



**HUMAN SETTLEMENT,
ENGINEERING, AND TRANSPORT
(ENGINEERING UNIT)**

DEVELOPMENT ENGINEERING

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TO: HUMAN SETTLEMENTS AND INFRASTRUCTURE COMMITTEE
REPORT NO: E41/2024
**SUBJECT: MAJOR AMENDMENT FOR CONTRACT NO. 2V-44727:
ENGINEERING INFRASTRUCTURE: BURLINGTON HEIGHTS
GREENFIELDS HOUSING PROJECT PHASE 3 – WARD 65**

DATE: 18 JULY 2025

1. PURPOSE OF REPORT

The purpose of this report is to provide background, motivation and rationale to the Human Settlements and Infrastructure (HSI) Committee, to note the Major Amendment required for the above-mentioned contract in terms of clause 116(3) of the Municipal Finance Management Act (MFMA) (No.56 of 2003). This report provides detailed information on the amendment to the contract period of performance by 12.5 months and an increase in the financial authority of R 14 097 476.46 for Contract No. 2V-44727: Engineering Infrastructure: Burlington Heights Greenfields Housing Project Phase 3.

2. BACKGROUND

Burlington Heights is situated in the Western region of the Municipality (Ward 65). Burlington Heights Greenfields Housing project consists of three phases, Phase 1 and Phase 2 of the project are complete and Phase 3 is currently under construction. The Employer's objective on this contract is to provide low-cost housing to Burlington Phase 3. The project involves the construction of bulk earthworks for roads and platforms, asphalt surface roads, retaining walls, pedestrian access together with stormwater drainage for the roads and platforms. The project also incorporates the provision of services i.e. water and sewerage reticulation networks and the connection of these networks to existing services.

Contract No. 2V-44727 followed all relevant SCM processes and procedures and was awarded to GNS Civils (CC) on the 18 February 2021. The department's objective under Contract No. 2V-44727 was to appoint a service provider to undertake the construction works

required for the Engineering Infrastructure for Burlington Heights Greenfields Housing Project, Phase 3. The BAC decision and Letter of award for Contract 2V:44727 are included in Annexure 1 and a summary of information relating to the contract is presented in Table 1 below.

A minor amendment to contract 2V-44727 was approved by the Bid Adjudication Committee in April 2023, the BAC decisions are included in Annexure 2. An extension of the period of performance of the service provider was approved by BAC in December 2023 and June 2024, the BAC decisions are included in Annexure 3.

The Major amendment to Contract No. 2V-44727: Engineering Infrastructure: Burlington Heights Greenfields Housing Project Phase 3 was approved by BAC on 16 October 2024, the BAC decisions are included in Annexure 14. The Major amendment report was thereafter prepared and circulated for approval to enable submission to the HSI Committee for noting on 21 October 2024, however there were queries raised by EMARAS and these queries have subsequently been dealt with now enabling the resubmission of the Major amendment report to HSET Committee for consideration in July 2025.

Table 1: Summary of Contract Information for Contract No. 2V-44727

Contract number	2V-44727
Contract Title	Engineering Infrastructure: Burlington Heights Greenfields Housing Project, Phase 3.
Service Provider	GNS Civils (CC)
Scope of Work	Construction of bulk earthworks for roads and platforms, asphalt surface roads, retaining walls, pedestrian access together with stormwater drainage for the roads and platforms
Date of advert	07/02/2020
Compulsory Clarification Meeting	13/02/2020
Tender closing date	22/05/2020
Tender Contract Participation Goal (CPG)	30%
Conditions of Contract	SAICE GCC (2015)
Contractual Commencement Date	20/10/2021

Table 1: Continued

Time for achieving Practical Completion (GCC 2015: Cl. 1.1.1.14) (excluding Special Non-Working Days)	24 months
Special Non-Working Days (GCC 2015: Cl. 5.8.1)	All statutory holidays and the year-end break.
Initial Due Date for achieving Practical Completion	15/01/2024
Approved Revised date for Practical completion (refer to Annexure 3)	19/07/2024
Approved Revised date for Practical completion (refer to Annexure 3)	31/08/2024
Approved Revised date for Practical completion (refer to Annexure 3)	31/10/2024
Contract Financial Authority (Excl. VAT)	R 47 119 999.58

A summary of interim payments to date on Contract No. 2V-44727 is presented in Annexure 4 together with the signed payment certificates and invoices as proof of payments for the past six months. The total spend to date is R 43 392 033.56 excluding VAT.

