

SANRAL

SOUTH AFRICAN NATIONAL ROADS AGENCY SOC LTD



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BUILDING SOUTH AFRICA
THROUGH BETTER ROADS

SANRAL INTERIM PREFERENTIAL PROCUREMENT POLICY

SANRAL INTERIM PREFERENTIAL PROCUREMENT POLICY	
BUSINESS UNIT / DEPARTMENT	SUPPLY CHAIN MANAGEMENT (SCM) UNIT
CUSTODIAN	CHIEF FINANCIAL OFFICER
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1. SANRAL INTERIM PREFERENTIAL PROCUREMENT POLICY

To give effect to the procurement policy contemplated in section 217(2) of the Constitution and as prescribed in Section 2 of the Preferential Procurement Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

2. POLICY STATEMENT

South African National Roads Agency SOC Limited (SANRAL) 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 engagement with prospective bidders and suppliers;
- 2.3 Develop, support and promote social equity and socio-economic transformation objectives through Broad-Based Black Economic Empowerment (“B-BBEE”), PPPFA, 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.

3. PURPOSE

- 3.1 SANRAL recognises the critical role it plays in the built environment, construction and related industries. SANRAL is 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 policy details the preferential procurement system that ensures effective procurement and promotes the realisation of government’s transformation agenda. This will allow SANRAL to contract with persons or categories of persons who were, historically disadvantaged by unfair discrimination on the basis of race, gender or disability as envisaged in the 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:
 - provide for categories of preference in the allocation of contracts;
 - protection and advancement of persons, categories of persons, disadvantaged by unfair discrimination;
 - promote standardisation;
 - 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 prevention 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 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 Procurement Gate 1 (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 Value Added Tax (VAT) and Provisional Sums and / or Prime Cost (PC) sums (where applicable), but excluding Contract Price

Adjustments, Construction Industry Development Board (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 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 "Community Development projects" are SANRAL projects that provide direct development support to communities through road or other infrastructure improvement projects within the community that create an appropriate balance between access and mobility whilst enhancing road safety. The ultimate beneficiaries are the communities that actively participate in the delivery of improved infrastructure facilities and through the community project are uplifted with business skills, construction skills and the ability to provide sustainable business opportunities due to the imparting of knowledge into the community.

4.6.9 "CTROM" means Comprehensive Toll Road Operations and Maintenance.

4.6.10 "EME" means Exempted Micro Enterprise.

4.6.11 "FIDPM" is the Framework for Infrastructure Delivery and Procurement Management.

4.6.12 "MBAC" is the Management Bid Adjudication Committee.

4.6.13 "ORT" means Open Road Tolling.

4.6.14 "ORS" means Open Road Service.

4.6.15 "PDRC/PG 3 (Procurement Gate 3)" is the Procurement Gate 3 as referenced in the FIDPM and includes PG 4 (Procurement Gate 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.

4.6.16 "Price" means an amount of money tendered for goods or services and includes all applicable taxes less all unconditional discounts.

4.6.17 "Procurement Gate" means a control point at the end of a process where a decision is required before proceeding to the next process or activity.

4.6.18 "QSE" means Qualifying Small Enterprise.

4.6.19 "RBAC" is the Regional Bid Adjudication Committee.

4.6.20 "Service provider" means an entity appointed by SANRAL to provide services.

4.6.21 "Supplier" means an entity appointed by SANRAL to deliver goods.

4.6.22 "TCC" means Traffic Control Centre.

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

4.6.24 All references to Targeted Enterprises refer 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

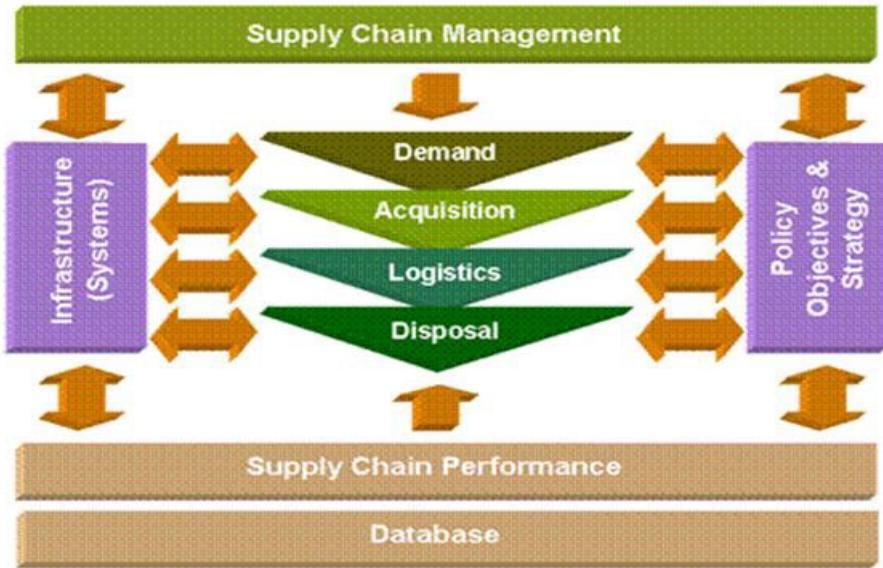
5.1 This Policy aligns to the requirement of the following prescripts relating to preferential procurement and the transformation agenda of Government as legislated in:

- Constitution of the Republic of South Africa, 1996.
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000), and associated regulations, standards and practice notes.
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)(PAJA).
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA).
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).
- Companies Act, 2008 (Act No. 71 of 2008).
- Competitions Act, 1998 (Act No. 89 of 1998).
- Public Finance Management Act, 1999 (Act No. 1 of 1999).
- Military Veterans Act, 2011 (Act No. 8 of 2011).
- 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 SANRAL to implement all components of an integrated SCM system, namely:

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



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 Cancellation of a tender process/quotations

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

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

6.4 Preferential Point System

- 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.

6.4.1 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.

6.5 Other Objective Criteria

6.5.1 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 BBBEE Act and B-BBEE Verification certificate.

6.6 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 subcontracting percentage (%) targets per category.

7.1 Subcontracting

SANRAL's policy is to ensure that all projects have a subcontracting or site material laboratory's joint venture requirement of at least 30%. The rule is that subcontracting may apply across all categories of procurement above R10 million. The requirement for subcontracting is based on the principle of identifying and creating opportunities to support the development of Targeted Enterprises. The minimum subcontracting 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 conventional contractor the minimum of 30% subcontracting provisions will apply as a contractual obligation.
 - For contract value less than R10 million (category 1) – no subcontracting required for EMEs.
 - For contract value R10 – R60 million (category 2) – no subcontracting required for EMEs.
- c) For Community Development projects (construction), subcontracting provisions will apply as a contractual obligation:
 - The Scope of the Work and the Bill of Quantities for CD Projects consists of 3 schedules:
 - i. Schedule A describes and provides for the Training and Construction Management of the project a minimum of 30% subcontracting provisions will apply as a contractual obligation.
 - ii. Schedule B describes and provides for the (labour enhanced) Construction of the Works a minimum of 30% subcontracting provisions will apply as a contractual obligation. The percentage may be increased based on the scope of the project.
 - iii. Schedule C describes and provides for the Stakeholder and Community Liaison a minimum of 30% subcontracting provisions will apply as a contractual obligation.
- d) For RRM consulting and Ad-hoc consulting, subcontracting is not a requirement.
- e) For Conventional Consulting (including Community Development, CTROM, TCC, ORT, ORS, and other related service), the minimum of 30% subcontracting provisions will apply as a contractual obligation.

- For contract value less than R6 million (category 1) – no subcontracting required for EMEs.
- For contract value R6 – R25 million (category 2) – no subcontracting required for EMEs and QSEs.

f) For site material laboratory, the minimum of 30% joint venture provision will apply as an eligibility requirement in the conditions of tender.

g) For non-engineering procurement (goods and services) the minimum of 30% subcontracting provisions will apply as a contractual obligation.

h) 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.

i) 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.

j) 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.

k) Any additional work over and above the contracted amount must be divided between the Main Contractor/Consultant and sub-contractor/consultant as per the subcontracting/consulting percentage attached to the award.

l) Community Development projects must not be included as part of the main contract or as a replacement for subcontracting targets.

m) In terms of Annexures 1-6, the subcontracting or site material laboratory's joint venture subcontracting will be for entities that are either an EME or QSE that is more than 51% black owned with a B-BBEE status level of either 1 or 2.

n) The minimum level of subcontracting or site material laboratory's joint venture 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 – Community Development Projects.
- v. Annexure 5 – Engineering: Site Material Laboratory.
- vi. Annexure 6 – Non-engineering: goods and services.

7.3 Deviations from the Standard Preferential Procurement Strategies (subcontracting or site material laboratory's joint venture subcontracting 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 site material laboratory's joint venture 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 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

