

World Class transport in service of the nation: The case of Gautrain

Skills development for Infrastructure

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ACRONYMS

ASGISA	Accelerated and Shared Growth Initiative
AET	Adult Education and Training
FET	Further Education and Training College
PPP	Public-Private Partnership
SAQA	South African Qualifications Authority
TVET	Technical and Vocational Education and Training

1. INTRODUCTION

Massive infrastructural projects already undertaken provide insight into the changing and dynamic nature of the changing priorities of government over time. While the objectives remain relevant, the extent and manner in which they are realised becomes particularly important for effective learning to take place. The MEC of finance at the time provides insight into the national import of the projects despite its provincial location:

Gautrain is a turnkey project that will not only change the face of Gauteng but also increase the Province's competitive edge. It is a flagship public transport project of national significance that will result in the transformation of public transport. It will further contribute to the meeting the objectives of Government such as BBBEE, SMME development, empowerment of women, job creation, economic development and promotion of business tourism.¹

The project was therefore located as key to national social and economic development and a signal of what South Africa was capable as a 'world class' city able to respond to an international agenda for competitiveness. Whether this translated into real developmental outcomes, has however, still to be assessed. With regard to skills development, the skills developed over the course of construction and maintenance have been utilised, but its sustainable use is subject to question. The fact that further development of the project cannot happen outside the framework of a comprehensive transport and spatial development plan is clearly to be lauded, but one is left wondering whether construction ought to have happened before the development of the plan. It was built at the time of immense jubilation and nostalgia in a country overwhelmed by staging of the first ever football World Cup in Africa. The developmental impact has, nevertheless, still to be evaluated.

¹ Statement issued on behalf of: MEC Ignatius Jacobs MEC: Gauteng Department of Public Transport, Roads & Works - See more at: <http://www.gautrain.co.za/newsroom/2005/11/gautrain-national-significance/#sthash.e98o4txV.dpuf>

2. METHODOLOGY

Fieldwork was undertaken in the period 3rd -14th November 2014. From an initial base of four interviews arranged with the executive, two interviews with key staff at the Gautrain Management Agency (GMA) was undertaken, supplemented by an interview with two members of the Construction Industry Development Board (CIDB) and a senior project manager at the contractor (Murray and Roberts). The table below captures the key respondents

Table 1: Overview of Respondents: Fieldwork

Date	Organisation	Person/s interviewed and designation	Remarks comments
	GMA	Consultant	
	GMA	Consultant	
08.12.2014	Murray and Roberts	Craig Lawrence	
13.12.2014	CIDB (Construction Industry Development Board)		

This was supplemented by an extensive documentary analysis both from the websites of the Gautrain Management Agency (GMA) and the **BOMBELA** Consortium, the entity awarded implementing responsibility for the project (referred to as the implementing partner). This was complemented by information taken from the popular press.

2.1. DOCUMENTING THE 'SHILOWA EXPRESS'

Information from interviews provided the primary data source. This was supplemented by marketing information in particular, a 2011 publication, *Gautrain: For People on the Move* (First Ed. 2011²), written by Ingrid Jensen on behalf of the Gautrain Management Agency. The publication won the 2012 Gold Quill Award by the International Association of Business Communicators) was particularly valuable resource.

Because the project is a high-profile infrastructural initiative, even at the time of its initial conceptualization and launch, it invited significant public interest and had widespread national press coverage. These records have been used extensively in the report to document

² A copy of this impressive publication was provided to the researcher, with an initial print run of 1000 undertaken.

the kinds of commitments made and the results of these, where they have been available. Initially referred to as the *'Shilowa Express'*, after the spirited support and enthusiastic backing of the Gauteng Premier to the project. This meant that the debate in the public space was both robust and the project was given considerable attention locally, regionally and nationally. The expansive coverage also meant that the earlier on in the project, much attention was given to Public Relations, with the project being in the public almost every step of the way. This allowed parts of this report to refer to the extensive local press coverage-which forms a significant record of this report.

2.2 THE CIDB INITIATIVE

An associated recent development as part of skills development large infrastructural projects is a Construction Industry Development Board (COIDB) initiative which intends to gazette and publish a 'Best Practise Standard for developing Skills through Infrastructure Contracts'. This is expected to define a 'best practise' for developing skills through infrastructural projects. The initiative comes out of an earlier discussion document (CIDB, 2007) which makes a series of recommendations for the responding to the skills challenge using infrastructure projects. That document recommends the establishment of best practise intended to, "procurement strategies that enhance skills development' (CIDB, 2007:12) in responding to the widely touted skills shortage experienced by the industry at the time of the Gautrain and infrastructure spend in the mid-2000s, when the government spend was expected to R372 billion.

The draft regulations still to be gazetted includes a range of 'minimum contract skills development goals' intended to occupational and trade qualifications, a national diploma and registration in a professional category. Designed to be applied for projects with a duration of 12 months or more, with a contract value equal to and exceeding R2 million (for professional services or service contracts) or R40 million in the case of engineering and construction works. The Gazette is deigned to establish, "...methods by which the (skills) performance indicator is measured, quantified and verified.in the performance of the contract' (proposed Gazette dated 08.08.2013).

The various proposals, however, have little to do with establishing the skills ecosystem, focussed as they are on quantitative numbers of skills developed per project. As the cover letter points out, the proposal for 0.25% of tender value of Civil Contracts and 0.5% of

tender value for general Building contracts is expected to “...translate to around R280 million spend on workplace training per year, and 3000 learning opportunities”,. The professional services contract is expected to is expected to translate into 400 learning opportunities per year.

3. GAUTRAIN: AN OVERVIEW

The Gautrain project is a component of the integrated transport system. As the transport MEC pointed out in a press statement:

With a range of strategic economic infrastructure projects like Gautrain concluded and underway, the priority remains the strengthening of Gauteng’s integrated transport system.... It is essential that we get this system right. It should make public transport more accessible, convenient and affordable and reduce traveling times as well as provide spin-offs that will lead to further investment in public transport. ³

As a component of a comprehensive Gauteng public transport system incorporating a network of alternative public transport mechanisms expected to be piloted in 2009, it will include all subsidized public transport services, the municipal bus operators such as *Metrobus* and Pretoria City Transport, the proposed new Bus Rapid Transit Systems (BRT)⁴ for Johannesburg and Tshwane, Gautrain and its bus feeder systems and the Wits and Tshwane Metrorail services.

The project intended to provide a safe, efficient and reliable service to commuters in Gauteng. The project is a Public-Private Partnership (PPP), between Government and the Private sector, and includes a 15-year maintenance and operating period after construction, of 5 years after initial signing of contract. Undertaken by the Gauteng Province with a range of government entities involved including the National Treasury, the construction and operating responsibility was awarded to the Bombela Concession Company. The consortium consisted initially of Bombardier, Bouygues Travaux Publics, Murray & Roberts and Strategic Partners Group. The operations will be led by RATP Développement (the transit operator responsible for public transport in développement (the transit operator responsible for public transport in Paris and its surroundings) in partnership with SPG and Murray & Roberts.

Key features of the project are indicated in the brochure recounted below:

³ http://www.gautrain.co.za/newsroom/2014/10/transaction-advisors-for-proposed-gauteng-rail-extensions-appointed/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+Gautrain-Newsroom+%28Gautrain%27s+Newsroom%29

⁴ The quite vehement agitation by taxi drivers against the introduction of the BRT in Johannesburg, almost according to one respondent threatened to derail the entire integrated transport ideal.

Figure 1: Gautrain facts at a glance

- 20-year Concession period.
- 80 km of railway lines; 15 km underground.
- 10 Stations linking Johannesburg, Tshwane and O.R. Tambo International Airport (ORTIA).
- 24 Trains with four train coaches each will transport at least 130,000 expected passengers per day at opening of the system.
- Trains will travel at speeds of up to 160 km/h.
- Travel time: 42 minutes for Johannesburg-Tshwane; 15 minutes for Sandton-ORTIA.
- About 36 dedicated bus routes will be available at the stations.
- 125 Buses will operate on 430 km Gautrain bus routes.

Source: (Gautrain Management Agency (GMA), 2014, p. 4)

3.1. FROM INCEPTION TO REALITY

The official brochure of the Gautrain project traces its origins to the very first post-Apartheid Provincial government. Interest in the trains was expressed by the then Gauteng Premier, Tokyo Sexwale, who on a visit to Germany where he was reported to have said to Siemens that he wanted to ‘buy a train’ (GMA, 2011:16). This was followed by a visit undertaken to Bavaria (Germany) as part of a twinning agreement between Gauteng and various cities who agreed to co-operate in different fields such as culture and education, where transport (was) also identified as an important issue of co-operation” (GMA:2011,16). The city agreed to undertake a pre-feasibility study into transport infrastructure in Gauteng. This was completed in September 1999, with *Dorsch Konsult*, the company tasked with this responsibility pointing out that a ‘rapid rail train was viable, but unfunded’ (GMA, 17).The study suggested that a ‘more comprehensive feasibility study was necessary and justified’ (*ibid*).

In February 2000, The Gauteng Provincial Government formally announced the decision to build Gautrain as a ‘a new rapid rail system’. The network would link Johannesburg, Pretoria and the (then) Johannesburg International Airport (the current OR Tambo international). This followed a pre-feasibility study completed in 1999. The conceptualisation report was presented to Gauteng Cabinet in June, 2000.

That year saw the key features of the project come to be realised. This included:

- The appointment of a **team of technical consultants** to assist the Gauteng Department of Public Transport, Roads and Works.
- Establishment of a **Political committee** of three MECs whose task was to enable ‘political buy-in’
- Establish the project as a **Public-Private Partnership (PPP)** in terms of the Public Finance Management Act (PFMA).

