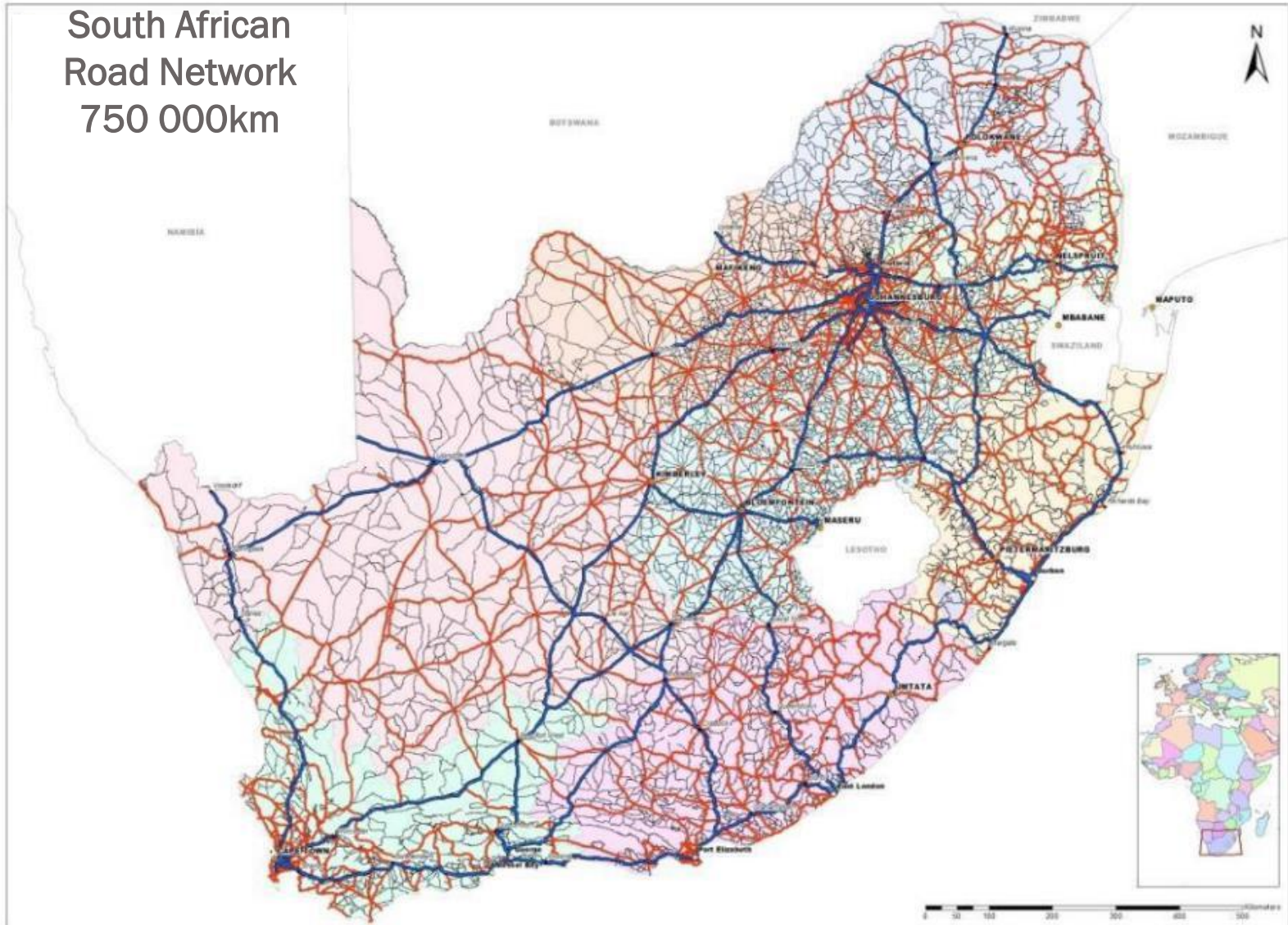


Public Sector Procurement in the Construction Sector

CESA Indaba, Stellenbosch

Randall Cable Pr Eng
SANRAL Regional Manager
Western Region
11 March 2020

South African
Road Network
750 000km



South Africa has the
10th Longest Total
Network in the World

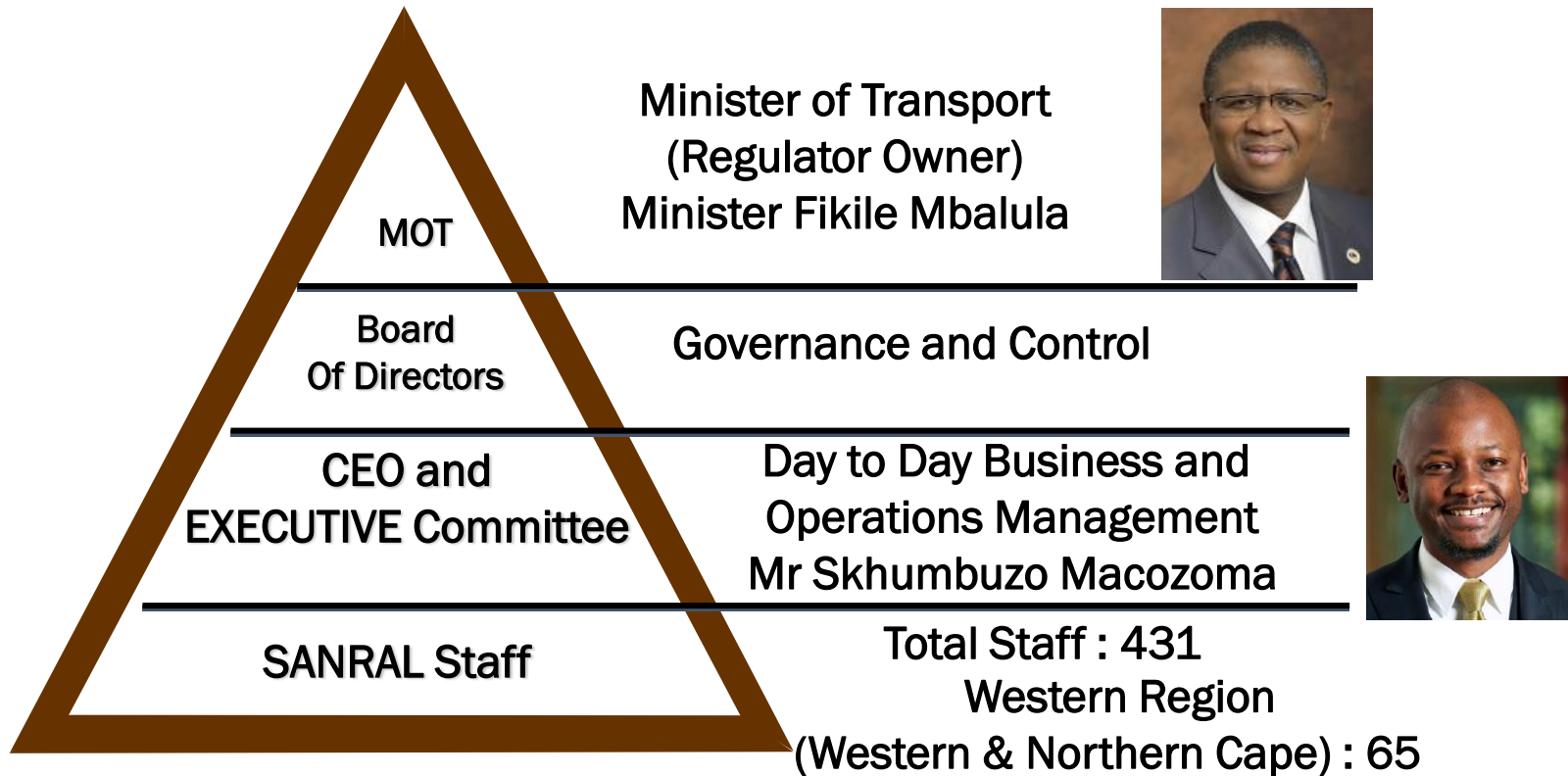


ODI

SA (3) – (0) AUS

Rank	Country	Road length (km)
	<i>World</i>	68,937,575
1	 United States	6,506,204
2	 China	4,008,200
3	 India	3,320,410
4	 Brazil	1,751,868
5	 Japan	1,203,777
6	 Canada	1,042,300
7	 France	1,027,183
8	 Russia	982,000
9	 Australia	812,972
10	 South Africa	746,978
11	 Spain	681,298
12	 Germany	644,480
13	 Italy	487,700
14	 Turkey	352,046
15	 Sweden	425,300
...
34	 Dem Rep of Congo	153,497
46	 Zimbabwe	97,267
55	 Zambia	91,440
61	 Tanzania	78,891
70	 Madagascar	65,663
79	 Angola	51,429
87	 Namibia	42,237
96	 Mozambique	30,400
102	 Botswana	25,798
121	 Malawi	15,451
146	 Lesotho	7,091
157	 Swaziland	3,594
168	 Mauritius	2,028
181	 Seychelles	458
SADC Total		1,412,222