ESTIMATED CONTRACT VALUE (INCLUDING VAT)			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
Contract value < R10 M	Contract value R10M ≤ R60M	Contract value >R60M	
CIDB GRADE 1-5	CIDB GRADE 6&7	CIDB GRADE 8 & 9	
PREFERENTIAL SUBCONTRACTING REQUIREMENTS			
The following subcontracting provisions may apply: <ul style="list-style-type: none"> QSE and Generic entities: minimum 30% subcontracting provisions applies. 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 provisions applies. No mandatory subcontracting requirements for EME. 	The following subcontracting provisions may apply: <ul style="list-style-type: none"> Minimum 30% subcontracting provisions applies. 	<ul style="list-style-type: none"> 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. 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. Subcontracting may include suppliers; calculation of points for subcontracting will be as per Std for CPG's – October 2017 (Gazette 41237). 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.	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"> JVs to be encouraged on a project specific basis where market analysis indicates no supply side capacity for the designated sector(s) exists. JVs must be aligned to CIDB prescriptions. <ul style="list-style-type: none"> 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. 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"> 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. 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. Provision (b) above is for nurturing and growing small contractors / consultants / suppliers.
General Notes			
1. The table represents the standard (Pro Forma) requirements for Conventional Projects. 2. NDRC = National Documentation Review Committee. 3. PDRC = Project Documentation Review Committee.			

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

ENGINEERING: ROUTINE ROAD MAINTENANCE (RRM) FOR CONSTRUCTION WORK

ESTIMATED ANNUALISED VALUE OF CONTRACT (INCLUDING VAT)			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
<i>Contract value < R10 M</i>	<i>Contract value R10M ≤ R60M</i>	<i>Contract value > R60M</i>	
<i>CIDB GRADE 1-5</i>	<i>CIDB GRADE 6&7</i>	<i>CIDB GRADE 8</i>	
PREFERENTIAL SUBCONTRACTING REQUIREMENTS			
The following subcontracting provisions may apply: • Minimum 30% subcontracting provision applies.	The following subcontracting provisions may apply: • Minimum 30% subcontracting provision applies.	The following subcontracting provisions may apply: • Minimum 30% subcontracting provision applies.	<ul style="list-style-type: none"> a) Subcontracting 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.
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.	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>General Notes</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			
ESTIMATED 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 SUBCONTRACTING REQUIREMENTS			
The following subcontracting provisions may apply: <ul style="list-style-type: none"> No subcontracting requirements for EME's. Minimum 30% subcontracting provision applies to QSE's and Generics. 	The following subcontracting provisions may apply: <ul style="list-style-type: none"> No subcontracting requirements for EME and QSE. Minimum 30% subcontracting provision applies to Generics. 	The following subcontracting provisions may apply: <ul style="list-style-type: none"> Minimum 30% subcontracting provision applies. 	
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.	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. 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			
• Application of clause 6.1.7 of the Transformation Policy. • Application of clause 6.1.12 of the Transformation Policy.	• 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 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			
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: COMMUNITY DEVELOPMENT PROJECTS

COMMUNITY DEVELOPMENT PROJECTS			
ESTIMATED ANNUALISED CONTACT VALUE OF PRICING SCHEDULES A + B + C (INCL. VAT)			INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	CATEGORY 3	
Contract Value < R10m	Contract Value R10 ≤ R60m	Contract Value > R 60m	
CIDB GRADE 1 to 5	CIDB GRADE 6 and 7	CIDB GRADE 8	
PREFERENTIAL SUBCONTRACTING REQUIREMENTS (as per PPP Annexure 1) PRICING SCHEDULE A: CONSTRUCTION MANAGEMENT AND TRAINING AND PRICING SCHEDULE C: STAKEHOLDER AND COMMUNITY LIAISON			
The following subcontracting provisions may apply: EME entities: <ul style="list-style-type: none">No mandatory subcontracting requirements. QSE and Generic entities: <ul style="list-style-type: none">Minimum 30% subcontracting provisions will apply as a contractual obligation.	The following subcontracting provisions may apply: EME entities: <ul style="list-style-type: none">No mandatory subcontracting requirements. QSE and Generic entities: <ul style="list-style-type: none">Minimum 30% subcontracting provisions will apply as a contractual obligation.	The following subcontracting provisions may apply: <ul style="list-style-type: none">Minimum 30% subcontracting provisions will apply as a contractual obligation.	<p>As per PPP Annexure 2:</p> <ul style="list-style-type: none"> Subcontracting will be applied as a condition of contract. Subcontracting based on Management Contractor Model. Subcontracting based on annualised contract value (incl. VAT). <p>As per PPP Annexure 1:</p> <ul style="list-style-type: none"> If the minimum subcontracting requirements cannot be applied, BSC engineering (PG2) or NDRC or PDRC (PG3) or BSC non-engineering may condone this criterion, on condition that that prior written approval by Board has been obtained in terms of DOA. The idea is to make small value projects unattractive to the higher graded contractors; <u>impose incrementally higher levels of subcontracting requirements according to the size of the project</u>. Subcontracting may include suppliers; calculation of points for subcontracting will be as per Std for CPG's – October 2017 (Gazette 41237). CPG Targets may apply in addition to subcontracting provisions.
PREFERENTIAL SUBCONTRACTING (as per PPP Annexure 2) PRICING SCHEDULE B: CONSTRUCTION OF THE WORKS			
The following subcontracting provisions may apply:	The following subcontracting provisions may apply:	The following subcontracting provisions may apply:	<p>As per PPP Annexure 2:</p> <ul style="list-style-type: none"> Subcontracting will be applied as a condition of contract. Subcontracting based on Management Contractor Model.