2. MOTIVATION

The requirement for an extension of contract performance period and additional contract authority is discussed below.

2.1 Additional time and costs for 2V-44727

a) Shembe Church

In 2018, a portion of land on Burlington phase 3 was illegally occupied by the Efesi Nazareth Baptist Church. eThekweni Municipality lodged an urgent application to interdict the invasions and to remove the structures which were built on Burlington Phase 3. The Shembe Church was situated at a crucial point of the construction which required extensive excavation to lay services required for the low-cost housing development. During the period February 2023 to May 2023, several meetings were held between eThekweni Municipality, project stakeholders and the Shembe Church congregation to discuss possible relocation options for the Church site, however the Shembe Church refused to relocate to the designated site. Further legal

proceedings took place between May 2023 to December 2023. At the end of December 2023, a court order was granted for the Shembe Church (unauthorized structure) to be demolished from Burlington Phase 3 to allow for the construction of the planned low-cost housing development. Meetings were thereafter held between eThekweni Municipality, project stakeholders and the Shembe Church congregation in March 2024 and an agreement was reached which enabled construction activities to continue Phase 3 of the project. The estimated time for completion of the project was projected to be around June 2024 if there was full access to the Shembe area at the beginning of November 2023.

The delay due to court proceedings resulted in a delay in construction work effectively delaying the progress of the project and its completion. The contractor was directed to work on portions of the site which were not impacted by the Shembe site and the related connector services which were planned to traverse the Shembe site, but due to the limited works and their locations on different portions of the site the contractor was not able to work in an efficient manner which impacted on his progress and efficient use of his plant. This slowdown in production is also reflected in the payment certificate values from June 2023 through to February 2024, the resultant 8.5 months extension of time being claimed is attributed to the limited access to the full work site. The total cost of the 8.5 months extension of time is R 1 808 581.21 and the standing time cost is R 1 960 800.00. The total costs resulting from the delay in the relocation of the Shembe Church is R 3 769 381.21. Refer to Annexure 5 for supporting documentation.

b) Storm damages

Storm damages due to excessive and abnormal rainfall in the most recent years 2022 to 2023 has negatively impacted the construction site at Burlington Phase 3. The excessive rainfall also contributed to slow progress as repairs were undertaken constantly. The heavy rainfall events took place on 12th April 2022 (305 mm), 23rd May 2022 (241 mm), December 2022 (100 mm) and February 2023 (100 mm), refer to the site rainfall records in Annexure 5B. These rainfall events resulted in excessive precipitation and surface runoff along the Burlington Phase 3 site which also contributed to the soil erosion and silt accumulation near the Railway reserve in December 2022. The additional works such as gabion retaining structures and sand berms were required at the lower region of the site near the railway line to mitigate further damages due to heavy rainfall occurrences. The additional works near the railway line was an urgent requirement due to the disruptions being caused to the national freight rail movement from the Durban Harbour. Due to this urgency, the contractor was directed to treat this as an emergency and the workforce was dedicated to this task which then delayed other planned

activities, therefore requiring a further time extension with costs which were not budgeted for. The cost arising from the additional mitigation measures is R 631 265.25 together with the standing time costs amounting to R 1 568 640.00. Refer to Annexure 5B for supporting documents. The total costs incurred for storm damages is R 2 119 905.25.

c) Delays in Roadworks

Due to financial constraints and budget reprioritisation for the contract, the road layerworks on Burlington Phase 3 could not be finalised. The standing time costs resulting from the road layerworks delays is R 730 700.00 as indicated in Annexure 5C. A further extension of time for 4 months is required due to the delays in roadworks, the cost for the extension of time is R 886 930.32. The total costs due to the delays in proceeding with the road layerworks is R 1 617 630.32.

d) Phase 2 - Additional works

The completion of Burlington Phase 2 was included in the Burlington Phase 3 contract i.e. 2V-44727. Upon completion of works on Phase 2, the line department (CSCM) required additional work such as reno mattresses, gabion boxes and stone pitching as indicated in Variation order 31 (Annexure 5D). There were additional costs incurred for the jetting of sewer lines due to storm damages resulting from the April 2022 floods. Furthermore, there was a requirement for plastic handrails and the construction of staircases to hand over the works to the Client department. The additional cost for Phase 2 works was R 496 693.18, refer to Annexure 5D for supporting information.

e) Escalation

The additional cost arising from escalation on the additional funding is R 4 383 648.21. The detailed calculations and supporting information are shown in Annexure 5E. It is noted that the base year for contract 2V-44727 is 2020; the project still has 12.5 months to reach completion and 87 % of the authorized Escalation has been utilized, therefore an increase of the escalation authority is required to complete the project.