SANRAL Management Structure



South African Road Network



Authority	Paved	Gravel	Total
SANRAL (2.9%)	22,214	0	22,214
Provinces – 9 (24.5%)	46,099	136,640	182,739
Metros – 8(8.9%)	51,682	14,461	66,143
Municipalities(45.5%)	37,691	302,158	339,849
Total	153,719	453,259	606,978
Un-Proclaimed (Estimate)		140,000	140,000
Estimated Total	153,719	593,259	746,978

Un-Proclaimed Roads = Public roads not formally gazetted by any Authority

National Road Network

- The +/- 22 000 km represents only **2.9 %** of the 750 000 km of RSA network
- but carries **33,1%** of all traffic, and
- **Up to 80%** of all long distance road freight



Investing in National Road Network

- Continue to invest in our national asset
- Since 2010:
 - SANRAL awarded **>1000 contracts**
 - Worth **> R100 billion** for new works, rehabilitation and improvement, and various maintenance cycles
 - Optimise investment
 - Opex
 - Capex



Preventative Maintenance

Right Intervention at the right time



SANRAL Routine Maintenance Cost

- Crack Sealing, Cleaning Drainage Structures, Cutting of Grass

- R 6.50 per / m² / year

SANRAL Reseal Cost

- R30 – R48 / m²

-Pothole Repair

-R 200 – R400 / m²

-SANRAL In-situ Recycle

-R 250 – R500 / m²

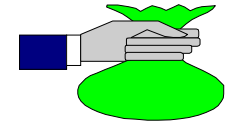
Asset Management Systems



Roughness
Rut Depth
Macro Texture
Cracking
Ravelling
Video



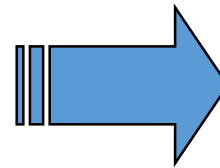
Traffic



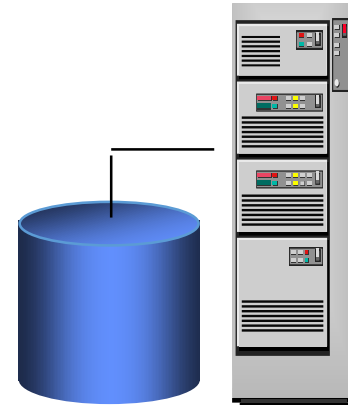
Unit Costs



Surface Friction



Structural Strength



Centralised Database

SANRAL Project Types

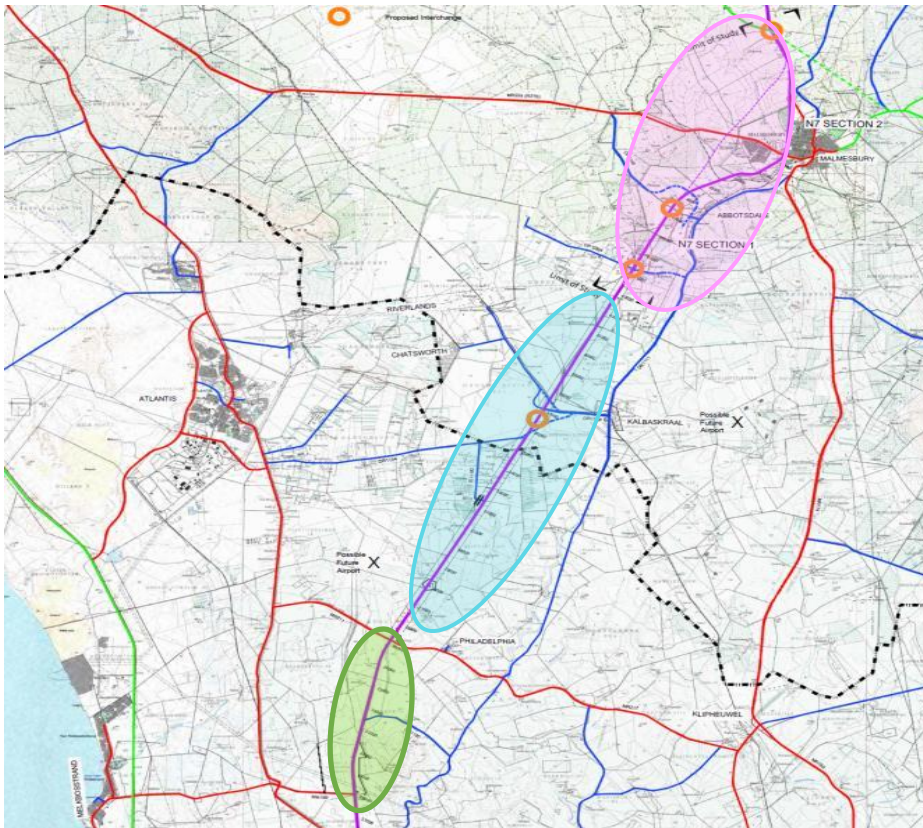
- Different Types of Projects
 - Ad-hoc Maintenance
 - Routine Road Maintenance
 - Periodic
 - Rehabilitation
 - Improvements
 - New facilities
 - Community Development Programme



