

## LOCAL AUTHORITY NOTICE

### CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

#### **INFORMATION STATEMENT AS CONTEMPLATED IN THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003 REGARDING A CONTRACT THAT THE CITY OF JOHANNESBURG INTENDS TO CONCLUDE IN RESPECT OF PHASE 1B OF ITS REA VAYA BRT PROJECT**

In November 2011, the City in terms of section 33(1)(a)(i)(aa) and (bb) of the Local Government: Municipal Finance Management Act 56 of 2003, read with sections 21 and 21A of the Local Government: Municipal Systems Act 32 of 2000, published an Information Statement summarising the City's obligations in terms of the draft contract that accompanied it. The City still intends to conclude a long-term bus operating contract with the public transport operators who will be adversely affected by the implementation of Phase 1B of the Rea Vaya project, but important changes have been made to the above-mentioned draft contract because the City will now own the buses for about the first half of the contract period and as a consequence of which changes the City deems it expedient to make the amended new draft contract available for comments from the local community.

#### **INFORMATION STATEMENT**

##### BUS OPERATING CONTRACT

#### 1. PURPOSE OF THE CONTRACT

To provide a bus operating service in respect of Phase 1B of the Rea Vaya project and related matters, including bus maintenance and use of a City-owned bus depot. The bus operating contractor will be paid an agreed rate per kilometer to operate the service, but will not be responsible for fare collection or retain any fare revenue. The contract will be performance based with incentives for good performance and penalties for poor performance.

#### 2. PROPOSED TERM OF THE CONTRACT

A maximum period of 12 years is prescribed in section 42(1) of the National Land Transport Act 5 of 2009 ("the NLTA").

#### 3. FINANCIAL IMPLICATIONS OF THE CONTRACT

Preliminary indications are that the costs pertaining to the bus operating contract for Phase 1B could be approximately an average of R171 million per year over a 12 year period depending on the fee per kilometre that will result from the contract to be negotiated with the affected operators.

That could result in a subsidy requirement of about R13 million per annum for the Phase 1B bus operating services, however a commitment is contained in the Division of Revenue Act for the national government to cover such a deficit through the Public Transport Operating Grant. Any deficits resulting from the direct bus operating costs such as fuel, tyres, salaries however will have to be funded from the City's coffers.

Any person who wants to submit comments or representations in respect of the proposed contract, must within 30 (thirty) days after the date of the first public display or publication of this notice lodge such comments or representations in writing with the official designated herein-below. If such person cannot write, he or she may visit the official designated herein-

below (or his nominee), who will assist that person to transcribe such comments or representations:

Copies of the above-mentioned draft Contract and this Information Statement relating thereto will during office hours be available on the Joburg website at [www.joburg.org.za](http://www.joburg.org.za) and will lie for inspection at the following addresses for 30 (thirty) days from the date of first public display or publication hereof:

1. 11th Floor, North Wing, JRA Building  
66 Sauer Street (cnr Jeppe Street)  
Johannesburg  
Fax: 011 870-4611; E-mail: SegalaM@joburg.org.za  
Attention: Mr Segala Malahlela,
2. Ground Floor Foyer, A-Block, Metropolitan Centre, 158 Loveday Street, Braamfontein,
3. Region A: 300 15th Road, Randjiespark, Midrand,
4. Region B: ACA Krans Building, 35 Symonds Road, Auckland Park,
5. Region C: 100 Christiaan de Wet Road, Florida Park,
6. Region D: 1 Koma Road, Jabulani, Soweto,
7. Region E: c/o West Street and Rivonia Road, Sandton,
8. Region F: CJ Cronje Building, 80 Loveday Street, Johannesburg,
9. Region G: Old Corobrick Building, K43 Highway Road, Lenasia,
10. All 92 Municipal Libraries,
11. All Municipal 'Satellite Offices'.

Trevor Fowler  
**CITY MANAGER**  
**CITY OF JOHANNESBURG**