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| Monthly Progress Report | February 2022 |

# 1.1 NOOITGEDAGT COEGA LOW LEVEL SCHEME (NCLLS) PHASE 3

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| **Project Description** | |  | **Project Phase** | | | | | **Construction** | | | |
| **NCLLS phase three** entails the construction of a flash mixer, two flocculation channels and settling tanks, six new filters (increasing the capacity of the **WTW’s with 70Ml/day to 210Ml/day**) with clear well below, upgrading of filter pumps, blowers and electrical system, interlinking pipework, upgrading of SCADA and telemetry system, construction of a **45Ml reservoir at Olifantskop**, **AC Mitigation and Cathodic protection** of bulk steel pipelines and rehabilitation of Grassridge to Chelsea pipeline. Funding for this third and final phase is provided by National Treasury and administrated by DWS (R437 million). | | **Project Start** | | Date: May 2017 | | | **Project Completion** | | | June 2022 |
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| **Project Schedule** | | | | | | | | |
| **Key Milestones\*** | | | | **Planned** | | | **Actual/ Revised** | |
| First Water | | | | 01/03/2022 | | | 01/03/2022 | |
| 45Ml reservoir is 99 | | | | 11/02/2022 | | | 11/02/2022 | |
| 70Ml/day WTW’s | | | | 13/05/2022 | | | 13/05/2022 | |
|  | |
| **Percentage Progress** | 96% | Pipeline | | | | 19/05/2022 | | | 19/05/2022 | |
| **Summary Progress** | | Final Commission | | | | 24/06/2022 | | | 15/08/2022 | |
| Project site handover | | | | 04/07/2022 | | | 22/08/2022 | |
| * The progress on the 45Ml reservoir is 99%. * The progress on the 70Ml/day WTW’s is 94% * The progress on the pipeline is 99% | |
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| **Project Expenditure** | | | | | | | | |
| **Estimated Total Cost at Completion** | | | | | | ***R534 000 000*** | | |
| **Total Expenditure to Date** | | | | | | ***R440 919 299*** | | |
| **% Expenditure to Date** | | | | | | ***83%*** | | |
| **Approved Budget** | ***R437 005 000*** | | | | | **Revised Budget** | | ***R534 000 000*** |
| **Month Projected** | ***R10 748 261*** | | | | | **Month Actual** | | ***TBC*** |
| **Cum Projected** |  | | | | | **Cum Actual** | |  |
| **% of Variation to baseline projection** | | | | | | Project should have been completed but is now at 96% | | |
| **Variance Reason** | | | | | | **Recovery Plan** | | | | | |
| (a) A major groundwater problem where the new filters needed to be constructed forced a total redesign of the foundation of the filters  (b) A cash flow problem within the Department in the beginning of 2018 which resulted in the contractor being paid late for invoices, after which contractor then suspended work for several months until funding was made available to pay them before they came back to site to complete the project  (c) Contractor challenges and worker strikes in the Sunday's River Valley that stopped construction  (d) The National Covid 19 lockdown  (e) Natural weather delayed the project  (f) Termination of Contractor due to non-payment of invoices by Amatola Water. | | | | | | * Submission to increase the original budget allocation was submitted and approved * All matters between Amatola Water as Implementing Agent and the Contractor were sorted out and the Contractor is in process of retracting the termination and a new amended contract is in process of being signed * Amatola Water is in process of appointing the Engineer on the project * The contractor returned to site on 10 January 2022 | | | | | |