Major Infrastructure Investment Programmes



N7 Upgrade to Freeway Standard (R3,1 billion over 2015 – 2020 period)



- Phase 3**
- Hopefield intersection
 - Darling I/C
 - Abbotsdale I/C
 - Tierfontein I/C

- Phase 2**
- Kalbaskraal access ramps
 - Klein Dassenberg I/C

- Phase 1**
- Atlantis South I/C
 - Melkbos I/C

N7 Upgrade to Freeway Standard



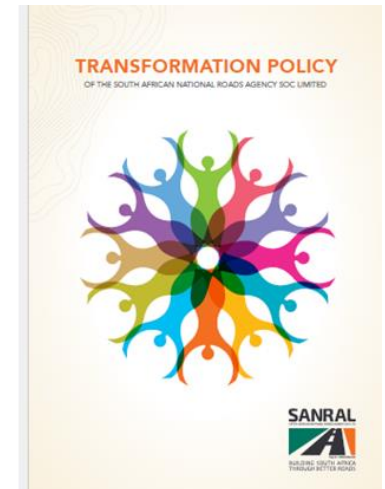
INTERVENTIONS BY GOVERNMENT TO ENABLE EFFICIENT PROCUREMENT IN THE CONSTRUCTION SECTOR

- 2015 **Supply Chain Reforms** by National Treasury
 - Office of the Chief Procurement Officer
- 2017 PPPFA Regulations
 - Accelerate Transformation
 - Improved **Eligibility Criteria** for tender Prequalification (**clause 4**)
 - Specify Minimum BEE Level; EME or QSE
 - **Sub-Contracting requirements** for tenders above R30m (**clause 9**)
 - 30% - Different interpretations



INTERVENTIONS BY GOVERNMENT TO ENABLE EFFICIENT PROCUREMENT IN THE CONSTRUCTION SECTOR

- 2017 Publication of the **SANRAL Horizon 2030 Strategy and Transformation Policy, Procurement Strategy**
- **(2018) 14 Point Plan : ensure the 30% reaches intended recipients**
 - **Project Liaison Committees (PLCs)**
 - **Community Structures**
 - **Subcontracting**
- **(2019) Restructuring of Routine**
 - **Road Maintenance Projects**
 - **Covers full 22 214 km of network**
 - **PLC in every Local Municipality**



KEY CHALLENGES WITH CURRENT PROCUREMENT ENVIRONMENT

- Common ground with **Office of Chief Procurement Officer**
- What is a variation?
- Extension of time, additional expenditure for construction supervision / contracts make **provision for variations**)



national treasury

Department:
National Treasury

REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 - Tel: (+27 12) 315 5111

Enquiries: Fikile Simelane Tel: (012) 315 5873 Fax: (012) 326 5445 Email: fikile.simelane@treasury.gov.za

Example 1

Ref: 43/1/2/5/1

Mr. S. Macozoma
Chief Executive Officer
The South African National Road Agency (SANRAL)
P O BOX 415
PRETORIA
0001