f) Acceleration of works

The revised program with the anticipated end date 23 July 2025 details completion of all construction activities on Burlington Phase 3. The additional time required to conclude all works as per the revised program submitted for approval is 242 days excluding rain days and potential rain days. There was an initial acceleration in works to practically complete the

contract by 28 March 2025. The timeframe for the completion of works would have required 8.5 months extension of time as indicated in section 2.1 and the costs resulting from an acceleration of works is R 1 178 000.00. Refer to Annexure 5F for supporting information. However, due to further delays indicated in 2.1.C, there will be an additional 4 months extension of time required to practically complete the contract by 31 July 2025.

g) Insurance, Sureties and Community Liaison Officer (CLO)

Due to the additional 12.5 months' time extension on the contract, there will be additional cost of R 273 411.47 for the extension of insurances and sureties. There will also be an additional cost of R 225 500.00 for the Community Liaison Officer. Refer to Annexure 5G for supporting information.

The summary of time and costs are indicated in Table 2 and Table 3 below. Annexure 6 contains a detailed breakdown with supporting calculations for the additional costs required for contract 2V-44727.

Table 2: Summary of Extension of Performance Period for 2V-44727

Description	Date/Duration
Original Contract Duration	24 months
Revised Contract Duration	33 months (until 31 October 2024)
Additional time required	12.5 months (calculated from 19 July 2024)
Contract start date	20 October 2021
Contract end date	31 October 2024
Revised end date	31 July 2025

Table 3: Summary of Additional Costs for 2V-44727

Item	Description	Additional Cost
1	Delays due to Shembe Church relocation	R 3 769 381.21
2	Storm damages	R 2 199 905.25
3	Delays in Roadworks	R 1 617 630.32
4	Phase 2 - Additional works	R 469 693.18
5	Escalation	R 4 363 955.03
6	Acceleration of works	R 1 178 000.00
7	Insurances, Sureties & CLO	R 498 911.47
<u>Total Additional cost</u>		<u>R 14 097 476.46</u>

3. PROJECT STATUS

This project is currently under construction. The initial completion date was 15/01/2024; due to budget constraints, restricted access to site and budget reprioritisation, a total of 9 months' time extension was granted by BAC. The latest revised completion date is 31 October 2024 (to prevent the contract from expiring whilst the Section 116(3) report is being submitted for approval). Due to budget reprioritisation, the Section 116(3) report was submitted for approval in September 2024 with the assumption that approval will be granted at the end of October/November 2024. An initial 8.5 months' time extension was required from July 2024, however, due to the reasons indicated in 2.1.C, a further 4 months' time extension is now required. Therefore, a total of 12.5 months' time extension will be required on this contract calculated from July 2024. The projected end date for the contract is 31 July 2025.

4. OTHER IMPLICATIONS

4.1 Legal

There are no legal implications associated with the proposed amendment.

4.2 Human Resource

There are no human resource implications associated with the proposed amendment.

4.3 Public Participation

The proposed amendment to Contract No. 2V-44727 was advertised in the relevant media requesting comments/objections from the public in this regard. It is noted that no comments were received in response to the advert.

4.4 Financial

The proposed amendments will have financial implications on Contract 2V-44727 as indicated in Table 4.

Table 4: Summary of the Financial Status of Contract No. 2V-44727

Item	Description	Additional Cost
1	Net Tendered Sum (Excl VAT)	R 34 643 124.55
2	Allowance for contingencies	R 4 434 782.55
3	Allowance for Escalation	R 8 042 092.48
4	Current Financial authority	R 47 119 999.58
5	Payment to date	R 43 392 033.56
6	Available contract authority	R 3 727 966.02
7	Add: Estimate increase in contract budget	R 14 097 476.46
8	Revised Contract Financial Authority	R 61 217 476.04

It is noted that the original contract authority is R 47 119 999.58 Excl. VAT (including provision sums, allowances, contingencies, and escalation). The revised contract financial authority is R 61 217 476.04 (Excl. VAT).

Table 5: Budget Provision for Contract No. 2V-44727

BU	ITEM	FUNDING	COST	PROJECT	REGION	PROVISION 2024/2025	PROVISION 2025/2026	PROVISION 2026/2027
H4016Z2	3472.11B	54022	0000	H4016Z2	W065	10 000 000.00	10 000 000.00	7 000 000.00
P5246J	3472.12B	51253	0000	P5246J	W066	2 000 000.00	1 000 000.00	1 000 000.00
						12 000 000.00	11 000 000.00	8 000 000.00

Cert No: 80/028/03/2024

Confirmation of the Proposed expenditure, amount spent to date and balance unspent is attached to this report.