(Gautrain Management Agency, 2011)

The initial international input into the feasibility of the project was followed by considerable international engagement and involvement. From the outset, there was considerable international engagement in this ‘globally competitive project in a developing country’ (ibid, p.3). Thus Kagiso Financial Services, the entity responsible for financial feasibility was assisted by Rothchilds and the expertise of the PUK (the PPP unit of the British Government) was sought in driving through this project. This was in addition to the various visits undertaken by a range of political and technical personnel involved in the project.

3.2. GAUTRAIN AND GAUTENG DEVELOPMENT

As a project of the Gauteng Province, the Gautrain was a high profile infrastructural project that seemed to embody developmental objectives to which the South African state aspired. The Gauteng Provincial Government was the key entity involved in driving the project from its inception in 1999 to its finality. As the PR brochure points out,

...it was because of the foresight, steadfastness and commitment of government
 ...which made the made the project – initially scorned by some-a reality

(Gautrain Management Agency, 2011, p. 2)

Although the province makes up only 1.42% of South Africa’s land area, it comprises 23.7% of the country’s population (12.27 million people).importantly as the economic hub of the country, and indeed represents a leading economic centre in Africa. It accounts for 48% of employee remuneration, 33.7% of the South Africa’s GDP. In keeping with its leading African role, the fact that it makes up almost 10% of Africa’s GDP was emphasises in many public relations material. Its population density of 675 people per square kilometre and potentially increases meant that a project of this nature was likely to be eagerly awaited and in demand, which would secure its financial feasibility.

3.3. GAUTRAIN AS A SPATIAL DEVELOPMENT INITIATIVE

Gautrain became one of the ten Spatial Development Initiatives (SDI) projects of the Gauteng Province. SDI projects have as one of their goals to stimulate economic growth in the Province and provide employment opportunities. Other SDI projects include the Johannesburg International Airport Economic Zone, the Innovation Hub of the CSIR and the University of Pretoria, and the Automotive Cluster north of Pretoria. It was considered an explicit policy of Government to actively promote public transport and legislation, "...before Parliament puts an obligation on all levels of Government to promote public transport."

It was clear that the project was touted as much more than a transport project, although utilitarian mobility concerns were expressed. The Premier, Mbhazima Shilowa, pointed out the immediate needs of the project in light of the forthcoming World Cup (2010) to be held in the country and the very real possibility of the airport-city rail link being an opportunity to showcase the development of the country, outside of the very immediate concerns of transporting those from outside to getting to the stadiums. Thus it was pointed out optimistically by the Premier that the

...project will not only resolve many of the transportation problems in the areas it serves, but will also stimulate economic growth, development and job creation. It will also transport tourists, spectators and participants to the 2010 Soccer World Cup events in Gauteng. It will be a facility and service that will be to the benefit of all the people of Gauteng⁵

At the speech to announce the preferred bidder for the project the following Provincial objectives were identified by the Premier on 2nd July 2005 as part of the larger economic development initiatives underway:

1. To **stimulate economic growth**, development and job creation
2. To **alleviate severe traffic congestion** in the Tshwane – Johannesburg corridor
3. To achieve the Province's goals with SMEs, tourism, BEE, etc.
4. To promote the **use of public transport**
5. To improve the **image of public transport** and attract more car users to public transport
6. To promote business tourism through the link between Sandton and JIA
7. To significantly contribute towards urban restructuring, shortening of travel distances and **improving city sustainability**
8. To provide a link(s) to the Tshwane Ring Rail Project – linking Mamelodi, Atteridgeville, Soshanguve and Mabopane

⁵ Cited in <<http://www.gautrain.co.za/newsroom/2003/03/gauteng-provincial-government/#sthash.1F9GW2bz.dpuf>>

9. To stimulate the **renovation and upliftment of the Johannesburg and Tshwane CBDs**

10. To link the main economic nodes in Gauteng with JIA

11. To comprise a holistic transport plan and network for Gauteng

Speech by Premier Mbhazima Shilowa, 2nd July 2005⁶

It is significant that as the project gained momentum, the range of objections steadily gained momentum, albeit in academic and left-wing circles. In particular, although the goal of establishing an efficient network was still important, the focus on the ‘image of the transport network’ is also now considered significant. Thus while the links the airport with the city is again emphasised, the issue of how the cities sustainability could be improved (see 7 above).

The feasibility study conducted by the national treasury in July 2001 provided the justification of its development. There was no real reason for the project to be rejected. It was found that the project would contribute about one per cent to Gross product of Gauteng. Gautrain also complied with the ‘minimum economic efficiency and effectiveness criteria when viewed as a whole’ (*ibid*, p. 26). The transport benefits included saving ‘585 000 vehicle kilometres per day, lower traffic congestion, total accident cost savings and that it would save R3845 million per year in vehicle operating costs by the year 2030 (at 2003 values).

Key to the go ahead of the project was the widely reported social benefits offered by the project. It was therefore, not unusual to find that social development targets and achievements were foregrounded. Thus a 2008 SED brochure makes the following bold claims.

Figure 2: Snapshot on progress of SED achievements recorded

⁶ Cited at, <<http://www.gautrain.co.za/newsroom/2005/07/speech-by-premier-shilowa/#sthash.gcit8XQE.dpuf>>

Progress thus far

Jobs created

- 11 700 direct jobs
- 63 200 direct, indirect and induced jobs
- Companies benefited include:
 - 260 BEEs (R1 900 million)
 - 90 New BEEs (R800 million)
 - 230 SMMEs (R600 million)

Training

- 10 400 courses for unskilled/semi-skilled staff
- 1 250 courses for management

Source: (Gautrain Management Agency (GMA), 2014, p. 2)

The social development objectives become more and more important and become articulated more effectively as the project proceeded - most likely the product of the critiques expressed. The inclusion of 'renovation and upliftment' as an articulated objective, in addition to the initial goal of stimulating 'economic growth, development and job creation', was clearly a response to the criticisms identified. It was likely that the groundswell of opinion had to be contained to ensure that the project proceeded unhindered.

3.4. OPERATIONALISING GAUTRAIN

The project was formally given the go-ahead after the 'Request for Prequalification' (RFQ) went public on 25th February 2002. The purpose of the RFQ is to enable Government to establish a short list of Prequalified Bidders who were 'experienced', 'able' and 'committed' and to assess whether they would be able to 'meet the technical, financial and other requirements considered necessary for the successful bidder'⁷.

The following five broad criteria to be used in the evaluation of the RFQ responses. They include:

⁷ Government Media release, March, 30 2003, < <http://www.gautrain.co.za/newsroom/2003/03/two-consortia-successfully-prequalify/#sthash.4g23nheU.dpuf>>

- Respondent capability and strength;
- Government’s socio-economic and development objectives, including matters such as Black Economic Empowerment, the promotion of Small and Medium Enterprises, and the promotion of local content;
- Deliverability;
- Project awareness; and
- Other general issues (sic)

The importance of socio-economic development was clearly an important criteria to enable the project to proceed.

Ten responses to this request were received. Initial responses comprised almost 18.5 cubic metres of documents that reportedly filled a 10 ton truck and took many hours to off-load. The announcement of two consortia pre-qualified to participate after an arduous process of elimination and qualification. They were the Bombela and Gaudiwe Consortiums who were required to develop a comprehensive tender. The participants in each of the consortiums are indicated below, indicating a mix between international and national partners who were involved in the bid.

Bidder A	Bidder B
Bombela Consortium	Gaudiwe Consortium
<p>This consortium consisted of:</p> <ul style="list-style-type: none"> • Bombardier Transportation: Major French owned international rolling stock manufacturer (provider of trains and other railway infrastructure) and the lead member of the Consortium. • Bouygues Travaux Publics - A French contractor referred to as, ‘one of the world’s largest international contractors.’ <p>Three of the largest South African Civil Engineering Construction Companies.</p> <ul style="list-style-type: none"> • Basil Read (Pty) Ltd • Concor Holdings (Pty) Ltd • Murray & Roberts Limited <ul style="list-style-type: none"> • RATP International – The operator of the Metro and commuter railways in Paris, France. 	<p>This consortium consists of:</p> <ul style="list-style-type: none"> • Alstom (Pty) Ltd – a major French international rolling stock manufacturer, provider of trains and electrical and mechanical railway infrastructure – LEAD MEMBER of the CONSORTIUM • Dragados Concesiones, a leading civil contractor from Spain. • Grinaker-LTA - One of the largest civil-construction companies in South Africa. A large SA Civil contractor • Siemens – One of the major international suppliers to the rail industry.

The Premier pointed out that,

We are very satisfied with the two consortia that prequalified. They have three of the world's best and largest train and railway infrastructure companies involved, some of the largest and best international and South African construction companies and some of the best train operating companies in the world. Both these consortia met all the prequalification requirements and have the experience and ability to successfully design, finance, build, operate and maintain the Gautrain Rapid Rail Link⁸.

Each of the consortiums was required to secure the services of banks and funding organisations, empowerment companies, consulting engineers and other advisors. On 2nd July 2005, the preferred bidder, Bombela Consortium, was announced at a special press conference.⁹ Negotiations were finally concluded, after the official announcement of construction announced on 28th September 2006 (early work had already commenced early that year).

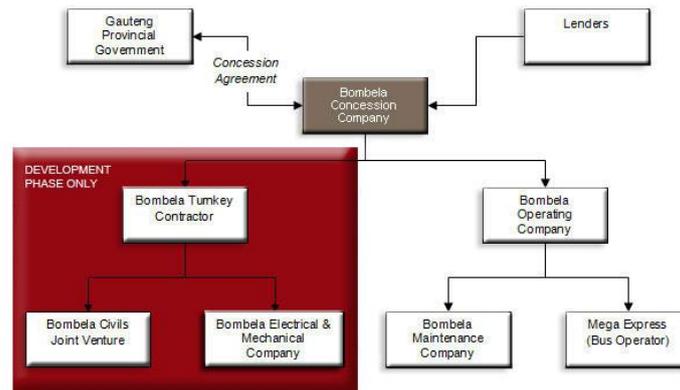
Procurement procedure in large projects requires the developer to fund the preparing their final bids. The contract was awarded to the Bombela Concession Company for a five (5) year construction period followed by a fifteen (15) year maintenance contract.