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| **Key Risks / Issues** | | |
| **No.** | **Risk Description** | |
| * Budget constraints * Unexpected natural conditions and bad weather * Strikes by workers and * Challenges with SMME’s * Slow procurement processes * Termination and suspension of contractor and wasteful and fruitless expenditure | | |
| **Root Causes of the Risk** | | **Mitigation Strategy or Management Actions for Resolution** |
| 1. | * Budget constraint * Unforeseen wet conditions * Hot windy and wet conditions. * Wage discrepancies * Work packages to local SMME’s * Slow procurement processes at AW * Delays in payment of invoices to the contractor. | **Actions to Limit Delays**  Reprioritisation on the current budget allocation  Acceleration plan to catch up after bad weather  Several meetings with workers to sort out wages  Several meetings with SMME unions to sort out work packages  Procurement processes to be fast tracked  Processes put in place to pay contractor in time |

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| Concluding Remarks |  |
| * Revised project implementation plan has been prepared and submitted by the Amatola Water as an implementing agent to fast track the completion of the project and it will be closely monitored by all relevant stakeholders to ensure that the project will be completed on time and within budget as planned. * It should also be noted that the first water is anticipated to be realised in April 2022 and the final project completion by July 2022. * Amatola Water and the metro need to finalise agreement for engineer’s contract, but the project engineer is on site at risk. | |

**DDG Responsible: LINDIWE LUSENGA**

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# 1.2 Mzimvubu Water Project

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| **Project Description** | |  | **Project Phase** | | | | **Construction (Stage 1 – Advanced Works)** | | | |
| The Mzimvubu Water Project aims to develop a conjunctive  scheme comprising two multi-purpose dams and associated  bulk water distribution infrastructure for domestic and  irrigation water supply as well as hydropower generation. The  project is intended to stimulate socio-economic development  in the area and the Eastern Cape Province as a whole. | | **Project Start** | | Feb 2015 | | **Project Completion** | | | *tbc* |
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| **Project Schedule** | | | | | | | |
| **Key Milestones\*** | | | **Planned** | | | **Actual/ Revised** | |
| Design Commences | | | February 2015 | | | February 2015 | |
| Roads Design Complete | | | August 2018 | | | *tba* | |
| Procurement Complete | | | April 2021 | | | June 2019 | |
| Roads Construction Starts | | | March 2017 | | | November 2020 | |
|  | |
| **Percentage Progress** | 33% | Roads Construction Complete | | | May 2023 | | | *tbc* | |
| * Phase one of the project which entails access roads, which has been initiated by the department using internal funding * Construction progress on the access roads is at 33% completion. * RFI was issued on 14 January 2022 and closed on 14 February to address the funding gap of further stages. | |  | | |  | | |  | |
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| **Project Expenditure** | | | | | | | |
| **Estimated Total Cost at Completion** | | | | | *R 14 700 000 000* | | |
| **Total Expenditure to Date** | | | | | R 321 471 102 | | |
| **% Expenditure to Date** | | | | | *2%* | | |
| **Approved Budget** | R 66 478 261 | | | | **Revised Budget** | | R 66 478 261 |
| **Month Projected** | R300 000 | | | | **Month Actual** | | R 86 855 |
| **Cum Projected** | R 65 251 850 | | | | **Cum Actual** | | R 11 008 052 |
| **% of Variation to baseline projection** | | | | | 17% | | |
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| **Variance** | **Recovery Plan** |
| * Construction has been delayed by approximately 6   months due to unexpected rock quantities during excavation. | The progress can be improved once hard excavation is completed |

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| **Key Risks / Issues** | | |
| **No.** | **Risk Description** | |
| \*Delays in the execution of the project | | |
| **Root Causes of the Risk** | | **Mitigation Strategy or Management Actions for Resolution** |
| 1. | Long-term funding for the project not yet secured | Long-term project funding options for the project are being considered by DWS - RFI process is underway to source funding externally |
| 2. | Implementation of State Attorney’s opinion in setting aside the irregularly awarded contract to Pro-Plan Consulting Engineers for the design and supervision of the Mzimvubu Water Project | The department is preparing court papers to effect the legal opinion of State Attorney whilst ensuring that all work which has been paid for is in the possession of the department and any undue enrichment to Pro-Plan is recouped |