4.5 Economic and Social

The completion of Burlington Phase 3 low cost-housing project will provide access to 109 fully serviced units which will serve the Burlington community in Ward 65. Should the project not be completed, the total number of housing units will be reduced from 109 to 59, this then means that 50 families will remain in the transit / temporary housing facility until a further phase 4 of the project can be budgeted for in the future financial years, these families have been residing in the transit / temporary housing facility since 2018 when the initial phases of this project commenced in.

5. SECTION 116(3) COMPLIANCE REQUIREMENTS

The report complies with the reporting requirements in terms of the Supply Management Policy 2023 and Section 116(3) Compliance Report Circular dated 15 September 2022. A summary of this compliance is shown in Table 6 below.

Table 6: Summary of Compliance with the Section 116(3) process

(i) proof that Step 1 for Major Amendments have been followed, together with associated documentation	Step 1 of the process is for the Line Department to seek authorisation from the Deputy City Manager of the Cluster and Head: SCM to issue a public advert to solicit public views regarding the proposal amendment to contract. The approved report to DCM: HSET is attached as Annexure 7.
(ii) results of advertising in terms of Section 116(3) (b) & (ii) of the MFMA, and the results thereof showing representations received and the materiality and impact of these representations.	The public advert was placed in the 7 th June 2024 edition of Metro Ezasegagasini and closed on 12 July 2024 attached as Annexure 8. No objections/representations were received, as per correspondence with SCM attached as Annexure 9.
(ii) proof that Step 3 for Major Amendments have been followed, together with associated documentation	Step 3 of the process is for the department to table a report to Council of the Municipality via the Human Settlements and Infrastructure Committee to note proposed Major Amendment. The signed report to Human Settlements and Infrastructure Committee will be submitted after BAC approval is obtained.

In addition to the requirements in Table 6, a list of supporting documents showing compliance with the Section 116(3) process is presented in Table 7.

Table 7: Summary of Section 116(3) Reporting Compliance

Compliance Requirement	Proof of Compliance
(i) proof that the contract or agreement procured was through the supply chain management policy.	Letter of award is attached as Annexure 1.
(ii) proof that there is a written contract in place	The Contractor has entered into a signed Contract. The signed Form of Acceptance is attached as Annexure 10.
(iii) proof that the contract has been monitored on a monthly basis in terms of Section 116(2)(b) of the Act;	The monthly performance monitoring reports and progress meeting minutes are attached as Annexure 11.
(iv) proof that the contract has been reported on in terms of Section 116(2)(d) of the Act;	The contract is being reported on a quarterly basis to SCM, as evidence by the quarterly performance monitoring reports, submitted to SCM, Annexure 12.
(v) proof and motivation that the reasons for the proposed amendments are valid	The motivation is provided in the body of this report.
(vi) proof that the draft EXCO has appropriate content	The content of the report has been derived based on the requirements of the SCM policy and the Section 116 Compliance Report Circular dated 15 September 2022 as evidence by this table.
(vii) advert for the proposed amendments in terms of Section 116(3)(b) (i) & (ii) of the MFMA	Attached as Annexure 8.
(viii) proof of the public views regarding the proposed amendments to the contract.	Attached as Annexure 9, no comments received.
Additional amount as a result of the amendment.	The additional amount as a result of the amendment is included in the body of this report.
All implications of the proposed amendment	All implications of the proposed amendment are included in the body of this report.

6. LIST OF TABLES
Table 1: Summary of
Table 2: Summary of
Table 3: Summary of
Table 4: Summary of

6. LIST OF TABLES

Table 1: Summary of Contract Information for Contract No. 2V-44727

Table 2: Summary of Extension of Performance Period for 2V-44727

Table 3: Summary of Additional Costs for 2V-44727

Table 4: Summary of the Financial Status of Contract No. 2V-44727

Table 5: Budget Provision for Contract No. 2V-44727

Table 6: Summary of Compliance with the Section 55

Table 7: Summary of Section 116 Reporting Compliance

7. LIST OF ANNEXURES

Annexure 1: BAC decision and Letter of award for Contract 2V:44727

Annexure 2: Minor amendment to contract 2V-44727

Annexure 3: Extension of the period of performance of the service provider – Contract 2V-44727

