

SANRAL

SOUTH AFRICAN NATIONAL ROADS AGENCY SOC LTD



Reg.No.1998/009584/30

BUILDING SOUTH AFRICA
THROUGH BETTER ROADS

SANRAL DRAFT INTERIM PREFERENTIAL PROCUREMENT POLICY

OCTOBER 2023

SANRAL DRAFT INTERIM PREFERENTIAL PROCUREMENT POLICY	
BUSINESS UNIT / DEPARTMENT	SUPPLY CHAIN MANAGEMENT (SCM) UNIT
CUSTODIAN	CHIEF FINANCIAL OFFICER
DATE OF APPROVAL	OCTOBER 2023
EFFECTIVE DATE	OCTOBER 2023
APPROVED BY	BOARD
EDMS	#18503123
VERSION	4

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1. SANRAL DRAFT INTERIM PREFERENTIAL PROCUREMENT POLICY

To give effect to the procurement policy contemplated in section 217(2) of the Constitution and as prescribed in the Preferential Procurement Policy Framework Act (PPPFA), 5 of 2000.

2. POLICY STATEMENT

SANRAL's vision is to ensure the national road transport system delivers a better South Africa for all. In order to achieve this vision SANRAL aims to:

- 2.1 Ensure value for money through efficient and cost-effective procurement;
- 2.2 Promote a fair, equitable, transparent and competitive procurement process and is receptive in its engagement with prospective bidders and suppliers;
- 2.3 Develop, support and promote social equity through Broad-Based Black Economic Empowerment ("B-BBEE"), Preferential Procurement, the implementation of the SANRAL Transformation Policy and Supplier Development initiatives;
- 2.4 Ensure that at all times applicable legislation and good practice is followed in the procurement of goods and services at SANRAL
- 2.5 Ensure that procurement policy and processes promote innovative and cost-effective solutions in achieving SANRAL's vision; and
- 2.6 Drive transformation objectives within SANRAL through its procurement spend.

3. PURPOSE

- 3.1 The South African National Roads Agency SOC Limited (SANRAL) recognises the critical role it plays in the construction and related industries. SANRAL and its employees are mindful of the impact that its procurement policies and practices have on the lives of South Africans and the transformation of the construction industry and the country's economy.
- 3.2 The document outlines the policy of SANRAL with respect to the preferential procurement system to ensure the promotion and realisation of government's transformation agenda. This will allow SANRAL to contract with persons or categories of person, historically disadvantaged by unfair discrimination on the basis of race, gender or disability as envisaged in the Preferential Procurement Policy Framework Act (PPPFA).

4. OBJECTIVES AND DEFINITIONS

- 4.1 SANRAL's procurement is categorised as follows:
 - a) Engineering services, Construction works, Operations and other Construction related Services.
 - b) Non-engineering goods and services.

This policy provides guidance for transformation and preferential procurement decisions in the development of specification for quotes (where applicable) and tenders for the various categories of procurement.

- 4.2 The Framework for Infrastructure Delivery and Procurement Management (FIDPM) serves as the reference for all technical requirements relating to Engineering services, Construction works and construction related services.
- 4.3 A key objective is to promote standardisation and ensure responsibility and accountability for procurement decisions that subscribe to the overall transformation of the economy and industries from which SANRAL procures its goods or services.
- 4.4 The policy also underpins SANRAL's efforts in the eradication of unfair and unlawful procurement practices by adopting standardised preferential procurement strategies. For this purpose, this policy must be read in conjunction with the SCM Policy and the SCM Procurement Procedures Manual (PPM) for an understanding of the various controls that have been established to identify and avoid any unlawful procurement practices.
- 4.5 In addition to the above, this policy provides for a governance control framework within which sector transformation strategies are enabled for implementation, monitoring and evaluation.

