

Bus contract halted after company liquidated

The Nelson Mandela Bay Municipality has been thrown a lifeline and could soon be out of a controversial multimillion-rand bus technology contract with Lumen Technologies, after the Cape Town-based company was liquidated.



The liquidation of Lumen Technologies may mean that the Nelson Mandela Bay Municipality is able to call for new tenders of the R174-million Integrate Rapid Transport System for the city. Image: [NMB Business Chamber](#)

The metro's legal team is awaiting a response from the liquidators to indicate if they plan to oppose court action to have the Bay's contract with Lumen set aside or not.

If not, this could effectively mean the end of Lumen's contract with the municipality, thus forcing the city to put the contract out to tender.

The operational centre to develop and monitor bus schedules could finally become fully functional. Also, the display technology on the Libhongolethu buses could finally be installed.

The municipality plans to launch the Cleary Park route for the Integrated Public Transport System project in September, and it is also expected to reopen the Summerstrand route in the same month.

Attorney Nico de Villiers, of legal firm Brown Braude and Vlok, who is representing the Bay municipality, said the firm had written to the appointed liquidators - Helgard Muller Meiring Terblanche and Nomachule Oliphant - to ascertain if they would pursue the case.

"We have written to them to ask their position on finalising the matter of liquidation and I am awaiting a response. "I don't think there's a chance they'll further oppose the case," De Villiers said.

Liquidation affects contract

"The fact that Lumen has been liquidated doesn't automatically mean the case falls away. We will still have to proceed with an order to set the contract aside and if no one opposes it, it means the case will be over soon," he said.

A final liquidation order was made by the Western Cape High Court earlier this month, after Lumen failed to pay subcontractor Questek about R4.4-million for work done on the MyCiti bus service in Cape Town. The Bay municipality turned to the Port Elizabeth High Court in January last year to try to have its contract with Lumen set aside amid allegations that the company inflated prices by as much as 900%. Lumen denied the allegations.

The contract, although one of the biggest awarded by the city, was never put out to formal tender.

At the time, in 2012, municipal bosses said following the normal tender processes would have taken too long and the city was at risk of losing a R180m grant from the Treasury.

Instead, they used a supply chain management law that allowed the city to use the contract of another organ of state that had gone through the tender processes, so they decided to use Lumen as it had undertaken a similar contract with Cape Town. Lumen's contract with the City of Cape Town has since been cancelled.

Municipal spokesman Mthubanzi Mniki said: "The liquidated company is in no position to perform or deliver in terms of its disputed appointment. We therefore do not foresee any opposition to our application to have the appointment set aside."



Nelson Mandela Bay spokesman Mthubanzi Mniki says the liquidated company cannot perform or fulfil its obligations. Image: [My PE](#)

Asked if the city would put the R174m contract out to tender, Mniki said: "If similar services are still required, the [municipality] would be in a position to invite tenders."

Source: Herald via I-Net Bridge

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