Concession obligations by the Bombela Concession Company were implemented through a range of contractual relationships. The primary contract was the Concession Agreement between Bombela and the Gauteng Provincial Government. Financing was managed through funding agreements with the lender banks, Standard Bank of South Africa and Rand Merchant Bank through the agent bank, Nedbank. Bombela was also contracted with specialised entities to deliver the design, build and operate portions of the Gautrain system. The Contractual structure of the concession structure is indicated in Figure 3:

Figure 3: Bombela Concessionaire: Structure

⁸ Media release, March 30, 2003, downloaded from <<http://www.gautrain.co.za/newsroom/2003/03/two-consortia-successfully-prequalify/#sthash.4g23nheU.dpuf>>

⁹ SPEECH BY PREMIER MBHAZIMA SHILOWA, 02 JULY 2005, cited at, <<http://www.gautrain.co.za/newsroom/2005/07/speech-by-premier-shilowa/#sthash.gcit8XQE.dpuf>>



Cited from <<http://www.bombela.com/implementation.asp>>

The first part of the project commenced on 5th June 2010 with the routes between the airport and Sandton becoming operation. A year later on 2nd August 2011, the first commercial took place.

3.5. POLITICAL BUY-IN (AND OPPOSITION)

The project established a ‘Gautrain Political Committee’ at a special meeting of Gauteng Provincial Government on 29th August 2001. It was directed at ensuring that the ‘technical and political imperatives were respected as the project proceeded. This reflected a much more hands on political leadership of the project. At inception, the MEC of finance become the chair, accompanied by MECs of Local Government and Public Transport. Others include the DG of the province, the Provincial Treasurer, the Premiers legal advisor and the Project Leader, Mr Jack van der Merwe. Key responsibilities included inter alia

- Ensuring good and sound management of the project
- Approving procurement processes
- Monitoring processes and milestones
- Overseeing the marketing and public relations processes around the project
(Gautrain Management Agency, 2011, p. 32)

It was evident that the committee at the highest level of the province had ‘full delegated powers to take the political leadership (*ibid*, p. 30). It was also evident that there was a possible disjuncture in government as regards the project with some in the national government openly hostile to the project.

The Chairman of Parliament’s Transport Portfolio Committee, Jeremy Cronin was against the project and argued that the excessive cost (at R 29 million) was not justified. As an

ardent adversary of the project, he was reported as saying that, “Yes, the construction of the Gautrain system is now well under way and I have no intention of waging a rearguard struggle against it. I wish it well, and the best of luck... it will need it.”¹⁰

3.6. COST MATTERS

The project was lead and coordinated by the Gauteng Department of Transport and Public Works, the Department of Finance and Economic Development (responsible for the SDI Projects), with active involvement and support of the Premier’s Office. The Head of the Department, Mr. Jack van der Merwe, lead the project.

One report, quoting a parliamentarian, pointed out that in the local press¹¹ estimated that the total cost of the project would be R 35 billion. It points out,

When (it was) first mooted in 2002, the total cost was a tenth of the latest estimate: R3.5 billion to R4 billion. A year later, the projected cost stood at R7 billion and in 2005 officials said the new total was R20 billion.

It was clear that the R25.2bn official all-in figure was likely to be revised. It was more accurately around R 29 billion. However, the Gautrain project leader Jack van der Merwe, who insisted that the. “...figure is R25.2bn and not a cent more, nevertheless concedes it can rise if CPIX exceeds government inflation targets.” Van der Merwe explained on 17 March 2009 that the project is exposed to escalation costs linked to the consumer price index. This meant that the [R25.2 billion] price could rise only if CPIX, the consumer inflation rate excluding mortgage costs, rose above the Reserve Bank’s target. One economist estimated that the CPIX inflation was currently close to 9% – 3% above the upper limit of the Reserve Bank’s inflation target. This meant that the CPIX, construction costs will increase by about R250 million [a year], which means that the project may end up costing about R30 billion.”¹²...the R5 billion differences would have to be met by the government.

As a Public-Private Partnership (PPP) project, the national treasury stands as surety for 50% of the costs, but it would need to be borne by the Gauteng Province.

¹⁰ <http://www.railwaysafrica.com/blog/2008/03/28/gautrain-cpix/#sthash.sF8CDKHt.dpuf>

¹¹ <http://www.railwaysafrica.com/blog/2008/04/04/%e2%80%9cgautrain-cost-now-r35bn%e2%80%9d/#sthash.uZXq36Yu.dpuf>

¹² <http://www.railwaysafrica.com/blog/2008/03/28/gautrain-cpix/#sthash.sF8CDKHt.dpuf>

Gautrain also provided the basis for the rise in profitability of key South African construction conglomerate. A report in local press¹³ pointed out that, Murray and Roberts, the big construction group, was reportedly ‘surging ahead on the strength of its part in the Gautrain project and other large schemes, such as those connected with preparations for the 2010 Soccer World Cup.’ The group expected headline earnings per share (EPS) for the year to end-June 2007 to rise between 70 and 80% above adjusted headline EPS for the comparable period in 2006. The project order book at the end of March 2007 increased to R17.5 billion rand from R15 billion at end-2006 and R10 billion at end-June 2006, with shares in the group reaching a year high of R79 per share in July 2007.

3.7. CRITICAL INSIGHTS AND NOISES OUTSIDE OF THE DISCOURSE

The project has been consistently challenged on the basis of its ability to respond to the national development objectives which suggest that it was not consistent with the development trajectory of the country. Even at the time of its launching a member of the ruling party was quoted as saying that it was a “...sleek, fast, luxurious and state-of-the-art train as an "elitist" mode of transport.”¹⁴ One report brazenly points to the primary target market being those who ‘own cars and the claim that it will not compete with existing transport form and target market¹⁵

It has been criticized as being, “... a creation of a neo-apartheid spatial structure, based on socioeconomic class that is inherently coupled to race. That the project has been the object of criticism from such a varied constituency, including the middle as well as the working classes. The sheer costs involved as well as the relatively small numbers of passengers have certainly deflated the train’s symbolic salience. In fact, the risk may well be that the Gautrain becomes a symbol not only of modernity and affluence, by class based exclusion, if it ultimately essentially transits the suburban middle class. (Donaldson & van der Westhuizen , 2011, p. 690)

They argue that one of the biggest challenges in post-Apartheid was the ‘spatial outcomes of apartheid’- the spatial segregation of residential areas based on race, language and class, with black townships most disadvantaged by being located on the periphery of the cities. The act that racially determined planning resulted in ‘South African cities ...e characterized

¹³ GAUTRAIN PUSHES UP M&R, August 5, 2007, cited in <<http://www.railwaysafrica.com/blog/2007/08/05/gautrain-pushes-up-mr/#sthash.punkFx1J.dpuf>>

¹⁴ Cited in, http://www.sowetanlive.co.za/columnists/2011/08/10/no-go-for-poor-on-gautrain?filter=all_comments”, The Soweton, 10 Aug.2010,

¹⁵ Cited in< http://www.mofep.gov.gh/sites/default/files/docs/pid/pfa_ppp_presentation_2009_13.pdf

by low-density sprawl, fragmentation and separation, all of which contributed to the dysfunctional structure, where privilege was racially determined” (Donaldson and van der Merwe, 2000). Spatial re-organisation was clearly an articulated goal of the project with the objective of the project being to restructure the apartheid city, as an urban form, creating a corridor of development around the railway and establish a good mix of land use within this corridor (ibid, p. 683).

The not inconsiderable voices of those that opposed the Gautrain was based on the view that it was not likely to accrue the developmental benefits promised. Key to the criticism was the view that as social development project, the promised benefits were not only far less real but that the project offered little direct benefits to the poor and vulnerable and that it reinforced current inequalities, directed as it was to the ‘car owning’ and ‘jet setting’ component of the society. Clearly, it had responded to the two nation (and economies) thesis advanced by Thabo Mbeki at the time, and reinforced by the GEAR strategy.

It was less the utilitarian objectives of the project that was considered most problematic than its relationship with espoused developmental objectives. Connecting the cities and enabling access between them and the airport was expected to benefit only a small section of society. Thus as these dissenting voices grew, the need for ensuring that the social benefits were emphasised was expanded and the socio-economic benefits to the Gauteng economy which would have spin-off effects for the poor.

Clearly, the fact that the project was undertaken outside of a comprehensive transport strategy in place suggested that it was more difficult to legitimately, and credibly, justify. It was evident that the primary aim of the project was to reduce congestion on the Pretoria-Johannesburg highway and to link the airport to these hubs, using a ‘world competitiveness agenda’ in the discourse of its establishment.

3.7.1 GAUTRAIN FOR THE POOR

The Minister of Transport took great pains to allay fears that it might be perceived as an elitist transport system prompting out that it was a mass transport system that would cater for workers, and business people, civil servants and scholars, shoppers and leisure seekers to get them where they want to be, safely, securely and affordably. In short, the Gautrain was essentially designed to respond to a particular node of society that was less vulnerable

and largely in the economic mainstream of the economy, while leaving out the large proportion of those that were not in the economic mainstream.

