by SANRAL if delivery is not met?

**NW188E**

**REPLY:**

**The Minister of Transport:**

(1) (a) (i) (aa) and (bb) and (b) (i) and (ii)

Tenders for this Project were procured by means of a two-phased approach - a pre-qualification process was used to pre-qualify potential operators and suppliers for an Open Road Tolling (ORT) system and a National Transaction Clearing House. The public tenders were open to local and international service providers. The objective of this process was to determine service providers' technical and operational experience/ ability, as well as their financial strength.

Below is a list of the applicants that pre-qualified for the next stage of the tender process:

## **Packages**

### **Package 1 – Road Side System**

1. Efkon Tecsidel Consortium
2. Electronic Toll Collection Joint Venture
3. Electronic Transaction Consultants Corporation
4. Q-free ASA
5. Thales Transportation Systems

### **Package 2 – ORT Back Office**

1. Efkon, T-Systems ZA and T-Systems ES
2. Electronic Toll Collection Joint Venture
3. Electronic Transaction Consultants Corporation
4. Q-Free ASA
5. Sice

### **Package 3 – Transaction Clearing House**

1. Autostrade, Electronic Transaction Consultants Corporation Joint Venture
2. Bankserv
3. Electronic Toll Collection Joint Venture
4. Marpless Consortium

5. T-Systems ES, T-System ZA

#### **Package 4 – Violation Processing Centre**

1. Autostrade, Electronic Transaction Consultants Corporation Joint Venture
2. Electronic Toll Collection Joint Venture
3. Sice Accenture JV
4. Transcore
5. T-systems ZA, T-Systems ES and Magna FS

#### **Package 5 – Main Contractor**

1. Autostrade Per Italia, Intertoll and Q-Free Consortium
2. Electronic Toll Collection Joint Venture
3. Sanef and Sice Joint Venture

Local and international service providers pre-qualified for different packages (shown above). Following the pre-qualification process for the supply of the equipment, systems including the operations, three main contractors were pre-qualified who had to make up the rest of their team from those service providers that successfully pre-qualified to supply the required equipment and services.

The pre-qualified main contractors were invited to submit tenders in accordance with the project requirements set for the project. The contract model implemented comprised a Design, Build and Operate (DBO) contract (an international contract model that is used in South Africa) in terms of the FIDIC (International Federation of Consulting Engineers) conditions of contract.

The make-up, inclusive of the total team to provide a tender for the ORT project, is shown below.

The South African National Roads Agency Limited (SANRAL) awarded, subsequent to a competitive tender process, the contract to the Electronic Toll Collection Joint Venture. The tender was awarded to ETC who offered a competitive tender, which was more than R2 billion lower than the next offer. This Joint Venture has been incorporated as Electronic Toll Collection Proprietary Limited (ETC), a company incorporated in South Africa. The shareholders of ETC are Kapsch Trafficom AB (a company incorporated in Sweden), Kapsch Trafficom AG (a company incorporated in Austria) and TMT Services and Suppliers Proprietary Limited (a company incorporated in South Africa). ETC, being the South African company, is the party contracted to design, build and operate the system. ETC is the entity with whom SANRAL has contracted to provide the services.

In terms of the tendered rates and in accordance with the specifications provided for in this contract, ETC is compensated accordingly.

The electronic tags were procured through a separate tender process. Following this process, two suppliers are providing tags, namely Q-free (which has incorporated a South African subsidiary) and Kapsch.

The names and identity numbers of the directors of the South African companies are available from the Companies and Intellectual Property Commission.

(2) (a) and (b) (i)

As stated in (1) above, SANRAL has contracted with a company incorporated in South Africa. ETC is compensated in terms of the tendered rates. For various components of the contract, the conditions of payment differ. For the implementation component, the contract document describes the procedure for payment of software development and implementation in accordance with performance requirements. SANRAL uses the international FIDIC conditions of contract DBO contracts that

detail the payment conditions. For operations, the contractor is once again compensated for services delivered in accordance with the tendered prices. There is a schedule of rates that is applied for different scenarios. For example, if the contractor had to handle 85 000 calls in the call centre, compensation will take place in accordance with the tendered rate per 1000 calls in the band between 80 000 and 90 000 calls per month - these are not stand alone items. The contractor has to supply the service in a particular manner and is measured in terms of these key performance indicators (KPI's) that have to be taken into account in the monthly payments. These are additional requirements to ensure quality of service. However, there are additional key performance requirements (KPI's) that will impact on the monthly payment. The contract makes provision for this regime, in order to ensure proper performance by the contractor. To take the example further, the system will measure the time it took to answer each telephone call, as well the number of outstanding queries. In terms of the KPI regime, the payment will be adjusted in accordance with performance. More than a 100 KPI's are considered when the payment certificate is compiled, and an adjustment on payment is made according to the KPI formulas in the tender document. The score is used in the payment methodology to derive the adjustment to the payment certificate (which has an in-built penalty regime) to reflect the Contractor's performance. The adjustments are determined separately for each of the individual components and operating environments related to the ORT, TCH and VPC entities in accordance with the performance criteria stipulated in the contract. The components of the tender were:

- Design & Build: The tenderer had to design and implement all equipment, hardware and software requirements for the ORT system in Gauteng.
- Operations (toll collection): The operational phase comprised three components namely:
  - o ORT roadside, back office, points of presence, systems maintenance and facilities – 8 years operations
  - o Transaction clearing house (TCH) – 5 years of operations
  - o Violation processing centre (VPC) – 5 years of operations

- Asset Replacement: At the end of the ORT operations (8 years), the contractor must replace components of the toll system that have reached the end of their design life.

For each of the performance indicators, the reporting requirements, calculation of scores are provided for in the contract. The performance indicators are prioritised into 'critical' and 'standard' and are allocated to the ORT, THC and VPC operations respectively, to calculate the level of performance being achieved.

(ii)

Payment is only made for actual services delivered and takes place over the duration of the contract, as stated above in the reply to part (i). The contractor may submit an invoice on a monthly basis.

(iii)

The contractor is compensated in terms of actual services provided in accordance with the tendered rate for those services. If no services for a specific pay item are provided, then the contractor will get no payment for the specific pay item. The quantities for each pay item in the schedule of payments are calculated on a monthly basis and are agreed upon between the parties. Adjustments related to performance as described above are made to the payment certificate in terms of the conditions of contract. The payment for each month will be different as a result of the actual services delivered or progress made.

(iv)

Penalties are imposed in terms of the performance criteria as described in part (2) above.

Reply received: March 2012