4.6 Definitions:

- 4.6.1 "black people" is a generic term which means Africans, Coloureds and Indians.
- 4.6.2 "BEC" is the Bid Evaluation Committee.
- 4.6.3 "BSC non-engineering" is the Bid Specification Committee responsible for approving tender documents for non-engineering tenders.
- 4.6.4 "BSC engineering / PG2" is the Procurement Gate 2 as referenced in the FIDPM, and includes PG1, responsible for approving the broad scope of work and the financial estimates, preferential targets, local content and production.
- 4.6.5 "Contract value"
 - 4.6.5.1 means the approved tender amount including VAT and Provisional Sums and / or PC sums (where applicable), but excluding Contract Price Adjustments, CIDB levy (where applicable) and contingencies.
 - 4.6.5.2 "for engineering consultants" means the approved tender amount including VAT and the provision for site staff salaries (and the respective Mark-up if any), but excludes all other Provisional Sums and Prime Cost Sums (and the respective Mark-up if any).
- 4.6.6 "Consultants" means an entity appointed by SANRAL to carry out the following activities: Planning, design and construction monitoring, supervision in the built environment including operation and maintenance, advisory and compliance services.
- 4.6.7 "Contractor" means an entity appointed by SANRAL to conduct construction project activities that include, civil engineering, electrical engineering, power transmission, general building

and specialist construction works as per the CIBD grading, also referred to as “Main Contractor”.

4.6.8 “CTROM” means Comprehensive Toll Road Operations and Maintenance

4.6.9 “EME” means Exempted Micro Enterprise.

4.6.10 “FIDPM” is the Framework for Infrastructure Delivery and Procurement Management.

4.6.11 “MBAC” is the Management Bid Adjudication Committee

4.6.12 “ORT” means Open Road Tolling

4.6.13 “ORS” means Open Road Service

4.6.14 “PDRC/PG 3” is the Procurement Gate 3 as referenced in the FIDPM and includes PG 4 and is responsible for approval of tender documents to be issued and confirm there is sufficient cash flow to meet financial obligations of the contract.

4.6.15 “QSE” means Qualifying Small Enterprise.

4.6.16 “RBAC” is the Regional Bid Adjudication Committee.

4.6.17 “Service provider” means an entity appointed by SANRAL to provide services.

4.6.18 “Supplier” means an entity appointed by SANRAL to deliver goods.

4.6.19 “TCC” means Traffic Control Centre.

4.6.20 All reference to prices and value thresholds for procurement in this document are deemed to be inclusive of Value Added Tax (VAT) and provisional sums and prime cost sums where the service provider will procure services / goods under the contract provisions.

4.6.21 All references to Targeted Enterprises refers to either an EME or QSE that is more than 51% black owned with a BBBEE status level of either 1 or 2. A main contractor or consultant is not permitted to have any equity shareholding in a Targeted Enterprise.

5. REGULATORY FRAMEWORK FOR PREFERENTIAL PROCUREMENT POLICY

5.1 This Policy aligns to the requirement of the following prescripts relating to preferential procurement and the transformation agenda of Government as legislated in:

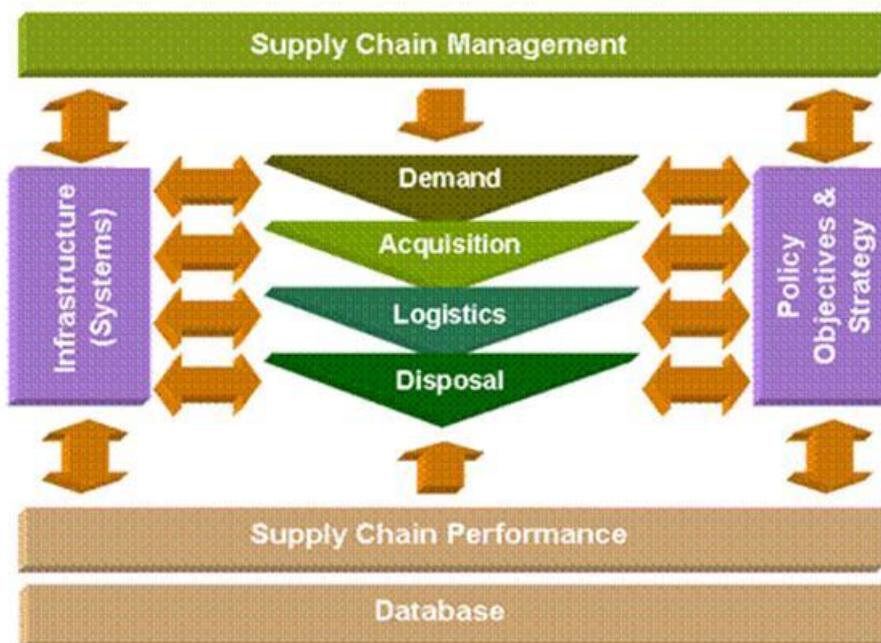
- The Constitution of the Republic of South Africa, No 108 of 1996.
- Preferential Procurement Policy Framework Act, No. 5 of 2000.
- Broad-Based Black Economic Empowerment Act, No 53 of 2003 as amended.
- The Construction Industry Development Board Act, No 38 of 2000, and associated regulations, standards and practice notes.
- The Promotion of Administrative Justice Act, No. 3 of 2000 (PAJA).
- The Promotion of Access to Information Act, No. 2 of 2000 (PAIA).
- The Prevention and Combating of Corrupt Activities Act, No. 12 of 2004.
- Companies Act, No 71 of 2008.
- Competitions Act, No. 89 of 1998.
- Public Finance Management Act, No. 1 of 1998.