The overwhelming evidence suggests that a transport network is unlikely to have any lasting benefits to the poor directly. There is consensus that the poor anywhere in the world cannot afford to use metros and that jobs are created during construction but not thereafter, and that metros will increase land prices near stations leading to a displacement of the poor, especially from the inner city (Fox, 2000). The extent will the poor benefit from the project is therefore subject to intense debate.

It was evident that early origins of the project suggest that the Gauteng Provincial Executive when faced with a surplus budget deficit had two choices, “-to spend the money on social projects in line with current budget spending at the time or spend the money on long-term projects which would create economic growth, development and jobs. They chose the latter” (Jensen, 17).

Indeed, the initial concern from the Gautrans inception report pointed out that the rapid rail link was directed at current car owners and users. It pointed out that “... it is possible that there may be some opposition from people who may be against the market focus, as it is not solely targeted at the poor. The fact remains that the poor will continue to suffer unless the public transport system is improved (www.gautrain.co.za, 2002). The question of how the poor would benefit in this way, had not been clarified, except in ways that suggested that the large infrastructural spend would provide a significant boost to jobs in the province.

The project based on the National Transport Act, which is essentially a product of the Growth, Employment and redistribution strategy (GEAR) strategy, now discredited as being overly market focussed. Under spell of a neoliberal ethos, the policy made it clear that public transport was a ‘commercial’ rather than a social service. The mobility-related exclusion notwithstanding the reality that the project could hardly be considered a socially responsible one in line with the development trajectory of South Africa and in light of the vast socio-economic challenges facing the country, it must rank as somewhat problematic for those trying to reconcile the developmental path that was being followed by the project.

The relationship between the development of Gautrain and the rationalization of transport network has been criticized on the basis of the quite considerable cost of travelling on the train. Indeed, it was designed to respond to the employed and more affluent section of the

population. Even at the time, the Party's spokesperson, Dumisa Ntuli, referred to the project disparagingly as elitist and inappropriate¹⁶.

Clearly while the costs of the transport was unlikely to be afforded by the poorer sections of the community, the major benefit was its likely benefit to communities that were likely to benefit as a result of the spatial corridors that were to be traversed. This, in addition to the employment creation possibilities that the project promised, reported to be in the region of 18 000 people (Donaldson & van der Westhuizen , 2011).

3.7.2 GAUTRAIN AS POLITICAL SYMBOLISM

While the utilitarian value of the **Gautrain** project is described in utilitarian terms, there was an underpinning discourse by political players that the project was designed to catapult South Africa into a global player. Indeed, the notion of 'world class' was repeatedly touted on public sentiments. The establishment of a 'world class facility to enable Gauteng to be in the global space was everywhere evident.

The advantage of the **Gautrain** in providing a 'dedicated service' for local and international air travel, between the airport and Sandton was everywhere evident as Gauteng sight to attain 'international recognition' as a city of choice in Africa and the developing world in line with the likes of Singapore, London and Paris. As Africa's first high speed train, Ignatius Jacobs (the then MEC for Transport in the Province) made the point that it was intended "to be what Amsterdam, London and Japan represented: diversity, multiple languages and a fusion of culture and art' consistent with the Gauteng aim of being known as "the African global city' (Donaldson & van der Westhuizen , 2011, p. 39). The Gautrain ideal become enmeshed in the dream of being a 'global leader' in Africa. The service more than ever would bring Gauteng in line with international trend to link airports and cities by rail. The 'world-class' rapid rail transport (Radebe, 2006), whilst pursuing international best practise, was to be undertaken under a shared funding arrangement referred to as a Public Private Partnership¹⁷ (Shilowa, 2006). As a 'world class city', the need for the 'first high-speed train' was, therefore, not unrelated to South Africa's aspirations to become acknowledged as the leader in Africa and a spokesperson of the developing world (ibid.)

¹⁶ Cited in, http://www.sowetanlive.co.za/columnists/2011/08/10/no-go-for-poor-on-gautrain?filter=all_comments, Soweton, Aug.,10 2010,

¹⁷ This was widely touted as being a neoliberal perspective on service provision and reduced government responsibility for key services.

Indeed, the logo was expected to fulfil this objective. The golden arc that grounds the logo represented the ‘richness of the Gauteng land and ‘exudes world class status (Jo’burg, 2006). More significantly, the gold train, represented the 19th century gold rush with a ‘powerful design to encapsulate all that the Gautrain has to offer: speed, efficiency and futuristic world class design.

The megaproject is primarily targeted towards the suburban middle class who will not be living near the stations, while the poor may live next to stations providing services they are unable to afford... (Donaldson & van der Westhuizen , 2011, p. 694)

They argue that the ‘significance of the megaproject ...also needs to be understood in terms of the political symbolic significance, as it ‘underlines notions of ‘speed, efficiency and most of all, the modernity which underlies South Africa’s ascendance as the leading African state (ibid.)

3.8. OTHER RAPID RAIL NETWORKS: LESSONS FROM AFAR

There is evidence to suggest that mass rail transport needs to be undertaken within a framework that requires a well-articulated urban development strategy. Tang, for instance, points out that, “... The viability and sustainability of mass transit railways depend very much on accompanying transport policies and land development strategies (p. 563). There is a need for policies that, “...recognize the imperfect nature of the public transport market and the need to put in place a certain degree of regulation over public transport services with an aim to reach a good balance between the extremes of monopolistic abuse and excessive, undesirable competition (Tang, 2008: 575). This is clearly a lesson that has been learnt.

The Hong Kong experience of low-car dependence, despite relatively high levels of affluence (its GDP equivalent to that of the UK), provides an insightful lesson in transport planning. It was determined, for instance, that the low-car dependence and reliance on mass rapid rail transport, had less to do with its population density than a concerted government policy directed at ensuring that public transport is both available and cost-effective. According to this view:

Strict controls on parking and the high costs of motoring together with the prevalence of convenient and cheap public transport are policies which have been purposely implemented by the Hong Kong government to suppress the demand for private transport (Cullinane, 2003, p. 33)

It was found that, “...transport policies, rather than population density, are mainly responsible for the low levels of car ownership and use.’ The system is characterised by high levels of public transport frequencies and availability of considerable options which is associated with a “turn up and go” mentality. Fares are also generally low enough to afford, which makes the system both efficient and cost-effective. The wide base of transport modes available to commuters makes the system easy to use. Importantly, the system was entirely state-owned at inception. Only in 2000 was 20% of the system privatised, which helped to ensure that the system was able to respond to the developmental needs of commuters and maintain its affordability¹⁸. Thus even though the bus system is franchised and privatised, it is not able to increase fares that will make it unsustainable in context of a public and regulated MTR system. Importantly, the fares are strictly regulated by government and fare increases are carefully managed and have to undergo extensive consultation with the Hong Kong people¹⁹.

The lesson for other counties is clear. The necessity of a rail network is only applicable in a context of a comprehensive strategy that will enable the system to be utilised by everyone involved. An attempt has been made to situate the further expansion of Gautrain respond to a comprehensive plan as the further rollout of the system unfolds (as explained below).

3.9. THE INTEGRATED TRANSPORT MASTER PLAN (ITMP25)

The project’s utilitarian objectives is currently linked a comprehensive transport management plan. Interestingly, the plan is still being crafted long after the Gautrain has been built and is in operation.

The Gauteng’s 25-year integrated [transport](#) master plan (ITMP25) intends to deliver a ‘world-class sustainable transport system. Jack Van der Merwe, the Project Manager and CEO of the GMA pointed out in a recent press briefing that for the plan to succeed, it has to be managed as a ‘social project, rather than a transport project’. It intends to reshape Gauteng in more aspects than the construction of mere road and rail systems. ITMP25 identified rail as an essential component and backbone for an integrated and efficient public

¹⁸ The MTR Corporation (now the MTR Corporation Limited (“MTRCL”)) was established in 1975 with a mission to construct and operate, under prudent commercial principles, a safe, reliable and efficient urban metro system to help meet Hong Kong’s public transport requirements. At that time, the sole shareholder was the Government. The Corporation was listed on the Stock Exchange of Hong Kong through an Initial Public Offering by the Government in October 2000. The Government now owns around 77% of the shares of MTRCL.

cited in << <http://www.gov.hk/en/residents/government/publication/consultation/docs/2012/MTR.pdf>>

¹⁹ See for instance the extensive procedures and justifications for price increases at, <
<http://www.gov.hk/en/residents/government/publication/consultation/docs/2012/MTR.pdf>>

transport system in Gauteng, according to a report by the current MEC for Transport, Ismail Vadi²⁰.

As a comprehensive provincial transport strategy, the ITMP25 project has to consider several key issues, including future housing and land density strategies. It suggests that as a change in approach to low-cost housing takes hold (as more units are needed per hectare in order to ensure land densification in the fast-growing province) the transport infrastructure will need to accommodate these prerogatives. Thus the change to multi-storey buildings, will have important implications for the transport infrastructure. The ITMP25 will need to consider *inter alia*, the strict enforcement of the urban periphery; enabling road-based public transport delivery; improving the efficiency of the rail system; mainstreaming non-motorised transport; establishing high-occupancy lanes on highways; and reserving land for a third international airport.

The establishment of a single transport authority is an essential ‘first short-term step’ in putting in place a transport plan which looks at the province’s transport needs holistically²¹. It was in this context that plans to extend the Gautrain is now back for review. In October, 2014, the MEC of Transport announced a feasibility study for proposed extension of the Gautrain system necessary to inform the decision to ‘proceed with the Gautrain extensions’ and the preferred routes that should be developed. The study will be based on the perceived benefits to the province including transformational impact on the Gauteng economy; the modernisation of public transport; passenger access and mobility; improved spatial development; environmental impact, and other benefits such as job creation and poverty alleviation²².