# Responsible Deputy Director-General: Motebele Moshodi

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# 1.3 AUGMENTATION OF THE JAMES KLEYNHANS BULK WATER SUPPLY - MAKHANDA

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| **Project Description** |  | **Project Phase** | | | | **Construction** | | |
| The project includes the augmentation of the existing 10 Mℓ/day James Kleynhans WTW by the construction of an additional 10 Mℓ/day WTW, along with associated works required to meet the bulk potable water needs for the Bulk Water Supply.  **Project Scope:**  **Phase 1:**  Augmentation of the James Kleynhans Water Treatment Works –  **Phase 2:**  Augmentation of the James Kleynhans Water Treatment Works (inclusive of emergency Phase 3 and Phase 4 work)  **Phase 3:**  Upgrading of Existing Pumping Main  **Phase 4**:  Upgrading Existing (old) James Kleynhans Water Treatment Works – | **Project Start** | 12 September 2017 | | | **Project Completion** | | *TBC* |
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| **Project Schedule** | | | | | | |
| **Key Milestones\*** | | | **Planned** | | **Actual/ Revised** | |
| Phase 1 Completion | | | 20 July 2018 | | 18 September 2019 | |
| Phase 2 Completion | | | 19 July 2021 | | 16 June 2022 | |
| Phase 3 Completion | | | To Be Determined | | To Be Determined | |
| Phase 4 Completion | | | To Be Determined | | To Be Determined | |
| * Phase 1: 100% complete * Phase 2: Currently under construction at 77% * Phase 3 & 4 might be incorporated into one phase and they are currently on design. | **These are just examples and should be tailored per project/Intervention** | | | | | | |
| **Project Expenditure** | | | | | | |
| **Estimated Total Cost at Completion** | | | | R 237,6 million | | |
| **Total Expenditure to Date** | | | | R 152,7 million | | |
| **% Expenditure to Date** | | | | *64.29%* | | |
| **Approved Budget** | | *R 237,6 million* | | **Revised Budget** | | *R237,6 million* |
| **Month Projected** | | *R 5 million* | | **Month Actual** | | *7.3 million* |
| **Cum Projected** | |  | | **Cum Actual** | |  |
| **% of Variation to baseline projection** | | | | 146% | | |

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| **Variance Reason** | **Recovery Plan** |
| * Contractor experiencing cash flow problems. * Negative impacts of COVID 19 * Late payment invoices by IA. * Drastic increase in material costs * Shortage of materials in SA. * Poor performance of local SMME’s * Community unrest. * The refurbishment works can only be started once the new works are commissioned. | * Contractor to increased resources on site * Signing of Cession agreements as to allow AW to pay suppliers on time after the materials have been received and verified * Relaxation of COVID restrictions. * AW to ensure invoices submitted to DWS on time. * The Contractor to select the most economic material suppliers. * Close monitoring of SMMEs * Regular community/ stakeholder engagements |

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| **Key Risks / Issues** | | |
| **No.** | **Risk Description** | |
| * The current revised programme is very tight without buffer and the planned completion date might not be achieved * Shortage in supply of materials and equipment * Late payment of Contractors * Contractor’s cash flow problems | | |
| **Root Causes of the Risk** | | **Mitigation Strategy or Management Actions for Resolution** |
| 1. | * Slow procurement processes by AW * Delays in payment of Contractor’s invoices by AW resulting in Contractor’s cash flow problems | **Methods to Limit Delays**   * Procurement processes to be fast tracked * AW to develop acceleration plan for the payment process with timeframes and implementation of consequence management thereof |

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| Concluding Remarks |  |
| * Revised construction program submitted. * Cession Agreements with material suppliers have been done to assist in alleviating Contractor’s cash flow problems. * The project is progressing satisfactorily and change of ownership will be finalized soon. * Anticipated completion is June 2022. | |

# Responsible Deputy Director-General: Thoko Sigwaza