- Military Veterans Act, No. 8 of 2011.
- Preferential Procurement Regulations, 2022.
- SCM instruction / practice note / circular issued by the National Treasury.

6. REQUIREMENTS OF SANRAL'S SCM POLICY

The integrated Supply Chain Management (SCM) process as published by National Treasury and depicted below, requires the Board to implement all components of an integrated SCM system, namely:

- Demand Management;
- Acquisition Management;
- Logistics Management; and
- Disposal Management.



For the purpose of this Policy, only Acquisition Management is impacted in the determination of the targets for preferential procurement and transformation in the development of tender documentation.

6.1 Acquisition Management

In the acquisition of goods, services and works, SANRAL will apply categories of preference in the allocation of contracts and the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination as envisaged in the PPPFA,2000. The policy shall be applied when procuring goods, services and works through quotations, competitive / limited bidding process, pre-qualification of bidders and two-stage bidding.

6.2 Tender documents

The tender documents to be used for procuring the required goods, services and works must be drafted in line with this policy.

6.3 Market analysis

Where the supply market is unknown or it is not feasible to meet the subcontracting or joint venture (for site material laboratory) targets set out in this Policy, a market analysis must be conducted. The market-analysis function is performed by the Procurement Office (in collaboration with the end-user/Project Manager) for both engineering and non-engineering services.

6.4 Cancellation of a tender process/quotation

SANRAL may, before the award of a tender, cancel a tender invitation if:

- a. due to changed circumstances, there is no longer a need for the goods/services specified in the invitation;
- b. funds are no longer available to cover the total envisaged expenditure;
- c. no acceptable tender is received; or
- d. there is a material irregularity in the tender process.

The decision to cancel a tender invitation must be published in the same manner in which the original tender invitation was advertised.

6.5 Preferential Point System

- a) The 80 / 20 preference point system applies to procurement between R2 000 and equal and up to R50 million.
- b) The 90 / 10 preference point system applies to procurement above R50 million
- c) If it is unclear which preference point system will be applicable, SANRAL must indicate that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.
- d) The 80 and 90 points are maximum points for price.
- e) The 20 and 10 are the maximum points for specific goals.

6.5.1 Specific Goals

SANRAL shall apply the specific goals listed in table 1 below for procurement of general goods and services and engineering Works and consulting services.

TABLE 1: ALLOCATION OF SPECIFIC GOALS

Specific goals	Criteria	10 points		20 points	
		Point allocation	Maximum points	Point allocation	Maximum points
B-BBEE Level	Level 1	10	10.00	20	20.00
	Level 2	9		18	
	Level 3	6		14	
	Level 4	5		12	
	Level 5	4		8	
	Level 6	3		6	
	Level 7	2		4	
	Level 8	1		2	
	Non-compliant contributor	0		0	

A valid B-BBEE verification certificate must be submitted.

