

**MINISTRY**

**PUBLIC WORKS AND INFRASTRUCTURE**

**REPUBLIC OF SOUTH AFRICA**

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**NATIONAL COUNCIL OF PROVINCES**

**WRITTEN REPLY**

**QUESTION NUMBER: 56 [CW67E]**

**INTERNAL QUESTION PAPER NO.: 3 (of 2020)**

**DATE OF PUBLICATION: 21 FEBRUARY 2020**

**DATE OF REPLY: 10 MARCH 2020**

**56. Mr G Michalakis (Free State: DA) asked the Minister of Public Works and Infrastructure:**

***Appointment of new contractor***

(1) With reference to her reply to Question 63 on 2 September 2019, (a) how much was paid to a certain company (name furnished), (b) what percentage of work was done by the said company and (c) why was the contract only terminated in August 2019;

(2) whether a new contractor has been appointed; if not, why not; if so, (a) what is the name of the new contractor and (b) why is the contractor not on site;

(3) whether the contract was handed over in the second week of September 2019; if not, why not; if so, what are the relevant details? **CW67E**

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**REPLY**

1. The Department of Public Works and Infrastructure has informed me that the Development Bank of Southern Africa was implementing this project. (a) The Contractor, Soaring Summit Development (SSD), was awarded a contract of R69 745 826.97, of which R9 124 074.35 was spent on building work, civil works, electrical works and mechanical works for various buildings on the site.
2. The percentage of works carried out by SSD was 8.2% of the scope at the time of termination.
3. The DPWI informed me that under the Joint Building Contracts Committee (JBCC) of the Principle Building Agreement (PBA) contract, the contractor must be given notice first before the termination could be enacted. SSD was issued with several notices of non-performance and placed in Mora in November 2019, after that SSD provided a revised programme with a catch-up plan.

In January 2019, SSD exercised their rights under the contractor to cede the work to another contractor that will have the capacity to complete the work. The cession was finalised in March 2019 and the new contractor had to apply for a new construction permit before work could start on site. All this was done in the hope of continuing with work on-site, without a long pause and escalated cost associated with the appointment of a replacement contractor.

The new contractor commenced with work at the end of April 2019, and the progress was not satisfactory. The contractor was issued with notices as per the JBCC and given time to remedy the default. The contractor made commitments, but the non-performance was never remedied. The contractor was issued with a notice to terminate in July 2019 and issued with a termination letter thereafter. The prescripts of the contract had to be followed to the latter to avoid any legal ramifications from the contractor.

1. (a),(b) The Department has informed me that a replacement contractor has not been appointed and will be appointed as soon as DPWI issues a concurrence letter in March 2020. I have asked the Director-General Adv. Sam Vukela, to launch a full investigation into the matter.
2. Falls away