



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NCSC402: PROJECT MANAGEMENT

END OF SECOND SEMESTER EXAMINATIONS

MAY 2021

LECTURER: MRS L. TEMBANI-FUNDISI

TIME: HOURS

INSTRUCTIONS

Answer all questions from **Section A (compulsory)** [50 marks]

Answer **ONE** question from **Section B** [50 marks]

Begin your answer to each question on a fresh page.

SECTION A

Question One

Beitbridge Hotel to be turned into flats

By The Independent -March 17, 2017

By Hazel Ndebele

THE National Social Security Authority (Nssa) is considering converting its US\$49 million Beitbridge Hotel into residential apartments for civil servants who work at the border post after efforts to lease it out to hospitality industry players hit a snag, senior officials at the authority have said.

Nssa's Beitbridge Hotel has been vacant since June last year following the exit of Zimbabwe's largest hospitality group by market capitalisation, Rainbow Tourism Group (RTG). The group had run the property for two years and exited due to recurrent losses amounting to US\$2 million.

The Zimbabwe Independent is reliably informed that Nssa wants to turn the hotel into residential apartments to mainly house Zimbabwe Revenue Authority Beitbridge border post workers and other public employees.

"We do not hope to recoup our investment anytime soon but it is better to collect rentals and be earning something no matter how little it is than to let the hotel continue being a white elephant," a source familiar with the developments said.

Nssa chairman Robin Vela referred all enquiries to the authority's general manager, Elizabeth Chitiga, who could not be reached for comment. However, last month Chitiga said the pension scheme was considering a number of options to make the hotel a viable project.

"Options under consideration include redevelopment of the hotel into conference rooms, retail shops, offices and long term accommodation by converting some of the rooms into one-bedroom flats. The public will be updated as and when significant developments materialise," she said.

In 2006, government proposed the redevelopment of Beitbridge as a major town and Nssa was tasked with taking the lead role. The hotel was initially projected to be making profits by the end of the first year of operation.

At least 507 810 tourists passed by Beitbridge border post in the year 2005 and this translated to an average of 1 391 tourists a day and 58 tourists an hour.

In February 2007, Nssa and RTG entered a strategic partnership to construct the four-star hotel and a commercial centre in the border town, but the costs suddenly started rising, first to US\$17 million, then to US\$33,4 million and later US\$44 million before finally hitting US\$49 million in 2014. The initial budget for the project was pegged at US\$3 million.

The hotel was scheduled to be commissioned in 2010 as Nssa anticipated spill-over benefits of the Fifa World Cup in neighbouring South Africa.

A forensic report on the issue says Nssa had different reasons for investing in Beitbridge.

The reasons for investment, the report reads, were: “Large transit traffic, at least 3,5 million people used the border post every year, it was seen as the busiest land entry point south of the Sahara; it is also linked with a railway line from Bulawayo to South Africa, banking institutions were available, reasonable financial returns; and high demand for housing, entertainment and shopping facilities customised to suit the demand dynamics of the town.”

According to the report, it is close to impossible for Nssa to generate any meaningful return from the hotel as it might take the authority close to 278 years to recoup its investment. The payback period of 278 years was arrived at based on the average room rates of US\$50 per night per room which was being charged for Nssa Beitbridge Hotel.

“Assuming an average rate per room of US\$275 was to be charged at Beitbridge hotel, the payback period would be about 51 years,” the report said.

The report further shows that there were delays in construction due to endless alterations to the terms of the contract between Nssa and the contractor. The tendering process was also not a smooth and this negatively impacted on the cost. Moreover there was no feasibility study done for the construction of the property.

“Nssa did not perform an independent feasibility study as the basis on which the investment decision should have been informed,” the report says.

The report further states that assumptions in the investment proposal showed that the hotel would be constructed in a period of about one year.

“Since there were no architectural plans and drawings at that stage, there is no evidence on how the proposed construction period of one year was derived,” the report reads. “Independent Quantity Surveyors, Prominent International who assisted with the technical appraisal on this investigation pointed out that, it would not have been feasible to construct a hotel of that size in one year.”

The report reveals that there were no Nssa employees at the Beitbridge Hotel construction site to verify the quality and quantity of materials that were procured by Nssa on behalf of the main contractor and the sub-contractors.

“There is a possibility that some of the materials purchased by Nssa for the project might not have been used on the project,” it says.

The auditors then recommended that Nssa appoint a Technical Project Steering Committee comprising key technical experts to assist in monitoring of construction projects for its investments

Source : <https://www.theindependent.co.zw/2017/03/17/beitbridge-hotel-turned-flats/>

[Disclaimer: The story might not be true]

Questions

- a. From the story above, analyse whether the construction of the Beit-bridge Hotel project was a success or a failure, and why? Give relevant examples which are relating to the story. [30 marks]
- b. In your own opinion, apart from the suggested measures to rejuvenate the project, discuss some other project management tools and measures that can be implemented and employed for the survival of this project [20 marks]

SECTION B

Question One

- i. Discuss the impact of Economic and Legal Analysis, non-financial approach in Project Management. [25 marks]
- ii. Discuss the various steps that are involved in order to come up with a risk management plan and explain why project risk planning is important in today's environment. [25 marks]

Question Two

Select a project of your choice and answer the following questions

- a) Using relevant examples outline and discuss the correct sequence of activities involved in the project. [25 marks]
- b) Describe how a project manager can plan for costs and time during the execution of a project. [25 marks]

END OF EXAMINATION