

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 2067**

**QUESTION:**

**2067.   Mrs M O Clarke (DA) to ask the Minister of Public Enterprises:**

1. What is the (a) total number of sub-contractors that are currently on site at the Kusile Power Station project and (b) name of each sub-contractor;
2. Whether the contracts with all the sub-contractors are standard and include the penalty clause addendum; if not, why not; if so, what are the details of the penalty clause;
3. Wwhat (a) is the full budget for the Kusile Power Station, (b) spend of the budget has been realised, (c) additional budget was approved and (d) amount was overspent;
4. Wwhat is the (a) planned completion date of the project and (b) period that has gone over the set period of the contract;
5. (a) what is the amount spent on a monthly basis to provide (i) accommodation and (ii) meals for the specified contractors that are on site and (b) who is the supplier of the accommodation and meals?

**REPLY:**

**According to the information received from Eskom**

**(1)(a)&(b)** Eskom does not engage with the sub-contractors, they are engaged by the principal contractors. Eskom therefore cannot provide details of sub-contractors.

However, there are 22 active principal construction and supply contracts at the Kusile project site.

**(2)** As mentioned above, Eskom does not engage with sub-contractors. However, for principal contractors:

The contracts in place are either from the International Federation of Consulting Engineers (FIDIC) or New Engineering Contract (NEC) suite of contracts and include specific Eskom approved clauses. The contracts include specific penalty clauses for performance issues and delays. The penalty clauses and the quantum of the penalty vary from one contract to the next – the penalties generally vary between 5% and 10% of the contract value.

**(3)(a)** On 14 December 2015, the Eskom Board approved a budget of R161.40 billion for Kusile Power Station, excluding interest during construction (IDC).

**(3)(b)** As at 31 July 2021, R142.93 billion (excluding interest during construction) was spent in relation to the budget.

**(3)(c)** No additional budget was approved.

**(3)(d)** No amount was overspent.

**(4)(a)** On 9 June 2020, Eskom Board approved a time extension only from 30 September 2022 to 31 May 2024 for commercial operation of the last unit (Kusile unit 6).

**(4)(b)** The approved project period is still valid and has not been exceeded (see 4a above).

**(5)(a)(i)** The average monthly spend on accommodation is R5.27 million, including value-added tax (VAT).

**(5)(a)(ii)** The average monthly spend on meals is R7.55 million, including VAT, which includes meals for residents at Kendal Village.

**(5)(b)** The current suppliers of accommodation are:

* Combined Accommodation (Kendal Village and Khaya Resort),
* Raziserve (Nan Hau and Cathy Hostel),
* Cross Atlantic Properties 219, and
* T L Marule Property Developer (Villa Shekina).

The current supplier of meals is: Tsebo Solutions Group ATS (Pty) Ltd.

**Additional Information:**

1. We provide a list of contractors with whom Eskom has active principal construction and supply

 contracts at the Kusile project site.

It is to be noted that there are 22 principal contracts with 17 contractors because some contractors have two or more contracts e.g. Alstom has two contracts; ABB has two contracts and Tenova Mining and Minerals has three contracts.

The 17 principal contractors are as follows:

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| --- | --- |
| 1. MHI Power ZAF (Pty) Ltd and Mitsubishi Power Europe GmbH
 | 1. Aveng Africa
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| 1. Alstom S and E Africa (General Electric)
 | 1. Ingersoll Rand South Africa
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| 1. Kusile Civil Works JV
 | 1. PDNA Industrial Projects
2. (Mott Macdonald)
 |
| 1. Eskom Rotek Industries
 | 1. Zest Electric Motors
 |
| 1. Siemens
 | 1. Static Power
 |
| 1. SSBR (Stefanutti Stocks Basil Read Joint Venture)
 | 1. Honeywell Automation
 |
| 1. Industrial Water Cooling
 | 1. ACI Technical Services
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| 1. ABB South Africa
 | 1. Actom Contracting, a division of Actom
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| 1. Tenova Mining and Minerals
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1. We provide a historical view of all Kusile business case approvals:

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| --- | --- | --- | --- |
| **ERA’s** **(Business Cases)** | **ERA Value** **(excluding IDC)** | **Approval Date** | **Approved By** |
| ERA Rev. 0 | R80.7Bn | March/April 2007 | Eskom Board |
| ERA Rev. 1 | R103.9Bn | September 2009 | Eskom Board |
| ERA Rev. 2 | R121.0Bn | May/June 2011 | Eskom Board |
| ERA Rev. 3 | R156Bn (P50)R161.4Bn (P80) | December 2015 | Eskom Board |
| ERA Rev. 4 | R156Bn (P50)R161.4Bn (P80) | June 2020 | Eskom Board |