

# **REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC WORKS, ROADS AND TRANSPORT; COMMUNITY SAFETY, SECURITY AND LIAISON ON THE SITE VISITS CONDUCTED ON 24 AUGUST 2012 TO THE ARCHIVE BUILDING AND THE DISASTER MANAGEMENT CENTRE**

## **1. INTRODUCTION**

Oversight is a means for holding the executive accountable for its actions and for ensuring that it implements plans and policies in an effective manner, according to the allocated budget for the relevant financial year. The Legislature robustly monitors the executive to ensure good governance.

This report serves to give an account of the oversight visit as conducted by the Portfolio Committee on Public Works, Roads and Transport; Community Safety, Security and Liaison (the Committee) to the Mpumalanga Archive Building and the Disaster Management Centre.

## **2. OBJECTIVES OF THE SITE VISITS**

The objective of the visits was to determine progress made on the construction of the Mpumalanga Archive Building and the Disaster Management Centre. The visit was conducted as a joint visit between the Portfolio Committee on Public Works, Roads and Transport; Community Safety, Security and Liaison; the Portfolio Committee on Education; Culture, Sports and Recreation and the Portfolio Committee on Human Settlement; Cooperative Governance and Traditional Affairs.

## **3. METHOD OF WORK**

Invitations were sent to the MECs and HODs of the departments of Public Works, Roads and Transport; Culture, Sports and Recreation and Co-operative Governance and Traditional Affairs to accompany the Committee to the visit as well as to give an account on the status quo of the two buildings.

#### **4. REPORT ON THE OVERSIGHT VISITS**

##### **4.1. PROVINCIAL ARCHIVE BUILDING**

The Committee conducted a site visit to the Archive Building on 24 August 2012. The Committee received a briefing from the department, outlining the background and status of the project. From the briefing that was presented, the Committee noted that the project went through a process of re-tendering. It was noted that when the project was re-tendered, the contract price had almost doubled from **R94, 283, 777.00** to an amount of **R161, 851, 535.81**. The department explained that the project tender was first awarded in February 2008 and re-tendered in March 2009. During the time the project was re-tendered, the market was too opportunistic as it was during the 2010 World cup preparation period. The office of the Premier conducted a Commission of enquiry on the construction of the building. The department reported that based on the findings of the Commission of enquiry report, charges have been laid against certain people and disciplinary actions are still to be taken.

##### **4.1.1. Background of the Project**

When the project started, it was divided into two phases. Phase 1 was for Civil Works and Phase 2 was planned for the construction of the main building. The department awarded the contract of Phase 1 for the civil work

to Lumekani General Trading in 2006 at a contract amount of **R17, 736, 676.66**. The contract for Phase 2, which was for the building work and the construction of the main building, was first awarded to Ilima Projects in February 2008, at a contract amount of **R94, 283, 777.00**. However, the contract was later awarded to Lumkani Construction JV Stefanutti Stocks in March 2009 at an amount of **R161, 851, 535.81**.

### **Contractual Information**

Contractor	:	Lumkani Construction JV
Principal Agent and Architect	:	Selby Shiba Architects
Civil and Structural Engineer	:	PD Naidoo Consulting Engineers
Electrical and Mechanical Engineers:	:	Marepo cc
Town Planner	:	Umsebe Development Planners
Quantity Surveyor	:	YM Cassims Quantity Surveyors
Project Cost	:	R 183, 858, 018.00
Expenditure to date	:	R 147, 425, 498.76

### **Phase 1**

As indicated above, the contract for Phase 1 was awarded to Lumekani General Trading in 2006. The site was handed over in June 2008 and practical completion was achieved in March 2009. The department reported that the initially identified site, which was supposed to be near the Riverside Government complex had to be relocated as it was going to be affected by the N4 by-pass project. Processes for another identified site, which is situated on Portion 31 of the farm Boschrand 283 TJ, east adjacent of the R40 provincial road were finalised in May 2008. The site was then handed over to Lumekani General Trading in June 2008 and the practical completion was achieved in March 2009.

## **Phase 2**

The contract for Phase 2 was first awarded to Ilima Projects in February 2008 at a contract amount of **R94, 283, 777.00**. The contract was terminated due to the discovery by SARS that the tax clearance certificate submitted to the department should not have been issued to the contractor, as the company's financial standing was not in good order at the time.

The project was then re-tendered. It was then awarded to Lumkani Construction JV Stefanutti Stocks in March 2009 at a contract amount of **R161, 851, 535.81**

### **4.1.2. Local labour**

According to the report, the contractor appointed 142 local labourers, of which 51 were unskilled and 91 were skilled labourers. There were 2 women, 38 youth and 1 person with disabilities employed by the contractor. The department could not give an explanation on why only 2 women out of the total of 142 people were appointment.

### **4.1.3. Challenges Experienced during the Construction of the Archive Building**

During the construction of the project; there were delays experienced and additional work done, which resulted into the practical completion date being revised from the 27 February 2012 to 30 June 2012.

