

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 2280 [NW2830E]**  
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**2280. Ms D Carter (Cope) to ask the Minister of Finance:**

Subsequent to affixing his signature on the document giving the go ahead to the Passenger Rail Agency of South Africa to acquire 3600 vehicles in its Rolling Stock Programme, what practical steps has the National Treasury taken to ensure that (a) the Public Finance Management Act, Act 1 of 1999, will be strictly adhered to in all aspects of the procurement at all times without exception, (b) transparency and accountability will prevail, (c) the goal of creating 65 000 jobs is going to be incremental and for real, (d) financial controls are going to be in place to ensure cost overruns will not occur and (e) the train manufacturing will indeed take place substantially; if not, why not; if so, what are the details?

NW2830E

**REPLY:**

The National Treasury always takes steps to ensure that the PFMA will be strictly adhered to at all times including in terms of procurement. It is also the responsibility of every Accounting Officer to do this. In addition, the National Treasury has taken the following steps in regard to this matter:

- a) Allocations in the budget towards PRASA will be specifically and exclusively earmarked towards the new rolling stock procurement programme. In addition, other capital and operational expenditure will also be earmarked for signalling, rolling stock upgrades for Metrorail and Mainline services.
- b) Allocating specific funds improves the transparency and accountability of large projects, in that it allows for reporting on specific allocations on a monthly basis as required by the PFMA to the Minister of Transport.
- c) To support monitoring, the National Treasury developed reporting templates for public entities to report on both financial and non-financial performance to the Treasury on a quarterly basis. This project reporting allows for social objectives to be reported on.
- d) To address the threat of over-expenditure, the approval as required in Section 66 of the PFMA, sets a limit to total expenditure on this project of R53 billion in 2014 prices. Although this nominal amount will change with CPI and the forex risk taken by government, the total allocation for the programme will be restricted to this amount.
- e) The train investment will be substantial, despite the funding limit and there will be significant replacement of the exiting operating rolling stock replaced. In addition, Cabinet agreed that

this will be the first round of a 10-year procurement phase and future phases will see all rolling stock replaced with additional stock for improved and expanded services.