



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

EdTM

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MINISTER OF WATER AND SANITATION

NATIONAL COUNCIL OF PROVINCES: QUESTION ★94 FOR ORAL REPLY

A draft reply to the above mentioned question asked by Ms B A Engelbrecht (Gauteng: DA) is attached for your consideration.


ACTING DIRECTOR-GENERAL

DATE: 22/08/2016

DRAFT REPLY APPROVED/AMENDED



MRS NP MOKONYANE
MINISTER OF WATER AND SANITATION

DATE: 25 / 08 / 16

NATIONAL COUNCIL OF PROVINCES

FOR ORAL REPLY

QUESTION NO ★94

DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 16 AUGUST 2016
(INTERNAL QUESTION PAPER NO. 16)

★94. Ms B A Engelbrecht (Gauteng: DA) to ask the Minister of Water and Sanitation:

Whether there will be any cost overruns as a result of the delay in the Lesotho Highlands Water Project; if not, what is the position in this regard; if so, what is the cost of the overrun?

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REPLY:

The Lesotho Highlands Water Project (LHWP) implementation schedule has been affected by various factors and it has been delayed to a certain extent. Program delays normally do result in increased implementation cost due to the effect of construction escalation. The project authorities are monitoring the increases in cost and are taking steps to limit these increases by applying different implementation strategies and ways of implementing the LHWP faster, thereby reducing the negative effect that construction escalation has on the estimated cost.

The LHWP has an eight year implementation period and all avenues are investigated to reduce the implementation period and the cost. The estimated cost at completion, including escalation and contingency, in May 2015 amounted to R 22, 9 billion. The latest revised estimated cost, dated May 2016, amounts to R 23, 27 billion.

This increase of estimated cost of R 361 includes the following updated information:

- where contracts have been awarded during the year the actual contract costs are now included;
- updated escalation indices have been applied;
- updated foreign currency assumptions and indices have been applied;
- revised implementation methodologies that strives to reduce the implementation period.

The project authorities are constantly monitoring the cost as well as the funding requirements.

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