While the current initial stage has been completed (with the final stage between Rosebank and Park Station completed by 2013) , the next stage of expansion is up for review, with the following disclaimer boldly indicated on the website of the Gautrain Management Agency, the entity responsible for managing the project on behalf of the Province:

CURRENTLY NO BUSINESS OPPORTUNITIES EXIST WITH GAUTRAIN.
Although Gautrain is in a very exciting phase of new extensions,

²⁰ http://www.gautrain.co.za/newsroom/2014/10/transaction-advisors-for-proposed-gauteng-rail-extensions-appointed/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+Gautrain-Newsroom+%28Gautrain%27s+Newsroom%29

²¹ Cited from, <<http://www.engineeringnews.co.za/article/transport-2013-07-12>>

²² Statement issued by: Dr Ismail Vadi (MEC for Roads and Transport) - See more at: <http://www.gautrain.co.za/newsroom/2014/10/transaction-advisors-for-proposed-gauteng-rail-extensions-appointed/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+Gautrain-Newsroom+%28Gautrain%27s+Newsroom%29#sthash.pt5ODwE9.dpuf>

no business or job opportunities are available as yet and there will not be in the near future. Feasibility studies are due to start....

<<http://www.gautrain.co.za/>>

The disclaimer is perhaps, more an indication of the expectation of further work by subcontractors with which the entity has been inundated, and since the initial project was completed it notes that the, “.....long and comprehensive tender processes will take a couple of years.” It also indicates the possible new process of the next phase which will be preceded by a new bidding process for the extension.

4. SUSTAINABLE DEVELOPMENT AND SKILLS IN GAUTRAIN

Socio-Economic development (SED) has been described as ‘...one of the cornerstones of the Gautrain Rapid Rail Link project focusing on local skills development, capacity building and job creation²³. The MEC of Local Development, Dorothy Mahlangu (Local development) makes a succinct pointing the SED brochure, entitled ‘Socio-Economic development progress’ (Gautrain Management Agency (GMA), 2014), intended to document the key SED achievements thus far. The foreword points out that, “SED has been elevated to an important obligation...which the Gautrain project has had to comply...” The importance of SED as an ‘compliance obligation’ suggests that it was a non-negotiable element of the conduct of the project.

The project has been billed as a sustainable development project which considers, “...the inter-relationship between transport, the environment, the economy and society as a whole.” It has been pointed out that the aim of sustainable development is to build, operate and maintain a system that will be beneficial to all over the long run as indicated in the following representation²⁴:

Figure 4: Gautrain and Sustainable Development

²³ <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrain-delivers-on-job-creation-promises-to-fight-poverty/#sthash.COpMguu7.dpuf>

²⁴ Cited from <<http://gma.gautrain.co.za/sed-achieve/gautrain-socio-economic-development-progress-2006-2012>>



Gautrain was designed as an interrelated sustainable development project, expected not only to provide direct economic benefits, but promised derived value on the basis of socio-economic considerations linked with national development objectives. The improved transport system would provide, but also be an important catalyst for the developmental needs of the country. As the Gautrain website points out,

Gautrain’s contribution to sustainable development is not only critical to environmental protection and social upliftment, but it also makes good business sense when considering the spin-off effects such as increased job creation, improved spatial structures and overall economic growth (*ibid*).

The project has been touted as responding to a range of equity and environmental concerns that are located within a comprehensive transport plan (still to be finalized).

Environmental considerations have been espoused which include the following:

- Limit greenhouse gas emissions to minimise the negative impact on the climate;
- Reduce conventional emissions and transport related noise so that Gautrain does not constitute a significant concern to public health.
- Reduce road traffic congestion and the resulting congestion costs;
- Significantly reduce the number of road accidents, fatalities and injuries;

The following **equity** considerations have been identified:

- Improve mobility levels of the entire community, which also will narrow the division between the mobility levels in our society;
- Improve accessibility to primary services of health, education and employment for the entire community.

The interplay between the global agenda and the developmental objectives has been evident in the project. The discourse of global is, for instance, identified in the latest SED brochure. Under an introductory section entitled, ‘Global best practice for a world class transport

system.’ (Gautrain Management Agency (GMA), 2014, p. 3), the notion of ‘people-centered socio-economic development’ is advanced. Underscored by the extent of the many ‘lives changing’ as a result of ‘people learning new skills, interacting with global cultures, finding new investment opportunities and working with groundbreaking new international technology that is unique to the project’ (Gautrain Management Agency (GMA), 2014, p. 3). The global is clearly an important component of the national and local socio-economic development of the project.

4.1. SED STRATEGY AND EVALUATION MECHANISM

The role of skills development as a component of the global skills transfer is clearly a cornerstone of the SED strategy, which specifically mentions skills and employment as the following indicates:

The strategy focuses on two important concepts

- **Local skills development** and capacity building, and
- Job creation ((Gautrain Management Agency (GMA), 2014)

The project SED objectives includes economic advantages to black people, BEEs and HDIs, which include procurement and sub-contracting of project deliverables, local procurement where possible and skills development transfers. They are identified as, amongst others:

REDRESS

- Significant financial empowerment of black persons, BEEs and HDIs.
- Significant participation by black persons and BEEs in the
 - procurement of services and materials.
 - sub-contracting of project delivery, including Feeder & Distribution services.

LOCAL ECONOMIC DEVELOPMENT AND POVERTY ALLEVIATION

- Promotion of Small, Medium and Micro Enterprises.
- Sustainable development of underprivileged communities in the Project corridor and other poverty-stricken communities in Gauteng.
- Significant utilisation of local resources.

SKILLS DEVELOPMENT

- Improvement of managerial skills of HDIs and women.
- Transfer of skills to HDIs, Women and People with Disabilities.
- Development of the skills base of staff through a structured training programme (adapted from²⁵).

²⁵ Adapted from, < See more at: <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrain-delivers-on-job-creation-promises-to-fight-poverty/#sthash.C0pMguu7.dpuf>>

To ensure that the SED project objectives were implemented, 21 SED elements were developed, grouped into the following 7 clusters:

1. **Black equity participation** includes Equity held by black empowerment entities (BEEs) and Equity held by black women.
2. **Procurement and sub-contracting** includes procurement from Black Empowerment Entities (BEEs), sub-contracting to BEEs, procurement from, and/or sub-contracting to new BEEs, as well as procurement from, and/or sub-contracting to small, medium and micro enterprises (SMMEs).
3. **Social Investment Programme.**
4. **Local content** includes the employment of local people and the procurement of South African materials, plant and equipment.
5. **Participation by Strategic Partners Group (SPG):** The Black enterprise and equity participant of Bombela i.e. SPG includes staff seconded from SPG to the five entities within Bombela, expenditure by SPG on plant and equipment, as well as the procurement from, and/or sub-contracting to SPG.
6. **Employment equity** includes the employment of Historically Disadvantaged Individuals (HDIs), women, people with disabilities, and the participation of HDIs and women in management positions.
7. **Training** includes the expenditure on human resource development programmes and a focused women learnership and mentorship programme.

*Adapted from*²⁶

The importance of SED was underscored by the appointment of an Independent Socio-Economic Monitor (ISEM) in the course of the project designed to provide an ‘comprehensive and stringent monitoring regime to ensure compliance with set objectives.’ The ISEM was appointed by the Gauteng Province and the Bombela Concession Company with the performance and verification aimed at validating compliance by the Concessionaire to respond to the contracted SED obligations through all phases of the project. Monthly reports were provided and consistently evaluated and audited²⁷.

4.2. EMPLOYMENT CREATION

²⁶ <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrain-delivers-on-job-creation-promises-to-fight-poverty/#sthash.C0pMguu7.dpuf>

²⁷ available at < http://www.gautrain.co.za/contents/brochures/sed_brochure_final_print.pdf>

The Premier consistently referred to the social development aspects of the project, especially capacity development and the targeted job creation benefits. The Premier pointed out in 2008 that, “This rapid rail link project’s key achievement is its ability to stimulate sustainable job creation. At the launch of the project, the Premier pointed out that Gautrain, “...will provide much needed employment, an estimated **14800 jobs** and will stimulate our economy²⁸.” In a later report, this was revised down to further **93 000 jobs** over the construction period and another **2 700** direct and induced jobs per annum during operation and maintenance of the project, with about 40 000 jobs were to be created ‘in the vicinity of the station due to developments in the vicinity of the station’ (GMA, 2014). Indeed, it was reported that by the end of 2008, Bombela had already created **11 700 local direct jobs** and an estimated **63 200** direct, indirect and induced jobs. It is estimated that in 2007/8 alone the project created and/or sustained more than **29 400** direct, indirect and induced jobs. It is expected that these jobs will increase to about **33 000 in 2008/9**²⁹. Yet another report pointed out that Bombela Concession Company has already created or sustained more than **6 700 local direct jobs** and an estimated total of more than **36 200 direct, indirect and induced jobs**³⁰.