4. The reason provided for the extension of the supervision phase is due to a combination of delays as a result of unexpected ground conditions, rain, strikes and slow progress by [REDACTED] [REDACTED] retains responsibility for the risks, safety of the public, oversight and supervision of the construction site irrespective of the failure of the contractor to perform.
5. The reason provided for this expansion is not justifiable. It is not clear why the contract keeps on being extended since it was awarded in 2013 for thirty six (36) months. Evidence of penalties



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Example 2

Ref: 43/1/2/5/1

Mr. S. Macozoma
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The South African National Road Agency (SANRAL)
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5. The reason provided for the expansion of this contract is that since the commencement of the project, there has been inclement weather by strong winds and snow in the winter months. SANRAL needs to pay the contractor for a certificate of work that has been done to the value of [REDACTED] which is due to the contractor by [REDACTED] and the contractor has indicated that he will give notice to suspend the work if not paid and SANRAL will be in breach of contractual provisions. A new tender process will likely result in an increased contract price to complete the works when compared to the current contract as SANRAL will need to pay for the cost of re-establishing a contractor on site again.
6. The reason provided for the expanding the contract with [REDACTED] before testing the market is not justifiable.
7. National Treasury does not support the extension.

KEY CHALLENGES WITH CURRENT PROCUREMENT ENVIRONMENT

- Common ground with **Office of Chief Procurement Officer**
- What is a variation?
- Extension of time, additional expenditure for construction supervision / contracts make **provision for variations**)
- Practical implications of the PPPFA 2017 Regulations
 - **Clause 4** does not enable set-aside of main tenders for designated groups (Black Women, Youth)
 - Unending dispute over designation of “**local**” when defining a target area for project rollout
 - Point of finalization of **database for sub-contracting** critical to project success
 - **Lingering misalignment** between NT, CIDB and other government requirements that cause confusion on the ground

OPPORTUNITIES FOR FURTHER IMPROVEMENTS IN PUBLIC SECTOR PROCUREMENT

- Adequate balance of Procurement Model
 - In-sourcing versus Outsourcing
 - SANRAL Procurement in-sourced
 - 1st Tier versus 2nd Tier
- Adequate capacitation of **Supply Chain Offices across Government**
- **A New Procurement Act** to be transformative and progressive
- Stronger alignment of **Regulatory and Audit** efforts to improve performance of Government procurement
- Use of Technology for Tendering

Electronic Tender Submission: Key Personnel

ITIS
v.5.1.13.7

Kallie Niebuhr

Project Authority - DNUPF: Huguenot Southbore Tunnel Upgrd. (N.001-010-2019/1)



- General
- Tender**
- Project Timelines
- Service Providers
- Stations
- Sections
- Factors
- Maintenance Items
- Bill of Quantity
- CPG
- Key Resources
- Consultant Tenders



Modules / Projects / Project Authority
/ N.001-010-2019/1

n.001- All

- N.001-010-2008/7
MSNER: Koelenhof Culvert rep...
Friedl Van Der Merwe
- N.001-010-2010/1
MSGT: Monitor & Refurbish A...
Keenan Walbrugh
- N.001-010-2010/2
MSNER: Bridge B698 Emergen...
Friedl Van Der Merwe
- N.001-010-2010/3
MSNER: Emergency Repairs H...
Friedl Van Der Merwe
- N.001-010-2014/1
MSPCF: Concrete full depth rep...
Adriaan Burger
- N.001-010-2019/1**
DNUPF: Huguenot Southbore T...
Mike Vinello-Lippert
- N.001-010-2019/2
DNNT: National FMS in the W...
Gail Bester
- N.001-010-2019/3
MOTTM: National FMS in the ...
Gail Bester
- N.001-010-2019/4
MPRAC: Koelenhof to Market st...
Friedl Van Der Merwe
- N.001-010-2020/1
DNNTN: Upgrade Huguenot Tu...
Tiago Massingue
- N.001-010-2021/1
DICAL: Old Oak to Brighton Road
Mari Venter

Tender (Pre Tender)

- General
- Timeline Details
- Project Evaluation
- Key People Setup
- Key People Inputs**
- Financial
- Pricing Schedule Setup
- Returnables
- Finalize Tender
- Tender Summary

Key People Inputs

Key Person	Description	Yrs Exp	Qualification Required	Yrs Exp	Registration Required
		Only	Number	Description	+ Qual
			Number	Description	Number
No positions were found.					