6.6 Other Objective Criteria

6.6.1 Section 2(1)(f) of the PPPFA allows for the application of “other objective criteria” in the preference model. Such objective criteria must be published in the tender document. The BSC (non-engineering) and / or PG3 must approve such criteria. Objective criteria can only be related to criteria not catered for in the BBEE Act and B-BBEE Verification certificate .

6.7 Application of local production and content

The local production and content requirements as designated by the Department of Trade, Industry and Competition (DTIC) shall be applied on all SANRAL tender documents based on the Instruction Notes issued by the National Treasury, **as a condition of award and not an eligibility criterion**. The applicable designated items applicable on a specific tender / project will be listed in the tender document.

7. STANDARD PREFERENTIAL PROCUREMENT STRATEGIES

The standard preferential procurement strategies outline the different preferential targets for the sub-contracting percentage (%) targets per category.

7.1 Subcontracting

SANRAL’s policy is to ensure that all projects have a subcontracting or joint venture (for site material laboratory) requirement of at least 30%. The rule is that subcontracting may apply across all

categories of procurement above R10 million. The requirement for sub-contracting is based on the principle of identifying and creating opportunities to support the development of Targeted Enterprises. The minimum sub-contracting work must be clearly defined and specified in the tender document, including how the sub-contractor will be involved throughout the project cycle. There must be evidence of conscious consideration of the skills and capabilities for the local community when finalising the scope of the main construction tender document.

For these reasons, the following key requirements must be adhered to:

- a) For RRM contractors the minimum of 30% subcontracting provisions will apply as a contractual obligation.
- b) For engineering (construction and RRM/Conventional consulting), the minimum of 30% subcontracting provisions will apply as a contractual obligation.
- c) For Community Development (construction), the minimum of 30% subcontracting provisions will apply as a contractual obligation.
- d) For site material laboratory, the minimum of 30% joint venture provisions will apply as a eligibility requirement in the conditions of tender.
- e) For non-engineering procurement (goods and services) the minimum of 30% subcontracting provisions will apply as a contractual obligation.
- f) Except where there are valid reasons acceptable to SANRAL, the appointed Service provider, Supplier, Main Consultant or Contractor must pay the sub-consultant/contractor within seven days of receipt of payment from SANRAL.
- g) Where a case is made for specific contracts, that the subcontracting may not be feasible, the PG3 / BSC (non-engineering) may allow a tender to be let for a lower percentage. The PG3/BSC (non-engineering) may only allow this after Board approval.
- h) The tender documents must state that sub-contractors and / or suppliers and / or service providers procured by the successful bidder must be registered on the National Treasury's Central Supplier Database (CSD) and in the applicable CIDB grades where required and must meet all other compliance requirements as well viz Tax Complaint Status, COIDA, etc.
- i) Any additional work over and above the contracted amount must be divided between the Main Contractor/Consultant and sub-contractor/consultant as per the sub-contracting/consulting percentage attached to the award.
- j) Community Development projects must not be included as part of the main contract or as a replacement for sub-contracting targets. Community projects must be tendered in advance of the main contract.
- k) In terms of Annexures 1-6, the subcontracting or sub-contracting (for site material laboratory) will be for entities that are at least 51% owned by black people.
- l) The minimum level of subcontracting or joint venture (for site material laboratory) requirements may be increased on a project specific basis and approved by the BSC non-engineering / PG3.

7.2 Standard Preferential Procurement Strategies

SANRAL uses *pro forma* documents to promote standardisation and uniformity in the way SANRAL procure engineering services, construction works and construction related services, as well as non-engineering goods and services. To support a generic approach to preferential procurement, standard preferential procurement strategies for each of the procuring categories are annexed to this document, for application to tender documents. They are:

- i. Annexure 1 – Engineering: Conventional projects for construction work.
- ii. Annexure 2 – Engineering: Routine Road Maintenance (RRM) Projects for construction work.
- iii. Annexure 3 – Engineering Consultants: Conventional, RRM, Community Development, CTROM, TCC, ORT, ORS and other construction related services.
- iv. Annexure 4 – Engineering: Community Development.
- v. Annexure 5 – Engineering: Site Material Laboratory.
- vi. Annexure 6 – Non-engineering: goods and services.