ISEN audited Bombela reports indicated that it have significantly exceeded its local employment creation obligations between 2008-2012.³¹ There was a total of **37 950 jobs created for personnel based in South Africa**. This is distinguished from the 34 100 local jobs created, by which is meant those occupied by South African citizens, as opposed to those ‘non-South Africans’ residing in the country. The table below indicates the total local jobs created per category:

Table 2: Job Creation:: Obligation/Target vs Achievements

Jobs created for:	Target/Obligation	Achievement	Target exceeded by*
Local citizens	18 720	34 100	82%
HDI	13 420	29240	117%
Women	1 440	3550	146%
PwD	170	220	29%

²⁸ <http://www.gautrain.co.za/newsroom/2005/07/speech-by-premier-shilowa/#sthash.gcit8XQE.dpuf>

²⁹ Cited in, < <http://www.gautrain.co.za/newsroom/2008/02/premier-shilowa-reports/#sthash.oXfvRfBv.dpuf>>

³⁰ Cited in <<http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrain-delivers-on-job-creation-promises-to-fight-poverty/#sthash.COpMguu7.dpuf>>

³¹ Pasted from <<http://gma.gautrain.co.za/sed-achieve/gautrain-socio-economic-development-progress-2006-2012>>

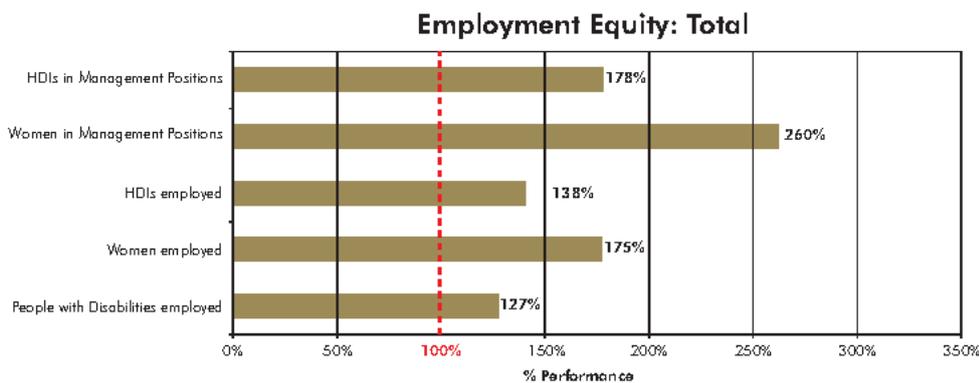
Source: Available at <http://gma.gautrain.co.za/sed-achieve/socio-economic-development-performance-2013-to-2014>>

*Author calculation

The extent to which targets have been exceeded suggest the possibility of having been set too low which indicates the possibility of employment requirements having been vastly under-estimated as goals were set.

From the local employment figure (34100) most (85.7%) of jobs were created for Historically Disadvantaged Individuals (HDIs). Those in Occupational Level C (10.4%), those HDIs in Management positions (2.1%), and youth (59% - based on Month 1-54), Women (10.4%), Women in management positions (1%) and PwD (0.7%)³² With regard to employment equity, the graph below is used to indicate the extent to which Bombela ‘exceeded’ its employment equity requirements (Gautrain Management Agency (GMA), 2014, p. 16).

Figure 5: Employment Equity achievements of project



Source: Provincial Support Team, quoted in GMA, 2014.

The table below indicates the extent by which the initial targets/obligations were exceeded with regards to employment equity.

Table 3: Obligations vs achievements: Employment Equity

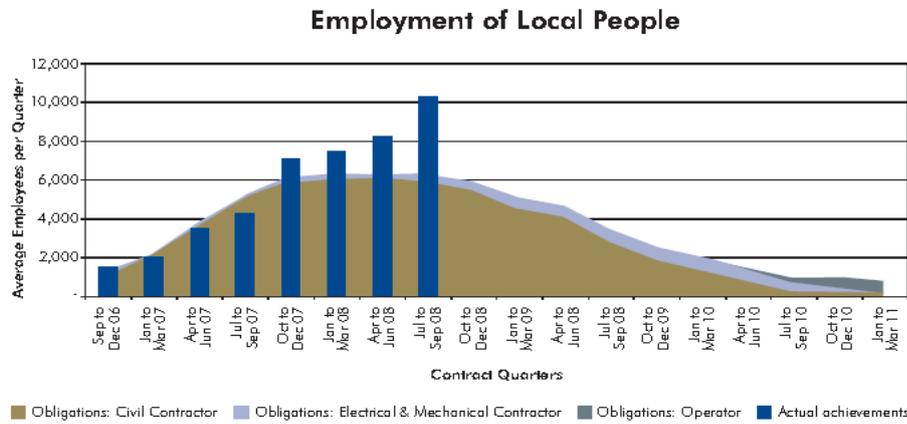
Category	Obligation	Achievement
HDIs employed	4 898	10 517
Women employed	369	834
People with Disabilities	49	63

³² Pasted from <<http://gma.gautrain.co.za/sed-achieve/gautrain-socio-economic-development-progress-2006-2012>>

(PwD)

Source: GMA (2014):p.15.

The figure below indicates the average quarterly local employment statistics (up to Sept. 2008) indicating the extent to which they have been exceeded.



GMA, 2014:22

By the end of 2008, Gautrain employed more than 11 540 local people (as against an obligation of 6641).

4.3. EQUITY AND BLACK ECONOMIC EMPOWERMENT

According to Premier Shilowa, “Gautrain’s contribution to black empowerment amounted to a total of R590 million in the current financial year, while small medium and micro enterprises received a total of R70 million for services provided to the project. In 2008/9 the project will contribute R710 million to black empowerment, and R70 million to SMME development.”³³

Social development commitments included BEE and attention to employment on basis of racial (equity) component. Announcements at the time included expanded targets for a range of equity and localisation measures. Thus the equity participation of 25.6% was provided versus a target of 15.3%.

There was considerable focus on black beneficiation, which reinforced the view that the project did nothing substantively to advance the socio economic goals of reducing poverty and ameliorating the not inconsiderable employment, inequity and poverty goals espoused.

³³ Cited in, < <http://www.gautrain.co.za/newsroom/2008/02/premier-shilowa-reports/#sthash.oXfvRfBv.dpuf>>

The project was reported to have procured R 1.2mill of South African materials, plant and equipment, as compared to an obligation of R 980 mill (GMA, 2014:22).

The bidder also promised 41% (valued at R1.3 billion) proportional procurement from BEEs versus the 29% required by the Bid. The bidder also exceeded the target for sub-contracting to BEEs by 10% (R2.7 bill.) and the target for sub-contracting to new BEEs by 8% (to R2. 8 billion). Bombela also committed R 54 million to Social Investment programmes.

At the close of the project (by Feb. 2012), the following was verified by the USEM³⁴:

1. An amount of more than **R5 520 million was claimed on procurement from, and sub-contracting to BEEs**, of which more than R5 330 million was verified.
2. An amount of more than **R2 710 million was claimed on procurement from, and sub-contracting to New BEEs**, of which more than R2 700 million was verified.
3. An amount of **R1 400 million was claimed on procurement from, and sub-contracting to SMMEs**, of which more than R1 400 million was verified.
4. An amount of **more than R3 650 million was claimed on procurement of South African materials, plant and equipment**, of which more than R3 550 million was verified.

³⁴ Cited in <<http://gma.gautrain.co.za/sed-achieve/gautrain-socio-economic-development-progress-2006-2012>

5. SKILLS DEVELOPMENT

The centrality of skills and training is reflected in the project objectives as depicted by the following statement in 2008:

Gautrain’s training initiatives to development skills and build capacity are proof of the project’s commitment to sustainable socio economic development in Gauteng, the province of Gold.³⁵

The central role of skills development within the SED framework is also emphasized in GMA documentation. The MEC points out in the ‘latest’ SED brochure that, “...we are proud to release what we have achieved so far with regard to skills development, participation by BEE enterprises and individuals and job creation as well as capacity building (Gautrain Management Agency (GMA), 2014, p. 1).

The SED strategy is underpinned by the following:

The strategy focuses on two important concepts

- **Local skills development** and capacity building, and
- Job creation ((Gautrain Management Agency (GMA), 2014)

5.1. DEFINING SKILLS IN THE PROJECT

The role of skills development as a component of the global skills transfer is clearly a cornerstone of the SED strategy, which specifically mentions skills and employment. Under the broad ambit of ‘skills development and capacity building’, the areas of BBBEEE (Broad-based Black Economic Empowerment), SMME development, sustainable development of underprivileged communities and the maximization of local content. The notion of BEE includes the participation of black people and black women and procurement of services and materials from BEEs and sub-contracting of service delivery to BEEs and establishment of new BEEs.

The second component of the strategy, referred to as ‘Job creation’ strategy, includes the commitment to employment equity. The focus on HDIs (black people), emphasizing employment of women and people with Disabilities and their participation in management

³⁵ Quoted in <<http://www.gautrain.co.za/about/sed-delivery/training/gautrain-skills-training-exceeds-initial-targets/#sthash.BrybihRK.dpuf>>

positions in the concessionaire. Skills development has been subsumed under a range of SED commitments, which make the achievements less easy to identify.

Skills development is mentioned in various reports and is not reported as a separate category. It is subsumed under various categories including ‘Human Resource Development’, ‘localisation’ and ‘equity targets’ and has incorporated elements of BEE, development of small, medium and micro enterprises, the sustainable development of underprivileged communities and the maximisation of local content³⁶. The section thus incorporates information gleaned from all of these categories and summarized hereunder.

Skills development as a component of the project is also subsumed under the broad notion of Human Resource development, which as a component looked at the ‘development of local skills’.

5.2. SKILLS REPORTING FORMATS

An important feature of skills development is the way in which it is reported. At various times of the project life-cycle, the reporting mechanisms included numbers of learners that have received training, the actual ‘training interventions’, and assessments undertaken.

By May 2008, the following interventions reported as ‘training successes’ were reported as achievements since 2006.

- 737 *individuals received training* during the month of May 2008
- 2165 *training interventions* were undertaken during May 2008
- 511 *Individuals underwent Assessment* or RPL
- 34 *Learning Ability Battery Assessments* were performed during May 2008

- 1506 individuals have received training to date (January 2008 to 31st May 2008)
- 6119 training interventions/assessments have taken place to date (January 2008 to 31st May 2008)
- 272 individuals have written the *Learning Ability Battery Assessment* to date (January 2008 to 31st May 2008) (*ibid*)

Elsewhere, the following is reported up to the period up to the end of December, 2008. Pointing out that, ‘training had ‘exceeded’ the initial ‘persons specified in the original plan’, the following is cited as achievements:

- 2357 *individuals received training*

³⁶ See more at: <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrain-delivers-on-job-creation-promises-to-fight-poverty/#sthash.COpmguu7.dpuf>

- *9705 training interventions*/assessments had taken place
- 352 people had undergone ‘Learning Battery Assessment’ (tests) and
- Three apprentices had started their training (electrical) at the NECSA training centre.

