

PROJECTS AND INFRASTRUCTURE

GAUTENG MEC
ANNOUNCES PLANS
TO FOCUS ON
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On Thursday 20 November, the Member of the Executive Council (MEC) for Finance and Treasury, Barbara Creecy presented her Medium Term Budget Policy Statement for Gauteng, at a sitting of the Gauteng Provincial Legislature. Cliffe Dekker Hofmeyr attended the presentation, which revealed the Gauteng Provincial Government's (GPG's) intention to focus on infrastructure spending, and ensuring efficient and transparent procurement.

The MEC described a financing approach made up of four aspects:

- Maintaining spending on quality services for Gauteng citizenry;
- Increasing spending on infrastructure;
- Eliminating expenditure wastage and corruption; and
- Increasing GPGs own revenue and alternate funding mechanisms.

As part of its move to redirect spending towards infrastructure investment, the GPG intends to spend R32 billion on infrastructure over the medium term. If this is combined with spend in the local sphere of government in the city region, planned expenditure amounts to R94 billion. This allocation is pursuant to the Premier's intended contribution to strategic economic infrastructure investment.

To ensure better planning and co-ordination, between different spheres of government, on infrastructure priorities and spending, the Premier has established the Provincial Infrastructure Coordinating Committee. The Premier's Co-ordinating Forum is currently identifying a list of priority infrastructure projects for development and funding in the city region.

Further, the Gauteng Infrastructure Financing Agency has been formally gazetted and approved as a government component within the Gauteng Provincial Treasury (GPT). The GPT receive additional funding of R25 million for the establishment of a project preparation facility within the Gauteng Infrastructure Financing Agency.

The GPG's investments in infrastructure will be accompanied by increased effort to eliminate wasteful expenditure as a result of cost escalation, project scope changes, lack of planning and poor project management. It is also in the process of launching its pilot open tender process which is aimed at ensuring better fairness in the tender process and improved value for public money.

This pilot process is one of a set of measures that the GPG intends to put in place to promote multi-year infrastructure planning budgeting and implementation.

Open tender process for Gauteng

The Gauteng MEC for Finance Barbara Creecy and Gauteng MEC for Roads and Transport, Mr Ismail Vadi, have announced details of plans to use the upgrade of Cedar Road in the City of Johannesburg as a pilot project for the Province's planned new Open Tender Policy.

In an attempt to improve public (and bidder) confidence in the tender process in the Province, the pilot procurement will incorporate a number of improvements which attempt to increase transparency in the process.

These improvements will include:

- publishing the outcomes of each stage in the tender process on the provincial Treasury's website;
- opening tender boxes publically;
- imprinting of documents to prevent unauthorised switching of documents down the line;
- ensuring that detailed work is done on establishing conditions of contracts, estimated costs of the procured project, and time available, before tenders are advertised – this will ensure that evaluation criteria are correct and do not require amendment in the middle of the tender process;
- appointing independent auditors to audit all tenders with a value greater than R50 million; and
- allowing provincial Treasury to observe in-house departmental tender processes.

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The provincial Treasury also intends to pay closer attention to contract implementation in future. There will be closer monitoring and evaluation of performance of the Province's contractors.

After completion of the pilot project, the Province will draft a Revised Open Tender Policy which will be brought before the Gauteng Executive Council for adoption.

While these measures are welcome, and a positive step, the Gauteng Provincial Government must ensure that the tender process remains efficient and that the increased control mechanisms (such as external audits) do not have the effect of making the process slow and administratively cumbersome. There is also a need for the Gauteng Provincial Government to release carefully thought-through projects into the market, and employ knowledgeable project officers to run these projects.

It is essential that implementation agencies work closely with department officials for whom they are providing services, so that projects released are carefully planned and have the best chance of success.

*Samantha Brener is a Candidate Attorney.
The article was verified by Claire Barclay, Director.*

The image displays three award certificates. The first certificate is from DealMakers, showing the years 2013, 2012, and 2011. For each year, it lists '1st in M&A Deal Flow', '1st in M&A Deal Value', and '1st in Unlisted Deals - Deal Flow'. The second certificate is from Legal Week, titled 'HIGHEST RANKING OF CLIENT SATISFACTION AMONGST AFRICAN FIRMS 2013'. The third certificate is from pmr, stating 'WE SECURED THE REALLY BIG 5' and 'WE ARE THE NO. 1 LAW FIRM FOR CLIENT SERVICE EXCELLENCE FIVE YEARS IN A ROW.' The pmr logo is at the bottom of this certificate.

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