

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 939**

**QUESTION:**



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

(1)Whether, with reference to the accommodation building that was built at the Kusile Power Station by a certain company (name furnished) with an estimated contract worth R160 million, an (a) official quote was submitted and (b) agreement was entered into with the specified company for the construction of the units; if not, what is the position in this regard; if so, what are the relevant details;

(2) whether an addendum was added to the agreement in terms of additional work that was required; if not, why not; if so, what are the relevant details;

(3)(a) what was the total monetary value of the contract, (b) who was responsible for managing the contract and (c) was there a time frame put in place in terms of penalties imposed if the time frames were not met;

(4) whether the (a) plans, engineering compliances and bill of quantities submitted and approved by the local authority and (b) final inspections and electrical compliances were carried out by local authorities; if not, why not; if so, what are the relevant details

(5) whether the project was inspected and a certificate issued by the National Home Builders Registration Council in terms of inspection; if not, why not; if so, what are the relevant details?

**REPLY:**

**According to the information received from Eskom:**

**(1)(a)**

An open tender process was followed and twenty-four (24) companies submitted tenders.

**(1)(b)**

On 3 July 2012, Eskom Holdings SOC Limited awarded a contract (4600046997) to Liviero

Wilge Joint Venture (LWJV) for the construction of 336 units on erf 165 Wilge Township

(enquiry number PS(K)2011/UR/01). The duration of the contract was 18 months and the

accepted contract price was R226 485 875.455 excluding value-added tax (VAT) and cost

price adjustment (CPA).

**(2)**

The following modifications were approved by the relevant delegated authorities:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Modification No. | Approval Date | Approved Contract Value | Reasons for Change | Approval Authority |
| 0 | 3 May 2012 | R226 485 875 | Initial approval | R300m Procurement Tender Committee (PTC) |
| 1 | 8 May 2013 | R264 795 470 | Inclusion of project labour agreement | R300m PTC |
| 2 | 10 December 2013 | R264 795 470 | Labour and design issues  Extension of time, no cost | R50m – R300m PTC |
| 3 | 25 July 2014 | R264 795 470 | Legal dispute, time extension, no cost | R50m – R300m PTC |
| 4 | 25 March 2015 | R388 249 150 | First addendum condonation | Exco Procurement Sub-Committee (PSC) |
| 5 | 28 June 2016 | R447 749 277 | Memorandum of understanding | Exco PSC |
| 6 | 4 August 2017 | R608 879 139 | Termination cost | Board tender committee |
| Final | 9 May 2018 | R600 480 000 (excl. cost price adjustment) | Adjudication outcome |  |

**(3)(a)**

Initially, the total contract monetary value was R226,5 million and the final monetary value at

adjudication was R600,48 million (excluding cost price adjustment).

**(3)(b)**

Mr. Reuben Mamorare, General Manager for Group Capital Division Facilities.

**(3)(c)**

Delay damages for sectional completion were included in the contract at 0.04% per day,

calculated as a percentage of the prices at the date of contract award. The deadline for

Section 1 that included blocks C, D, E and F was 30 September 2013 and the deadline for

Section 2 that included blocks A, B, G, H and I was 13 December 2012. However, no

penalties were imposed on the contractor.

**(4)(a)**

The required documents for the rezoning, and building permission was submitted to the

Local authorities and approved.

**(4)(b)**

Final inspection for occupation certificates and electrical compliance by the local authority

Was not completed due to termination of the contract.

**(5)**

The development was enrolled with the National Home Builders Registration Council

(NHBRC) and certificates were issued. The development was suspended before final inspections for relevant certifications were done.