It was reported that the, “the number of people who have received training by far exceeded the project’s initial targets” (ibid). Interestingly, skills development is reported as ‘training,’ which is reported in terms of ‘individuals receiving training’ and numbers of ‘training interventions’. The distinction between these, while clear from a numbers and quantitative perspective, would require some analysis to differentiate between the two. Whether they are in fact different is not clarified. Thus, whether the learners to whom they refer are indeed different will still need to be established, but the reporting mechanism clearly suggest the ‘extensiveness’ of the training undertaken. There is degree of buying into a technicist numbers game of quantitative reporting, for audit purposes.

Also, assessment is also subsumed under training. Thus ‘Recognition of Prior Learning’ or ‘Learning Ability Battery Assessments’ are recorded separately as part of training. Whether these have in fact been followed up by real and tangible training is unclear. The fact that they have been mentioned as a specific and separate component of training simply suggests that the numbers game s being played in the reporting of skills development.

Another mechanism of reporting is the net costs of the intervention. Thus one report begins with the costs, followed by the bold assertion that, “More than R36 million spent on Human Resources Development” (GMA, 2014: 26). Interestingly, in Feb. 2012 ISEM reported that key features of HRD had been over-reported:

In certain employment equity elements, the ISEM verified achievements in excess of the initial claims submitted by Bombela.”³⁷

The audited figures were found to be overstated by Bombela. It was reported that, while a total of **R130 million** was claimed by Bombela, only **R120 million** ‘could be ‘verified’. With regard to training claimed for verified, **5330 person-months** of women participating in the ‘Women Training and Mentorship Programmes’ were claimed, with only **5060 person-months being verified** and a total of more than **4610 person-months** of ‘Women Learners Employed and Mentored’, compared to a verified number of more than **4280 person-months**.³⁸ Interesting the notion of person-months has not been clarified.

³⁷ cited in <<http://gma.gautrain.co.za/sed-achieve/gautrain-socio-economic-development-progress-2006-2012>>

³⁸ Cited in <<http://gma.gautrain.co.za/sed-achieve/gautrain-socio-economic-development-progress-2006-2012>>-

The way in which skills targets are reported suggest a technician perspective that might have little to do with establishing that skills ecosystem required of projects of this nature.

5.3. TRAINING AND RECRUITMENT: LOCAL SKILLS DEVELOPMENT

Training has been reported as an important component of recruitment, with those not having the requisite skills being trained further. ‘Recruitment centres’ having been set up in places such as Alexandra, and potential employees were screened to identify those who already possess the needed skills, and those who can be trained and developed. Selected candidates were sent to training centres for skills-specific and safety instruction. Training in safety was an important component of the Bombela Turnkey Contractor (TKC), with the CEO Ian Thoms quoted in Engineering News as saying that an important objective of the project is to do everything safely. “We are in the process of setting very high objectives in terms of safety, and we put a lot of emphasis on training our employees in safety.”³⁹

Planning and Management: Training was accompanied by planning and management, to accommodate training and upskilling needs, skills gaps and gap filling and the meeting of industry needs. Training was also accompanied by ‘Excellent backup and administrative support in managing accounts, training registers and personnel databases’.

Candidate selection (RPL And Learning Ability Assessments): Extensive candidate selection was undertaken. Providers used Recognition of Prior Learning and Learning Ability Assessments to screen candidates. Thus to qualify for machine operator training, all candidates were required to write the South African Qualifications Authority (SAQA) recognised Learning Ability Battery Assessments. Only the top 15% were invited to be trained as operators in the fields of Frontend Loader, Excavator, Bobcat, Articulated Dump Truck, Tractor Loader Backhoe and Mobile Crane

Training level: Mention is also made in various reports about the level of training undertake. While specific focus has been on ‘unskilled and ‘semi-skilled’ levels, the emphasis on gender specific training and managerial. Thus one report mentions the following figures achieved by 2008:

³⁹ Cited at, <<http://www.railwaysafrica.com/blog/2007/07/05/gautrain-jobs-skills/#sthash.rplyZq1G.dpuf>>

- Unskilled and semi-skills staff attended more than 10390 courses to ‘improve their skill levels’
- Training of those in managerial positions
- Management staff attended more than 1250 training courses and
- There were 160 women participating in ‘focused women’s training programmes
(GMA, 2014: 26)

Training Focus: Women were targeted for training in ‘learnership programmes in scarce skills e.g. mining and blasting, fitting and turning and millwright, in addition to business administration. Bombela aimed to train 120 women through a learnership programme during Gautrain’s construction phase⁴⁰.

5.4. TRAINING TYPE AND PROVIDERS

The Gautrain is described as, “...one of the most complicated transport endeavours ever undertaken within South Africa...An intricate combination of civil engineering and electrical and mechanical work is being under-taken to create South Africa’s first rapid-rail link.”⁴¹ Two huge 400 ton cranes were used to build concrete viaducts and the international bridge deck assembly method enabled construction to proceed with minimal disruption to existing infrastructure and traffic below. Almost 2000 civil contractors were in place at key times of the project. About 800 engineers will be needed for the Gautrain project and most were to be sourced locally.

A report in March 2006, referred to the shortage of engineering skills referring to a South African Institute of Civil Engineers (SAICE) report that suggested that there were 120 000 fewer trained engineers in SA in 2006 as compared to 1990. The Gautrain was therefore expected to provide five students in each of Civil, Electrical and Mechanical engineering bursaries in 2006, with a possibility that it was, ‘to be followed up by many others during the 5-year period of construction⁴²’. Successful candidates were to be sent for practical training at Bouygues in Paris and Bombardier in London.

This was expected to aid in the possibility of South African personnel running and maintaining the system.

⁴⁰ *Gautrain & Social Economic Development*, posted on July 21, 2007, <<http://www.railwaysafrica.com/blog/2007/07/21/gautrain-social-economic-development/#sthash.JyhPJ33p.dpuf>>

⁴¹ Cited at, <<http://www.railwaysafrica.com/blog/2007/07/05/gautrain-jobs-skills/#sthash.rplyZq1G.dpuf>>

⁴² <http://www.railwaysafrica.com/blog/2006/03/15/gautrain-to-offer-bursaries/#sthash.Qh89gTy5.dpuf>

5.4.1 SKILLS SCARCITY AND CONSTRUCTION

As a result of the skills ‘scarcity’, Bombela’s in-house training initiative responded to staffing needs of operators in the civil and mining industry for the construction sector. Skills development was necessary to ensure that local people were employed. Different training and assessment providers were formed into a ‘joint venture to undertake training at the site and at the Bombela training centre so that local employment could be enhanced.

The construction boom in South Africa has led to a scarcity of sufficient and competent staff and operators in the civil and mining industry. It was estimated that during the peak of Gautrain’s construction, a labour force of approximately 7000 workers were to be employed⁴³. Training has been concentrated in the construction sector. To ensure competence of all unskilled workers, they have to be trained in basic skills. This has contributed to enlarging the pool of semi-skilled workers, as well as creating training and work opportunities to unskilled and unemployed workers. By March 2008, it was claimed that more than 1600 workers completed training in various construction-related skills⁴⁴.

5.4.2 ENGINEERING-RELATED TRAINING

The track laying, electrical, mechanical, operation and maintenance will be receiving increased attention in future. For instance, 35 candidates were identified in the electrical or mechanical field to be trained in the operation and management of the feeder bus fleet

It was necessary to develop skills in the area of ‘technical equipment usage’ as certain machinery used was of a ‘...fairly technical in nature and complicated to operate.’ Bombela and its subcontractors ensured that the operators of the equipment were fully trained and capable of handling the machinery⁴⁵.

5.5. TRAINING PROVIDERS

⁴³ <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrains-initiatives-enlarge-skills-database/#sthash.Jmw5upGx.dpuf>

⁴⁴ <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrains-initiatives-enlarge-skills-database/#sthash.Jmw5upGx.dpuf>

⁴⁵ <http://www.railwaysafrica.com/blog/2009/04/16/gautrain-skills-development/#sthash.mPwBbYi8.dpuf>

The Deputy project Director of Bombela, Joos Marais was quoted as saying that, “Human resource development remains a key aspect of Bombela CJV’s commitment to the successful completion of the Gautrain project”. It was important that “The use of on-site training rather than training at the training colleges”.

Various specialized private providers were used to provide training⁴⁶. They included:

- **Apex training facility:** Specialised civil construction training undertaken.
- **Kynoch training facility:** Plant and heavy machinery operators are mainly trained here. These include operators of excavators, front-end loaders, mobile cranes, dozers and skid-steers. Importance was placed on minimizing environmental impact.
- **The Goldfields academy** provided ‘leading employee learning solutions’. Tunnels and shaft workers were provided skills development and training in compliance with the Mining Health and Safety Act. This facility also included training in ‘highly advanced’ tunnel boring machine and for all new mining related equipment. NQF-aligned learning material was developed.

As part of the Concession Agreement, Bombela CJV has committed to skills training and development, as well as women’s learnership and mentorship⁴⁷.

5.6. THE UCW PARTNERSHIP

The decision to locate the local assembly of Gautrain was linked to the objective of creating, “...An enabling environment for economic growth..” The Union Carriage and Wagon Partnership (UCW) partnership in Nigel was established with an investment of R15 million, of which R 5 million was to be used for Human Resources. It not only created a number of local jobs but provided opportunities for skills development. The plant employed 95 new people mostly from the local area. These included 13 women as quality controllers, supervisors and assemblers. In addition, it employed two disabled employees and took on three learners. The project also saw 17 employees being sent to Derby (UK) where 15 rail cars were being manufactured at Bombardier Transportation Workshop.