7.3 Deviations from the Standard Preferential Procurement Strategies (sub-contracting or joint venture (site material laboratory) requirements)

- 7.3.1 Deviations from the standard preferential procurement categories as set out in Annexures 1 to 6, **approval must be obtained from the Board** and have followed the requisite process in terms of building a case for the rationale to deviate. This will include deviation when procuring specialist services or works, where the preferential targets and subcontracting or joint venture (for site material laboratory) requirements will not be met.
- 7.3.2 Proof of approval by the Board must be provided to the PG3 and PG 2 (for any engineering services, construction works and construction related services) and the BSC non engineering.
- 7.3.3 Procurement officials must ensure that any deviations from the requirements of the standard preferential procurement strategies are duly approved by Board and incorporated into the tender documents prior to advertisement of the tender.
- 7.3.4 Approval to deviate from the standard preferential procurement categories must be recorded on the file for audit purposes. Minutes of the BSC non-engineering / PG3 / PG 2 meeting must be filed to confirm the deviation.
- 7.3.5 Deviations may have material impacts on SANRAL's ability to deliver on its Transformation and Strategic objectives.

7.4 Monitoring of preferential targets

7.4.1 The preferential targets as tendered and/or contracted must be monitored by SANRAL for the duration of the contract to ensure compliance and fulfilment of the transformation objective.

ANNEXURES

STANDARD PREFERENTIAL PROCUREMENT STRATEGIES

ANNEXURE 1: ENGINEERING: CONVENTIONAL PROJECTS FOR CONSTRUCTION WORKS

ENGINEERING: CONVENTIONAL PROJECTS FOR CONSTRUCTION WORK			
CONTRACT VALUE (INCLUDING VAT)			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
Contract value < R10 M	Contract value R10M ≤ R60M	Contract value >R60M	
GRADE 1-5	GRADE 6&7	GRADE 8 & 9	
PREFERENTIAL SUB-CONTRACTING REQUIREMENTS			
<ul style="list-style-type: none"> QSE and Generic entities: minimum 30% subcontracting). No mandatory subcontracting requirements for EME. 	The following subcontracting provisions may apply: <ul style="list-style-type: none"> QSE and Generic entities: minimum 30% subcontracting. No mandatory subcontracting requirements for EME. 	Minimum 30% subcontracting provisions apply according to the market analysis.	<ul style="list-style-type: none"> a) If the minimum subcontracting requirements cannot be applied BSC engineering (PG2) / NDRC or PDRC/PG3 / BSC non-engineering may condone this criterion, on condition that that prior written approval by Board has been obtained in terms of DOA. b) The idea is to make small value projects unattractive to the higher graded contractors; <u>impose incrementally higher levels of subcontracting requirements</u> according to the size of the project. c) Subcontracting may include suppliers; calculation of points for subcontracting will be as per Std for CPG's – October 2017 (Gazette 41237) d) CPG Targets may apply in addition to subcontracting provisions
JOINT VENTURES			
JVs to be encouraged where at least one partner must be from the designated groups.	<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups. 	JVs to be encouraged where at least one partner must be from the designated groups.	<ul style="list-style-type: none"> a) JVs to be encouraged on a project specific basis where market analysis indicates no supply side capacity for the designated sector(s) exists. b) JVs must be aligned to CIDB prescriptions. <ul style="list-style-type: none"> i. The lead partner must have a contractor grading designation of not lower than one level below the required grading designation in the class of construction works specified in the tender document. ii. Any discrepancy in information relating to ownership in terms of the joint venture verification certificate, the joint venture agreement and the CIDB grading information will be reported to National Treasury for possible fronting.
TRANSFORMATION PROVISIONS			
<ul style="list-style-type: none"> Application of clause 6.1.7 of the Transformation Policy Application of clause 6.1.12 of the Transformation Policy 			<ul style="list-style-type: none"> a) Clause 6.1.7: Where necessary, SANRAL shall provide direct development support, or through its partners, to emerging contractors, professionals and suppliers in the generic CIDB grades of 1-4 or other equivalent benchmarks to ensure that their status and prevailing conditions are not a barrier to entry to opportunities created by SANRAL. b) Clause 6.1.12: SANRAL shall award contracts exclusively to black contractors, professionals and suppliers in the generic CIDB Grades 1-4, or equivalent benchmarks in all community development projects in compliance with the provisions of the PPPFA. c) Provision (b) above is for nurturing and growing small contractors / consultants / suppliers
General Notes <ol style="list-style-type: none"> The table represents the standard (Pro Forma) requirements for Conventional Projects. NDRC = National Documentation Review Committee PDRC = Project Documentation Review Committee 			