- Save Key People Input
- Generate Technical Submission Spreadsheet

Qualification Selection

No.	Description
1	Grade 9
2	Grade 10 and National Certificate level 2
3	Grade 11 and National Certificate level 3
4	National Senior Certificate and National Certificate level 4
5	Higher Certificate and Advanced National Certificate
6	Diploma and Advanced Certificates
7	Bachelor's Degree and Advanced Diplomas
8	Honours, Post Grad diploma and Professional Qualifications
9	Master's Degree
10	Doctoral Degree

Registration Selection

No.	Description
1	Pr.Eng.
2	Pr.Technol.
3	Cert.Pr.Eng.
4	Pr.Technician.
5	Can.Eng.
6	Can.Pr.Technol.
7	Can.Cert.Pr.Eng.
8	Can.Pr.Technician.
9	Unreg.
10	Unknown
11	Not Rqd

Electronic Tender Submission: Documentation












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Kallie Niebuhr

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Modules / Projects / Project Authority
/ N.001-010-2019/1

n.001- All ▾

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Project Authority - DNUPF: Huguenot Southbore Tunnel Upgrd. (N.001-010-2019/1)



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+ Add sub-project

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Returnables

FORM NO.	FORM DESCRIPTION	REQUIRED?
A1:	CERTIFICATE OF ATTENDANCE AT CLARIFICATION MEETING	<input checked="" type="checkbox"/>
A2.1:	CERTIFICATE OF AUTHORITY FOR SIGNATORY	<input checked="" type="checkbox"/>
A2.2:	DECLARATION OF TENDERERS CURRENT STATUS OF ANY DEBT OUTSTANDING TO SANRAL	<input checked="" type="checkbox"/>
A2.3:	CERTIFICATE OF SINGLE TENDER SUBMISSION	<input checked="" type="checkbox"/>
A2.4:	CERTIFICATE OF FRONTING PRACTICES	<input checked="" type="checkbox"/>
A3.1/SBD4:	COMPULSORY DECLARATION	<input checked="" type="checkbox"/>
A3.2/SBD9:	CERTIFICATE OF INDEPENDENT TENDER	<input checked="" type="checkbox"/>
A3.3/SBD8:	DECLARATION OF TENDERERS PAST SUPPLY CHAIN MANAGEMENT PRACTICES	<input checked="" type="checkbox"/>
A3.4:	REGISTRATION ON NATIONAL TREASURY CENTRAL SUPPLIER DATABASE	<input checked="" type="checkbox"/>
A4:	SCHEDULE OF DEVIATIONS OR QUALIFICATIONS BY TENDER	<input checked="" type="checkbox"/>
A5:	SCHEDULE OF ADDENDA TO TENDER DOCUMENTS	<input checked="" type="checkbox"/>
A6:	CERTIFICATES OF TAX COMPLIANCE	<input checked="" type="checkbox"/>
A7:	CERTIFICATE OF INSURANCE COVER	<input checked="" type="checkbox"/>
A8:	TENDERER'S CREDIT RATING AND BANK DETAILS	<input checked="" type="checkbox"/>
A9:	DECLARATION OF TENDERER'S LITIGATION HISTORY	<input checked="" type="checkbox"/>
A10:	SCHEDULE OF CURRENT COMMITMENTS	<input checked="" type="checkbox"/>
A11:	POSSIBLE COMMITMENTS OF KEY PERSON	<input checked="" type="checkbox"/>
A12:	CERTIFICATE OF COMPLIANCE WITH OCCUPATIONAL HEALTH AND SAFETY ACT, 1993 AND CONSTRUCTION REGULATIONS, 2014 AS WELL AS COID ACT, 1993	<input checked="" type="checkbox"/>

More Efficient Tender Evaluations

- N.001-010-2008/7
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Project Authority - DNUPF: Huguenot Southbore Tunnel Upgrd. (N.001-010-2019/1)

Print

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Finalize Tender

Generate Technical Submission Spreadsheet

Generate Financial Submission Spreadsheet

Please Note:
 Finalizing the Tender will lock down all pre-tender tabs.
 No changes to the Pre Tender Setup will be available once Finalized.
 Pre Tender Tabs will be viewable in read only mode if you Proceed.

Finalize Tender

Thank you!

SANRAL

