

Annexure 6: Inconsistencies in SANRAL's reporting on GFIP

Following the position paper released by OUTA in February 2016, SANRAL raised several rebuttals through both their lawyers letter and via the media, in an attempt to discredit OUTA's understanding of both the extent (length and size) of the GFIP, as well as the costs attributed thereto.

However, it is SANRAL who have forever been inconsistent in their reporting of the GFIP project, both in length and cost, and OUTA have had to make do with the most consistent elements provided, as well as their own identification / research processes, to determine these aspects when it comes to the benchmarking exercise.

Variations in cost and reported distance of the GFIP

1. SANRAL's Declaration of Intent (2005-2008)

Initial discussions of the GFIP can be located in the 2005 - 2008 Declaration of Intent (Annexure 7: page 27). In the Declaration of Intent, the then named "**Gauteng Network (340km)**" was listed as a planned Toll Project for 2005 - 2012, and had a cost of **R4,565bn** (2004 prices) attributed to it. We hereby emphasis and ask the reader to take note of this value again; R4,6bn for 340 km, which equates to R13,4m per kilometre at 2004 prices. When compounding an annual 7% inflation increase to 2009, that prices equates to around R18.3m per kilometre. One would imagine that SANRAL knew very well what the road construction costs were when doing their calculations for the 2005-2008 Declaration of Intent, and thus assume they calculated with a fair degree of accuracy what the expected costs of this project ought to be. An additional cost of R900m was added to the declaration for "various bridges" around the country (i.e. not only contained to GFIP). At 7% inflation year on year, by 2009 when GFIP was mid-way complete, this price would have increased to R6,210bn (2009 price) for 340 km road construction, and R1,262bn for various bridges countrywide.

2. GFIP: Road Design Alternatives and Material Consumption Estimates. RPF Feedback by Louw Kannemeyer at the 15th Road Pavements Forum on 6 May 2008, In Mpekweni Beach Resort, Eastern Cape.

On 6 May 2008, a presentation (Annexure 8: 14 slides) was given by SANRAL representative Louw Kannemeyer, outlining the initial details of Phase 1 of the GFIP of **180 km**, with future upgrades planned at 223km, and planned new routes of 158km - totalling 561km for the entire scheme (all phases). Thus, some three years later, the scheme had now grown from 340 km to 561 km. The figure of 180 km (for Phase 1) was confirmed 6 months later by Mr Kannemeyer's colleague, Hannes Kotze, in his presentation at the 16th Road Pavements Forum in November 2008 (Slide 4).

This presentation also provided estimated key quantities for six of the Work Packages of the GFIP, as well as a statement that the tenders were about to be awarded for the work packages outlined in the presentation. The values given for the distance of the upgrades contradicts the majority of sources (including SANRAL's website), stating the length of GFIP phase 1 at 185km, and SANRAL's current public statements that GFIP Phase 1 was 201 km.

3. Gauteng Freeway Improvement Project: Update on Phase 1 Construction by HJ Kotze at the 18th Road Pavements Forum - 10 & 11 November 2009, CSIR International Conference Centre, Pretoria.¹

Contrary to the presentation given in 2008, in November 2009, SANRAL representative HJ Kotze gave a presentation (Annexure 9) stating that GFIP would be **185 km**, with future upgrades again planned at 223km and planned new routes of 158km, totalling 556km (5 km more than the documented total of 561km). Note also that by 2009, the construction of GFIP was well underway and the tenders had already been finalised, thus the reference to 185 km at this stage and beyond, was the distance most referenced by SANRAL for the GFIP.

This presentation also contained the ZAR amounts of the awarded tenders for 15 work packages. However, costs given in this presentation also differed significantly from the final costs. The costs provided in the Kotze presentation are as follows:

¹ http://www.csir.co.za/Built_environment/Transport_Infrastructure/rpf/18RPF/3%20H%20Kotze.pdf

Work Package Information (Kotze, 2009)

Project Statistics				
Work Package:	Start Date :	End Date:	Duration: (months)	Award Value (Incl. VAT):
A	4 June 2008	3 June 2010	24	1,273,487,826.11
B	26 May 2008	25 Jan. 2011	32	1,910,544,375.76
C	26 May 2008	27 Nov. 2010	30	702, 618,875.06
D1	27 May 2008	26 Oct. 2010	29	1,192,818,254.28
D2	May 2008	Oct. 2010	29	748,695,864.50
D3	July 2007	Nov. 2009	28	391,142,664.41
E1	24 July 2008	23 July 2011	36	1,383,556,423.30
E2	24 July 2008	23 July 2011	36	695,479,298.51
E3	28 April 2009	27 Oct. 2010	18	528,501,300.24
F	28 May 2008	27 Nov 2010	30	1,310,652,879.46
G	03 May 2008	02 May 2010	20	719,340,000.00
H	03 May 2008	02 May 2010	20	610,387,407.99
I	28 May 2008	27 Nov. 2010	30	1,256,603,587.29
J – Phase 1	29 June 2009	28 May 2010	11	396,722,880.39
J – Phase 2		28 Feb 2011	20	
K	15 June 2009	14 Dec. 2011	30	799,903,256.31

The total of the work packages outlined adds up to **R 13,9bn.** In reviewing the difference in these awarded tender amounts, and the final amounts given, OUTA noticed that there was possibly a major typographical error in this slide on work package C, which should have been R1,702bn instead of R702m², a figure found in secondary references. With the correction, the total value of construction (excluding median concrete barriers) would have been **R14,9bn.**