ANNEXURE 2: ENGINEERING: ROUTINE ROAD MAINTENANCE (RRM) PROJECTS FOR CONSTRUCTION WORK

ENGINEERING: ROUTINE ROAD MAINTENANCE (RRM) FOR CONSTRUCTION WORK			
ANNUALISED VALUE OF CONTRACT (INCLUDING VAT)			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
Contract value < R10 M	Contract value R10M ≤ R60M	Contract value > R60M	
GRADE 1-5	GRADE 6&7	GRADE 8	
PREFERENTIAL SUB-CONTRACTING REQUIREMENTS			
<ul style="list-style-type: none"> • 30% subcontracting provision applies to the designated groups according to the market analysis as a condition of contract. 	<ul style="list-style-type: none"> • 30% subcontracting provision applies to the designated groups according to the market analysis as a condition of contract. 	<ul style="list-style-type: none"> • 30% subcontracting provision applies. 	<ul style="list-style-type: none"> a) Sub-contracting will be applied as a condition of contract. b) Subcontracting based on Management Contractor Model c) Subcontracting based on annualised contract value (includes VAT) d) Subcontracting may include suppliers. e) CPG Targets may apply in addition to subcontracting provisions
<ul style="list-style-type: none"> • JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> • JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> • JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> a) JVs to be encouraged on a project specific basis where market analysis indicates no supply side capacity for the designated sector(s) exists. b) JVs must be aligned to CIDB prescriptions. <ul style="list-style-type: none"> i. The lead partner must have a contractor grading designation of not lower than one level below the required grading designation in the class of construction works specified in the tender document. ii. Any discrepancy in information relating to ownership in terms of the joint venture verification certificate, the joint venture agreement and the CIDB grading information will be reported to National Treasury for possible fronting.
TRANSFORMATION PROVISIONS			
<ul style="list-style-type: none"> • Application of clause 6.1.7 of the Transformation Policy • Application of clause 6.1.12 of the Transformation Policy 			<ul style="list-style-type: none"> a) Clause 6.1.7: Where necessary, SANRAL shall provide direct development support, or through its partners, to emerging contractors and suppliers in the generic CIDB grades of 1-4 or other equivalent benchmarks to ensure that their status and prevailing conditions are not a barrier to entry to opportunities created by SANRAL. b) Clause 6.1.12: SANRAL shall award contracts exclusively to black contractors and suppliers in the generic CIDB Grades 1-4, or equivalent benchmarks in all community development projects in compliance with the provisions of the PPPFA c) Provision (b) above is for nurturing and growing small contractors / consultants / suppliers
<p><u>General Notes</u></p> <ol style="list-style-type: none"> 1. Due to the application of the Management Contractor Model, contract value for Routine Road Maintenance (RRM) Projects are based on annualized cost of project 2. Subcontracting may include suppliers. 3. The table represents the standard (Pro Forma) requirements for RRM Projects. 4. NDRC = National Documentation Review Committee 5. PDRC = Project Documentation Review Committee 			

ANNEXURE 3: ENGINEERING CONSULTANTS: CONVENTIONAL, RRM, COMMUNITY DEVELOPMENT, CTROM, TCC, ORT, ORS AND OTHER CONSTRUCTION RELATED SERVICES