Annexure 4: Summary of interim payments

Annexure 5: Motivation for Additional time and costs for 2V-44727

Annexure 6: Costing Summary

Annexure 7: Signed Memo for Advert Approval

Annexure 8: Advert

Annexure 9: Proof of "no comments" to Advert

Annexure 10: Form of Acceptance for Contract 2V-44727

Annexure 11: Monthly Performance Monitoring Reports and Progress Meeting Minutes

Annexure 12: Quarterly Performance Monitoring Reports

Annexure 13: GNS CIVILS CC: Municipal Bid documents

Annexure 14: BAC Decisions (Major Amendment to contract 2V-44727)

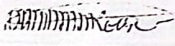
8. RECOMMENDATIONS AND SIGNATURES

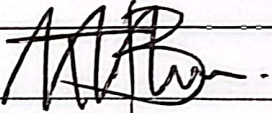
8.1. It is recommended that the HSET Committee notes the Major Amendment, in reference to Clause 55 of the SCM Policy and Section 116(3) of the MFMA, of contract 2V-44727.

9. SIGNATURES

Signature: 
Name: Douglas Martin Jooste Date: 18/07/25
SENIOR MAN: DEVELOPMENT ENGINEERING (W)

Signature: Signed by Ednick Sihle Mandla Bong Signed at 2025-07-28 10:05:04 +02:00 Reason: I approve this document
Name: Ednick Sihle Mandla Bong Date: 24/07/25
ACTING EXECUTIVE DIRECTOR: TECHNICAL SERVICES

Signature: 
Name: LORATO VERONICA KE Date: 18/07/25
DEPUTY DIRECTOR: DEVELOPMENT ENGINEERING

Signature: 
Name: T.B. M. BHELE Date: 22-10-2025
CITY MANAGER: ETHEKWINI MUNICIPALITY

Signature: 
Name: GUGU PRECIOUS NGUE Date: 23/07/25
DIRECTOR: RIM and ES

ETHEKWINI MUNICIPALITY FINANCIAL CERTIFICATE



CLUSTER: HUMAN SETTLEMENT AND INFRASTRUCTURE

OUTPUT UNIT: HOUSING

DEPARTMENT SERIAL NO.: 2024/2025

CERTIFICATE NO.: 60/2020/2024

FINANCIAL YEAR END: 2024/2025

DATE: 02/09/2024

AYANDA SOOBEA
FINANCIAL OFFICER

SIGNATURE

[Signature]

DETAILS	ACCOUNT NUMBER				BUDGET FOR THE			BUDGET FOR THE			BUDGET FOR THE			SPENT TO DATE	BALANCE UNSPENT	EXPENDITURE PROPOSED
	BUSINESS UNIT	ITEM, SUB	FUNDING	COSTING	PROJECT	REGION	YEAR 2024/2025	YEAR 2026/2026	YEAR 2026/2027	YEAR 2026/2028	YEAR 2026/2029	YEAR 2026/2030	YEAR 2026/2031			
	H401622	34722.118	64022	0000	H401622	W065	10,000,000	10,000,000	7,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,354,042	27,000,000.00	47 118 999.38
	P32464	34722.128	61263	0000	P32464	W066	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,354,042	2,645,358.18	
							12,000,000	11,000,000	8,000,000					1,354,042	29,645,358	
SAVINGS IDENTIFIED / (WIND FALL)																
DETAILS																
	BUSINESS UNIT	ITEM, SUB	FUNDING	COSTING	PROJECT	REGION	BUDGET FOR THE YEAR 2023/2024	BUDGET FOR THE YEAR 2024/2025	BUDGET FOR THE YEAR 2024/2026	BUDGET FOR THE YEAR 2024/2027	BUDGET FOR THE YEAR 2024/2028	BUDGET FOR THE YEAR 2024/2029	BUDGET FOR THE YEAR 2024/2030	BUDGET FOR THE YEAR 2024/2031	BUDGET FOR THE YEAR 2024/2032	BUDGET FOR THE YEAR 2024/2033
Contract Description: Budget approval for the amendment to the contract period of performance by 4.5 months and an increase in the financial authority of R 14 007 478.44 for Contract No. 21-44771: Engineering Infrastructure: Burlington Heights Overheadline Housing Project Phase 3.																

I certify that the proposed expenditure indicated below:

A	Covered by the budget not yet / as approved by the Council	Initial
B	Not included in budget but may be met by transfer as indicated	MAN
C	An adjustment to the forward capital program is / is not required	

CHIEF FINANCIAL OFFICER

DATE