<ul style="list-style-type: none"> Minimum 30% subcontracting provisions will apply as a contractual obligation. The percentage may be increased based on the scope of the project. 	<ul style="list-style-type: none"> Minimum 30% subcontracting provisions will apply as a contractual obligation. The percentage may be increased based on the scope of the project. 	<ul style="list-style-type: none"> Minimum 30% subcontracting provisions will apply as a contractual obligation. The percentage may be increased based on the scope of the project. 	<ul style="list-style-type: none"> Subcontracting based on annualized contract value (incl. VAT). Subcontracting may include suppliers. CPG Targets may apply in addition to subcontracting provisions.
JOINT VENTURES (as per PPP Annexures 1 and 2)			
JVs to be encouraged where at least one partner must be from the target groups.	JVs to be encouraged where at least one partner must be from the target groups.	JVs to be encouraged where at least one partner must be from the target groups.	<p>As per PPP Annexures 1 and 2:</p> <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 target 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 scorecard, the joint venture agreement and the CIDB grading information will be reported to National Treasury for possible fronting.
TRANSFORMATION (as per PPP Annexures 1 and 2)			
<ul style="list-style-type: none"> Application of clause 6.1.7 of Transformation Policy. Application of clause 6.1.12 of Transformation Policy. 			<p>As per PPP Annexures 1 and 2:</p> <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, contractors, and suppliers in the generic CIDB grades of 1 to 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 professionals, contractors, and suppliers in the generic CIDB Grades 1 to 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>General Notes:</p>			
<p>As per PPP Annexure 2:</p>			
<p>1. Due to the application of the Management Contractor Model, the contract value for Community Development Projects (CDP) are based on annualised cost of the project.</p> <p>CD Project Specific Notes:</p>			
<p>2. Subcontracting for Schedules A and C may include suppliers and professional service providers.</p> <p>3. Subcontracting for Schedule B is earmarked for Trainee Targeted Enterprises.</p> <p>4. The table represents the standard (Proforma) requirements for Community Development Projects.</p>			
<p>As per PPP Annexures 1 and 2:</p>			
<p>5. NDRC = National Documentation Review Committee.</p> <p>6. PDRC = Project Documentation Review Committee.</p>			

ANNEXURE 5: ENGINEERING: SITE MATERIAL LABORATORY

ENGINEERING: SITE MATERIAL LABORATORY	
ESTIMATED CONTRACT VALUE (INCLUDING VAT)	INSTRUCTION NOTES
CATEGORY 1	
<i>All Contract Values</i>	
PREFERENTIAL JOINT VENTURE	
The following subcontracting provisions may apply: • Minimum 30 % Joint Venture agreement provision applies where at least one partner must be from the designated groups.	<ul style="list-style-type: none"> 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. 	<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) Provision (a) above is for nurturing and growing small contractors / consultants / suppliers.
General Notes <ol style="list-style-type: none"> 1. The table represents the standard (Pro Forma) requirements for Site Material Laboratory Projects. 2. NDRC = National Documentation Review Committee. 3. PDRC = Project Documentation Review Committee. 	

ANNEXURE 6: NON-ENGINEERING – GOODS AND SERVICES

NON-ENGINEERING: GOODS AND SERVICES		
ESTIMATED CONTRACT VALUE (INCLUDING VAT)		INSTRUCTION NOTES
CATEGORY 1	CATEGORY 2	
<i>Estimate Contract value R0 - R10 M</i>	<i>Estimated Contract value > R10M</i>	
PREFERENTIAL SUBCONTRACTING REQUIREMENTS PER CATEGORY		
The following subcontracting provisions may apply:	The following subcontracting provisions may apply:	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> • No subcontracting requirements 	<ul style="list-style-type: none"> • Minimum 30% subcontracting provision applies 	
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.
TRANSFORMATION PROVISIONS		
<ul style="list-style-type: none"> • Application of Clause 6.4.3 of the Transformation Policy for tenders in the property sector 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 		
<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 	<ul style="list-style-type: none"> c) Legal <ul style="list-style-type: none"> i. Clause 6.7.2 SANRAL shall promote joint ventures in all SANRAL-issued legal tenders in order to maximize the participation of black business. ii. 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. d) Marketing, Advertising and Communications services <ul style="list-style-type: none"> i. Clause 6.8.5 SANRAL will allocate a minimum thirty percent (30%) of its media spend for community and small-scale media owners. 	