ENGINEERING CONSULTANTS: CONVENTIONAL AND RRM PROJECTS INCLUDING COMMUNITY DEVELOPMENT, CTROM, TCC, ORT, ORS AND OTHER CONSTRUCTION RELATED SERVICES			
CONTRACT VALUE (INCLUDING VAT) INCLUDES PROVISIONAL SUMS			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
Contract value < R6M	Contract value R6M < R25M	Contract value > R25M	
PREFERENTIAL BBBEE LEVEL TARGETS PER CATEGORY			
PREFERENTIAL SUB-CONTRACTING REQUIREMENTS			
<ul style="list-style-type: none"> No subcontracting requirements for EME's Minimum 30% subcontracting provision applies to QSE's and Generics 	<ul style="list-style-type: none"> No sub-contracting requirements for EME and QSE. Minimum 30% subcontracting provision applies to Generics 	<ul style="list-style-type: none"> Minimum 30% subcontracting provision applies 	
<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups 	<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> a) JVs to be encouraged on a project specific basis where market analysis indicates no supply side capacity for the designated sector(s) exists. b) Any discrepancy in information relating to ownership in terms of the joint venture verification certificate and the joint venture agreement will be reported to National Treasury for possible fronting
TRANSFORMATION PROVISIONS			
<ul style="list-style-type: none"> Application of clause 6.1.7 of the Transformation Policy Application of clause 6.1.12 of the Transformation Policy 	<ul style="list-style-type: none"> Application of clause 6.1.7 of the Transformation Policy Application of clause 6.1.12 of the Transformation Policy 		<ul style="list-style-type: none"> a) Clause 6.1.7: Where necessary, SANRAL shall provide direct development support, or through its partners, to emerging professionals services and suppliers or other equivalent benchmarks to ensure that their status and prevailing conditions are not a barrier to entry to opportunities created by SANRAL. b) Clause 6.1.12: SANRAL shall award contracts exclusively to black professional services, or equivalent benchmarks in all community development projects in compliance with the provisions of the PPPFA. c) Provision (b) above is for nurturing and growing small contractors / consultants / suppliers
General Notes			
<ol style="list-style-type: none"> 1. Costs calculated for subcontracting based on total tendered value excluding all Provisional Sums and PC Sums but includes site staff salaries. 2. Consulting services for RRM and Ad-Hoc Projects such as road marking; rejuvenation; road sign contracts, fog-sprays etc are excluded from the subcontracting provisions 3. The table represents the standard (Pro Forma) requirements for Consulting Engineering Services Projects. 4. NDRC = National Documentation Review Committee 5. PDRC = Project Documentation Review Committee 			

ANNEXURE 4: ENGINEERING COMMUNITY DEVELOPMENT

ENGINEERING CONTRACTOR: COMMUNITY DEVELOPMENT			
CONTRACT VALUE (INCLUDING VAT)			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
Contract value < R10 M	Contract value R10M ≤ R60M	Contract value >R60M	
GRADE 1-5	GRADE 6&7	GRADE 8 & 9	
PREFERENTIAL BBEE LEVEL TARGETS PER CATEGORY			
PREFERENTIAL SUB-CONTRACTING REQUIREMENTS			
<ul style="list-style-type: none"> Minimum 30% subcontracting provision applies 	<ul style="list-style-type: none"> Minimum 30% subcontracting provision applies 	<ul style="list-style-type: none"> Minimum 30% subcontracting provision applies 	
<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups 	<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> JVs to be encouraged where at least one partner must be from the designated groups. 	<ul style="list-style-type: none"> a) JVs to be encouraged on a project specific basis where market analysis indicates no supply side capacity for the designated sector(s) exists. b) Any discrepancy in information relating to ownership in terms of the joint venture verification certificate and the joint venture agreement will be reported to National Treasury for possible fronting
TRANSFORMATION PROVISIONS			
<ul style="list-style-type: none"> Application of clause 6.1.7 of the Transformation Policy Application of clause 6.1.12 of the Transformation Policy 			<ul style="list-style-type: none"> a) Clause 6.1.7: Where necessary, SANRAL shall provide direct development support, or through its partners, to emerging contractors, professionals and suppliers in the generic CIDB grades of 1-4 or other equivalent benchmarks to ensure that their status and prevailing conditions are not a barrier to entry to opportunities created by SANRAL. b) Clause 6.1.12: SANRAL shall award contracts exclusively to black contractors, professionals and suppliers in the generic CIDB Grades 1-4, or equivalent benchmarks in all community development projects in compliance with the provisions of the PPPFA. c) Provision (b) above is for nurturing and growing small contractors / consultants / suppliers
General Notes			
<ol style="list-style-type: none"> The table represents the standard (Pro Forma) requirements for Community Development Projects. NDRC = National Documentation Review Committee PDRC = Project Documentation Review Committee 			