5.7. NATIONAL SKILLS FUND

⁴⁶ <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrains-initiatives-enlarge-skills-database/#sthash.Jmw5upGx.dpuf>

⁴⁷ <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrains-initiatives-enlarge-skills-database/#sthash.Jmw5upGx.dpuf>

The Gautrain was able to secure R23 million from the national skills fund for training of 2100 learners. The following training was recorded as a result of this funding, which ‘exceed’ targets set. In total, 2357 individuals trained, 9705 training interventions/assessments undertaken, with 352 people having taken the Learning Ability Battery Assessment and 3 apprentices started electrical training at the NECSA centre.

The excellent relationship between Bombela, NSF and Gautrain was an important feature of the successful intervention. Training focused in civil construction, with future training focused on electrical, mechanical, operational and maintenance works.

5.8 INTERNATIONAL SKILLS RECRUITMENT AND REPATRIATION

The CEO of Bombela, Ian Thoms was quoted as saying that, it is possible that all the skills required may be sourced locally, but there might be a need to recruit internationally as a result of time constraints.⁴⁸ However, he referred to time constraints and that ‘specific skills’ needs might make it necessary to import in particular instances. However, he pointed out reassuringly that, “Imported expertise would be used to train and develop local operatives.⁴⁹” According to the Deputy-Director, Joost Marais:

“Bombela CJV [Civils Joint Venture] has integrated the best international skills and technology in designing and building the viaduct structure along the Gautrain alignment...The intention is for skills transfer to take place during this operation and to ensure that through the training processes, the South African crew are able to gain the relevant skills and knowledge from our expatriate team.⁵⁰”

By July, 2007, 100 candidates from the Philippines, India and the SADC Region are currently employed on the Gautrain project in the areas of civil engineering, quality engineering and construction foremen. The spokesperson pointed out that they were now looking at going into other markets including New Zealand, Australia and Canada, with the first prize, the repatriation of those that had emigrated.

Reasons for the importation of skills included the shortage as a result of the 2010 World Cup construction that was also taking place at the same time. Reference was also made to

⁴⁸ Cited in <<http://www.railwaysafrica.com/blog/2007/07/05/gautrain-jobs-skills/#sthash.rplyZq1G.dpuf>>

⁴⁹ See more at: <http://www.railwaysafrica.com/blog/2008/03/14/gautrain-cranes-2/#sthash.Tzoinmdl.dpuf>

⁵⁰ <http://www.railwaysafrica.com/blog/2008/03/14/gautrain-cranes-2/#sthash.Tzoinmdl.dpuf>

the ASGISA. According to a spokesperson, “tight project timeframes and the scarcity of skills exacerbated by the boom in infrastructure development in preparation for the 2010 Soccer World Cup, made it necessary for the project to recruit from the international labour market.⁵¹” The recruitment strategy was also in line with ASGISA, which referred to a skills shortage in the quest to achieve economic growth in an attempt to, “...achieve a 6% annual economic growth by 2010 and halve poverty and unemployment by 2014” (ibid).

As part of the Homecoming Revolution, the project worked with a NGO (Woza Ekhaya) and other members to repatriate South African skills abroad. Of the 37 local construction professional recruited, 20 were PDIs.

6. CONCLUSION

The success of the Gautrain project, notwithstanding the ‘developmental’ reasons for its having being built is based on the view that it has successfully catapulted the country into the first world. As a symbolic ‘world class’ development, it placed the province into a class of its own, by having developed the first rapid rail link in Africa. The real cost of such a large undertaking has, however, still to be evaluated and its developmental impacts are likely still to be considered.

With respect to skills development, there have undoubtedly been skills transferred to the local populace. The various recorded achievements suggest that a number of skills have had to be developed for the construction phase and the fifteen year maintenance contract will use a fair proportion of locally developed skills. The project has, however, not been able to establish a skills ecosystem and add significantly to further pipeline for skills development. The public college system has not been used effectively, in keeping with the focus on skills development immaterial of where it is to be developed. This means that the public system has not been able to serve as a significant pipeline for skills for maintenance of the project.

The technician manner in which skills development was reported reflected the numbers game being played. This was both useful, but less clear from a perspective of the real impact of skills development and its lasting impacts.

⁵¹ quoted in, <<http://www.railwaysafrica.com/blog/2007/07/04/gautrain-imports-skills/#sthash.TDGi8USK.dpuf>>

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8. APPENDIX

Appendix 1: Fieldwork Experiences: Gautrain (10th /14th November – 6th/ 9th Dec. 2014)

In Gautrain project the following institutions were targeted, namely, the Gauteng Province Department of Roads and Transport, Murray and Roberts, Gautrain Management Agency, and the Bombela Concession Company. Most of the interviews were requested two weeks in advance, however, the response rate to the request was extremely low. The majority of interviews were from the Gautrain Management Agency, and the Department of Roads and Transport was crucial to securing interviews.

However, one of the interviews from Gautrain Management Agency cancelled the interview citing an urgent meeting to attend. When the interview meeting was rescheduled, the interviewee requested a cancelation citing that *'the information that he had is the same as his colleagues, and therefore there was no new information to give about the project'*.

The initial meeting with Murray and Roberts revealed some interesting developments on the skills front with the Construction Industry Board. A meeting was scheduled with the CDB on 8th December, 2014, was followed by the CIDB on 12th December 2014, which closed off the fieldwork for this component of the project.

Appendix 2: SED REQUIREMENT FOR BIDDING

The bidders were requested during the Request for Pre-qualification phase (RFQ) to submit a “declaration of intention” with regards to SED.

Percentage targets were set for each of the respective SED elements during the Request for Proposal phase (RFP). Bidders had to submit SED plans as part of their proposals in reaction to the RFP. Bidders were requested to demonstrate through their SED plans how the involvement of black persons, BEEs and HDIs will be secured, as well as their commitment to the respective SED elements. Bidders had to commit to the SED objectives in terms of the degree, i.e. the proportion or percentage commitment for each of the SED elements for the Concessionaire, Turnkey Contractor and the Operator respectively.

During the Best-and-Final Offer (BAFO) phase, Bidders had to commit; over and above a percentage commitment as defined in the RFP, but also to quantify such commitment with the quantum of the commitment such as estimated amounts (based on the estimated construction cost) allocated to BEEs, New BEEs and SMMEs, and person months of employment. These commitments were incorporated in a SED Matrix that the bidders had to complete and submit with their final offers.

Bidders had to demonstrate in their SED Plans their commitment to the respective SED elements,

- a. at the commencement of the Development Period, i.e. at the Effective Date;
- b. at the end of the Development Period;
- c. at the commencement of operations, i.e. at the Phase 1 Operating Commencement Date, and
- d. at the end of the fifth Contract Year.

Bidders had to further demonstrate how the involvement of Black Persons and/or Black Empowerment Entities shall be sustained after the fifth Contract Year.

Bidders had to prepare their SED Plans and Employment Equity Plans (EE Plans) in terms of the following SED elements:

- **Equity Participation.** Equity ownership by BEEs refers to the percentage of a company’s shares that are owned by black persons, who are actively involved in the management of the enterprise or business and exercise control over the enterprise. Bidders had to indicate in their SED Plans the percentage of the total value of shares that will be held by black persons and/or BEEs, and the percentage that would be held by black women. Preference had to be given to utilising the services of BEE shareholders during the development and operation of the Project to enable them to service their own debt obligations.
- **Procurement.** Bidders had to indicate in their respective SED Plans the percentage and quantum of expenditure earmarked for procurement that will be allocated to BEEs.
- **Sub-contracting.** Bidders had to indicate in their respective SED Plans, the percentage and quantum of expenditure earmarked for sub-contracting that will be allocated to BEEs. Bidders had to demonstrate how they would strengthen the capacity of such sub-contracted entities and individuals.
- **Establishment and development of New BEEs.** Bidders had to indicate in their respective SED Plans, the percentage and quantum of expenditure earmarked for procurement and sub-contracting that will be allocated to new BEEs.

- Development of SMMEs. Bidders had to indicate in their respective SED Plans, the percentage and quantum of expenditure earmarked for procurement and sub-contracting that will be allocated to SMMEs.
- Social Investment Programme.
 - Bidders had to submit a Social Investment Programme and had to indicate the percentage of the capital expenditure, excluding rolling stock, during the Development Period that would be allocated to the Social Investment Programme. 50% of the Social Investment Programme had to focus on HDI communities in the proximity of the route. The remaining 50% had to be directed to poverty-stricken communities in Gauteng.
- Local Content. It was indicated that preference be given to
 - employing local people in the following order of preference: Citizens of South Africa who are residents of Gauteng, citizens of South Africa who are residents of other provinces, and citizens of other SADC countries, and
 - procuring South African materials, plant and equipment.
- Employment Equity:
 - Participation in management. Bidders had to indicate in their respective **EE Plans** the percentage of the total employment and the number of HDIs and women that will participate in top, senior and middle management on the project.
 - Employment. Bidders had to indicate in their respective EE Plans, the percentage of the total employment and the number of HDIs, women and people with disabilities that will be employed on the project.
- Training:
 - Bidders had to indicate in their respective EE Plans, the amount that will be spent on human resource development and the number of women that will participate in their Women Learnership and Mentorship Programme.

Adapted from: <http://www.gautrain.co.za/about/sed-delivery/job-creation/gautrain-delivers-on-job-creation-promises-to-fight-poverty/#sthash.COpMguu7.dpuf>