The following matters were reported:

- The department received a letter from the Department of Culture, Sports and Recreation to suspend the project. The project was then suspended from 17 June 2009 to 30 July 2009;
- The department also experienced slow progress on site in terms of the work done by the contractor due to non-payment by the Department of Culture Sports and Recreation;
- There was a request by the Department of Culture, Sports and Recreation for additional work of installing boundary fence, which resulted into the contractor being granted an extension of time for 65 days.

#### **4.1.4. Current Status of the Building**

Currently, the project has reached practical completion and has been handed over to the Department of Culture, Sports and Recreation as of 29 June 2012. However, The Department of Culture, Sports and Recreation had not occupied of the building by the time of the site visit.

#### **P1-2: Below are pictures of the Archive Building**





#### **4.1.5. Findings**

1. Keys to the building were still in the possession of the Contractor due to the fact that the Contractor was still owed payment claimed, which had exceeded the 30 days payment period.
2. Only two women were employed in the project.

#### **4.1.6. Recommendations**

1. The Department of Public Works, Roads and Transport and the Department of Culture, Sports and Recreation must ensure that all the money that is owed to the contractor is paid and the keys are taken from the contractor;
2. The Department of Public Works, Roads and Transport must ensure that employment equity is maintained at all times when appointing contractors.

## **4.2. DISASTER MANAGEMENT CENTRE**

The Committee received a briefing from the Department of Public Works, Roads and Transport and the Department of Co-operative Governance and Traditional Affairs on the 24 August 2012 and conducted a site visit after the

briefing. The Committee noted that the project went through a process of re-tendering. It was reported that when this project was re-tendered, the contract price had doubled from **R45, 5m** to an amount of **R82, 8m**. The department explained that the project was first awarded in February 2008 and was re-tendered in August 2008. During the time that the project was re-tendered, the construction industry was very opportunistic as it was during the 2010 FIFA World Cup preparations.

The Committee required an explanation on why there were no traffic lights on the R40 road leading to the Disaster Management Centre for ease of access. The department responded that they did not approve the installation of the traffic lights by the Mbombela Local Municipality in consideration to the number and types of cars that come in and out of the Disaster Management Centre. The department further reported that traffic personnel were delegated in times of disaster to help control traffic.

#### **4.2.1 Background of the Project**

It was noted that the contract tender was initially awarded to CBMC, MCC 17, Malibongwe Projects and Sekunjalo Construction JV at a contract amount of **R45, 500m** on 08 February 2008. Due to the urgency of the project, as it was supposed to be completed on a specific time and be used as a trial-run before the hosting of the 2010 FIFA World Cup, the project was handed over to the contractor on 15 April 2008 with a condition that the original construction guarantee will be submitted within two weeks after the site hand over. The contract was then terminated on 12 June 2008 due to non-compliance with the contractual requirements and slow progress on site. The project was later re-tendered and awarded to Fikile Projects cc in August 2008 for the contractual amount of **R82, 786, 000.00**.

### **Contractual Information**

Contractor	:	Fikile Projects cc
Principal Agent and Architect	:	Selby Shiba Architects
Civil and Structural Engineer	:	Jamela Consulting Engineers
Electrical and Mechanical Engineers:		Marepo cc
Quantity Surveyor	:	Mandla Mlangeni QS
Project Cost	:	R 82, 786, 000.00
Expenditure to date	:	R 82, 404, 035.04

#### **4.2.2 Local Labour**

The department reported that the main contractor appointed 110 local labourers. There were 9 women, 107 youth and 1 person with disabilities. The department could not give an explanation on the low number of women appointed as compared to the total people appointed.

#### **4.2.3 Challenges Experienced during the Construction of the Disaster Management Centre**

The department reported the following challenges were which were said to have been experienced during the construction of the Centre:

- The contractor discovered hard rock during the excavations which was not provided for as it was not picked up during the geotechnical investigation. The rock required to be blasted and the Civil Engineer had to revise the drawings. The challenge caused a delay of 111 days, for which the contractor had to be granted extension of time;

- The department rejected the claims for the extension of time due to the urgency of the project as it was expected to be completed before the 2010 FIFA World Cup;
- The contractor referred the matter to arbitration. The Arbitrator then granted the extension of time to the 4 June 2010;
- The department negotiated with the contractor and it was agreed that the extension of time will be granted up to 15 February 2010.

#### **4.2.4 Current status of the building**

The department reported that the practical completion of the project was achieved on 09 April 2010 and final completion was achieved on 06 December 2010. The Department of Co-operative Governance and Traditional Affairs took occupation on 15 April 2011. The current status is that final account has been done, paid and the project is closed.

**P1-2: Below are pictures of the Disaster Management Centre**





## 5. CONCLUSION

The Chairperson, Hon JL Mahlangu thanked Hon Members of the Portfolio Committee, Departmental staff and all stakeholders that participated during the site visits for their valuable inputs made. The Portfolio Committee requests the House to adopt the report with its recommendations for implementation and report back by not later than 31 May 2013 by the MEC of the Department of Public Works, Roads and Transport to the Honourable Speaker of the Legislature.

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**Hon. JL Mahlangu (MPL)**

Chairperson: Portfolio Committee on Public Works,  
Roads and Transport; Community Safety,  
Security and Liaison

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**Date**