ANNEXURE 5: ENGINEERING: SITE MATERIAL LABORATORY

ENGINEERING: SITE MATERIAL LABORATORY	
CONTRACT VALUE (INCLUDING VAT)	INSTRUCTION NOTES
CATEGORY 1	
<i>All Contract Values</i>	
PREFERENTIAL BBBEE LEVEL TARGETS PER CATEGORY	
PREFERENTIAL JOINT VENTURE	
<ul style="list-style-type: none"> Minimum 30 % Joint Venture agreement provision applies where at least one partner must be from the designated groups. 	a) Any discrepancy in information relating to ownership in terms of the joint venture verification certificate and the joint venture agreement will be reported to National Treasury for possible fronting
TRANSFORMATION PROVISIONS	
<ul style="list-style-type: none"> Application of clause 6.1.7 of the Transformation Policy. Application of clause 6.1.12 of the Transformation Policy. 	a) Clause 6.1.7: Where necessary, SANRAL shall provide direct development support, or through its partners, to emerging contractors, professionals and suppliers in the generic CIDB grades of 1-4 or other equivalent benchmarks to ensure that their status and prevailing conditions are not a barrier to entry to opportunities created by SANRAL. b) Provision (b) above is for nurturing and growing small contractors / consultants / suppliers .
<u>General Notes</u> <ol style="list-style-type: none"> The table represents the standard (Pro Forma) requirements for Site Material Laboratory Projects. NDRC = National Documentation Review Committee. PDRC = Project Documentation Review Committee. 	

ANNEXURE 6: NON-ENGINEERING – GOODS AND SERVICES

NON-ENGINEERING: GOODS AND SERVICES		
CONTRACT VALUE (INCLUDING VAT)		INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	
Contract value R0 - R10 M	Contract value > R10M	
PREFERENTIAL SUB-CONTRACTING REQUIREMENTS PER CATEGORY		
No subcontracting requirements	<ul style="list-style-type: none"> Minimum 30% subcontracting provision applies 	a) Specify subcontracting requirements to make small value projects unattractive to big firms. b) Min level of subcontracting to be increased on a project specific basis by the BSC non engineering / NDRC.
JVs to be encouraged where at least one partner must be from the designated groups.	JVs to be encouraged where at least one partner must be from the designated groups.	a) JVs to be encouraged on a project specific basis where market analysis indicates no supply side capacity for the designated sector(s) exists.
TRANSFORMATION PROVISIONS		
<ul style="list-style-type: none"> Application of Clause 6.4.3 of the Transformation Policy for tenders in the property sector 		a) Property Clause 6.4.3: SANRAL shall target and allocate all opportunities below R100m to black real estate and property development entities
<ul style="list-style-type: none"> Application of Clause 6.5.3 of the Transformation Policy for tenders in the ICT sector 		
<ul style="list-style-type: none"> Application of Clause 6.6.2 of the Transformation Policy for tenders in the Finance and audit sector 		b) Finance and audit Clause 6.6.2 SANRAL shall limit opportunities for tendering to one service area, i.e. (audit or non-audit) per firm, to ensure that opportunities for black participation are maximised.
<ul style="list-style-type: none"> Application of Clause 6.7.2 and 6.7.3 of the Transformation Policy for tenders issued for Legal Services 		c) Legal <ol style="list-style-type: none"> Clause 6.7.2 SANRAL shall promote joint ventures in all SANRAL-issued legal tenders in order to maximize the participation of black business. Clause 6.7.3 Legal services provided to toll concessions and toll operations shall be required to include black business participation plans before any contract extensions or renewals are considered.
<ul style="list-style-type: none"> Application of Clause 6.8.3, 6.8.4 and 6.8.5 of the Transformation Policy for tenders issued for Legal Services 		d) Marketing, Advertising and Communications services <ol style="list-style-type: none"> Clause 6.8.5 SANRAL will allocate a minimum thirty percent (30%) of its media spend for community and small-scale media owners.