

NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO 1864**

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**(INTERNAL QUESTION PAPER NO. 22)**

**1864. Ms T E Baker (DA) to ask the Minister of Water and Sanitation:**

(1) What is (a) the purpose of her department’s projects having contingency funds and (b) the maximum amount of any project’s contingency fund that can be utilised;

(2) (a) how many projects exceeded the maximum amount with regard to the contingency fund in the (i) 2014-15, (ii) 2015-16 and (iii) 2016-17 financial years, (b) what are the names of each project, (c) what was the value of each project, (d) what was the amount of contingency funds utilised, (e) who authorised the use of the contingency fund in each case and (f) what are the names of the companies who had received the tenders in each case? NW2074E

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**REPLY:**

(1)(a) The purpose of the Department’s projects having contingency funds is to provide for the financial aspects of unforeseen and changed circumstances in the scope of work of a project during its implementation as a mechanism for managing risks and uncertainties associated with project implementation.

(1)(b) There is no defined maximum amount as it varies depending on the nature of the project.

(2)(a) For the 2014-15 and 2015-16 financial years none of the projects exceeded the maximum amount with regards to the contingency fund however, one project in the 2016-17 financial year exceeded the maximum amount with regards to the contingency fund.

(2)(b) The project that exceeded the maximum contingency amount was the Mdloti River Development Project - Raising of Hazelmere Dam.

(2)(c) The total value of the project was R379 982 456.14 (excl. VAT and escalation).

(2)(d) The total amount of the contingency funds utilised was R37 998 245.61 (excl. VAT and escalation).

(2)(e) The discretion of the Resident Engineer in consultation with the Design Engineer / Project Manager authorised the use of the contingency fund.

(2)(f) The name of the company that received the tender was Group Five Construction (Pty) Ltd.

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