4. Gauteng Freeway Improvement Project GFIP: Current and Future Phases – Alex van Niekerk o.b.o SANRAL (November 2011)

SANRAL representative Alex van Niekerk gave a presentation (Annexure 3) in 2011 which was at the end of the project, where he stated that the total distance of GFIP Phase 1 was now 201 km, 21 km (or 8,6%) more than the originally stated length in 2008 through to 2010. However, in the same presentation, on slide 26, the distance of GFIP Phase 1 was once again referenced as 185km. Following the confusion around the inconsistencies in distance reported

²See content and discussions at: <http://www.skyscrapercity.com/showthread.php?t=651403> and http://www.unisa.ac.za/contents/colleges/col_science_eng_tech/docs/dr_francois_ilunga_poster.pdf

by SANRAL, OUTA set out clarify the distance measurement. It was in a GFIP Fact Sheet that OUTA was able to identify that while the road upgrades were conducted on 185km of road network, the Electronic Toll Collection Network covered 201km³. It would appear that SANRAL have tolled 16km more than what was upgraded in Phase 1 of the project.

It was also in 2011, where the awarded tenders of the GFIP were published as higher amounts than originally stated in 2009, as seen below:

What are the construction costs per phases and ETC costs?

There are 19 construction projects that were awarded for the upgrading of the freeways. The contracts and their costs as it stands at the moment are:

Project		Cost		
Project Number	Description	Scheduled Work	CPA Provision	VAT
N.001-192-2007/1	GFIP: Precast Concrete Barriers	R 230,076,363.69	R 13,804,581.82	R 34,143,332.37
N.001-192-2008/1	GFIP: Precast Concrete Barriers	R 86,165,637.58	R 6,592,193.91	R 12,986,096.41
N.001-200-2008/1	Golden Highway to 14th Avenue	R 1,117,094,584.31	R 122,880,404.27	R 173,596,498.40
N.001-200-2008/2	14th Avenue to Buccleuch	R 1,675,916,119.09	R 239,656,005.03	R 268,180,097.38
N.001-210-2004/2	Atterbury I/C to Scientia I/C (N4)	R 596,218,964.76	R 85,259,311.96	R 95,406,958.74
N.001-210-2004/5	Flying Saucer to Atterbury I/C	R 263,008,100.03	R 27,000,000.00	R 40,601,134.00
N.001-210-2008/1	Brakfontein to Flying Saucer I/C	R 1,046,331,801.63	R 149,625,447.63	R 167,434,014.90
N.001-210-2008/2	Buccleuch to Brakfontein	R 1,492,478,365.78	R 213,424,406.31	R 238,826,388.09
N.003-120-2008/1	Heidelberg Road to Geldenhys	R 1,823,715,545.50	R 300,913,065.01	R 297,448,005.47
N.003-120-2008/2	Geldenhys to Buccleuch	R 1,149,695,508.30	R 164,406,457.69	R 183,974,275.24
N.012-180-2008/3	Uncle Charlie to Reading I/C	R 527,526,705.24	R 52,752,670.52	R 81,239,112.61
N.012-190-2008/3	Improvement Gilloolys to R21	R 1,102,283,848.50	R 125,000,000.00	R 171,819,738.79
N.012-190-2008/4	Improvement R21 to Tom Jones I/C	R 701,669,523.08	R 55,000,000.00	R 105,933,733.23
N.012-190-2009/5	Improvement Tom Jones to Putfontein I/C	R 511,657,324.78	R 49,483,720.22	R 78,559,746.30
R.021-001-2008/1	Benoni I/C to Olifantsfontein I/C	R 535,427,550.87	R 58,897,030.60	R 83,205,441.41
R.021-001-2008/2	Pomona I/C to Benoni I/C	R 76,616,543.17	R 3,830,827.16	R 11,262,631.85
R.021-002-2008/1	Olifantsfontein to Hans Strydom I/C	R 631,000,000.00	R 69,410,000.00	R 98,057,400.00
R.021-002-2008/2	Reitfontein I/C to Pomona I/C	R 348,002,526.66	R 34,800,000.00	R 53,592,353.73

The total of the final awarded bids came to R17,9bn (including the Precast Concrete Barriers).

5. Presentation by Nazir Alli (10 May 2012): Bidding Procedures, Monitoring and Management of Public Works in Transportation

During the International Workshop on Transportation Infrastructure in Brazil, in May 2012, Mr Nazir Alli (SANRAL CEO) gave a presentation on Bidding Procedures, Monitoring and Management of Public Works in Transportation.

In this presentation, he reported on the GFIP, stating the following (as seen in the presentation, Annexure 10):

³ GFIP Fact Sheet:

<http://www.roadsandtransport.gpg.gov.za/media/Category%20Media/GFIP%20fact%20sheet.pdf>

- **Project Description:** Expand capacity, interchange and cross roads improvements, install intelligent transport system, electronic toll collection system
- **Province:** Gauteng
- **Initial Construction Works:** 184 km of expansion and upgrading of network including interchanges; install ETC
- **Tender Price:** R11,4 billion 
- **Construction Commenced:** June 2008

In this presentation, despite the publicly available amount of R17,9bn as the cost for just the construction, the implication in this presentation is that the tender price for the project was R11,4bn for not only the road construction, but also the electronic toll collection (ETC) system. There was also once again a discrepancy (albeit slight) in the length of the project, listing it here as 184 km, in contradiction to the 185 km listed in multiple other sources, but this figure of 184 km was quoted a year after the figure of 201 km cited by Alex van Niekerk. The question one must ask is why would the CEO of SANRAL be quoting the tendered price of R11,4bn (less if the E-Toll element was excluded), for a project which was already put down at R17,9bn (for the road upgrade)?