

The introduction of local content clauses in building tender documentation: an investigation into the benefits achieved versus those intended.



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ABSTRACT

This study examines the perceptions of a number of people in the construction industry such as quantity surveyors, government officials, construction managers and community representatives, on the benefits derived from the introduction of local content clauses in building tender documentation. In doing so, the study seeks to compare the benefits derived with those intended.

At this point in time, South Africa is undergoing a transition from an "apartheid era" to a system where all citizens are equal and judged fairly. In order to address the imbalances of the past, the "historically disadvantaged" need to be preferenced and given special treatment until such time as the imbalances of the past have been addressed. In the construction industry, the government has introduced local content clauses in an attempt to address the imbalances of the past.

It is important to investigate whether the introduction of such local content clauses has been able to achieve the author's intended aims. By such investigation, it is hoped to establish how beneficial the clauses have been to those targeted as beneficiaries, what problems have arisen, and what modifications are needed, if indeed there is need for modification.

This study will attempt to provide an overview of the introduction of local content clauses and its benefits and compare these to those intended. It is hoped that the research undertaken will enable recommendations to be made as to how the benefits derived can be increased for the benefit of all.

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LIST OF ABBREVIATIONS

Abbreviations

APP	: Affirmative Procurement Policy
RDP	: Reconstruction and Development Programme
ANC	: African National Congress
SMME	: Small, medium and micro enterprises
NPWP	: National Public Works Programmes
DPW	: Department of Public Works
TAC	: Tender Advice Centre
BIFSA	: Building Industries Federation of South Africa
SAIB	: South African Institute of Building
MBA	: Master Builders Association
KZNTB	: KwaZulu Natal Tender Board

TABLE OF CONTENTS

	<u>Page Number</u>
CHAPTER 1 : THE INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING TENDER DOCUMENTS : AN INVESTIGATION INTO THE BENEFITS ACHIEVED VERSUS THOSE INTENDED	1
1. Introduction	1
1.1 Foreword	1
1.2 Background to the research	1
1.2.1 Local content clauses in building tender documentation	1
1.2.2 Adjudication of tenders	2
1.3 The problem statement	3
2. Hypothesis	3
3. Research objectives	4
4. Research Methodology	5
4.1 Research Method	5
4.2 Scope and Limitations	6
5. Structure of the dissertation	7

CHAPTER 2 : THE LOCAL CONTENT CLAUSES INTRODUCED IN BUILDING TENDER DOCUMENTATION.	8
2.1 Adjudication of tenders	8
2.1.1 Adjudication of tenders on a point system	9
2.1.2 Differentiating between types of contracts	11
2.2 Local content clauses in building tender documentation	12
2.2.1 Transportation of materials on site	12
2.2.2 Local labour	13
2.2.3 Labour intensity	13
2.2.4 Local building material	14
2.3 Training	14
2.3.1 Format	15
2.3.2 Nature of items and units of measurement	16
2.3.3 General	17
2.4 Regulations in terms of Section 26(1) of the KwaZulu- Natal Tender Board Act, 1997 (Act No 4 of 1997).	17
2.4.1 Granting preferences	18
2.4.2 Promotion of public awareness	18
2.4.3 Establishing of tender advice centres	19
2.4.4 Promoting SMMEs	19
2.4.5 Promoting racially disadvantaged individuals	19
2.4.6 Creating uniformity and simplicity	20

2.5 Public sector procurement reform in South Africa	
A 10 Point Plan	20
2.5.1 Access to tendering information	20
2.5.2 Tender advice centres	21
2.5.3 Review of procurement procedures for contracts less than R7 500	21
2.5.4 Waiver of security/sureties	21
2.5.5 Break-out procurement	21
2.5.6 Early payment cycles	22
2.5.7 Preferences/ targeting	22
2.5.8 Simplification of tender submission requirements	22
2.5.9 Appointment of a procurement ombudsperson	23
2.5.10 Classification of building and engineering contracts	23
2.6 Conclusion	23
CHAPTER 3 : THE BENEFITS INTENDED BY THE INTRODUCTION OF LOCAL CONTENT CLAUSES BUILDING TENDER DOCUMENTATION.	24
3.1 NPWP clauses	24
3.1.1 Transportation of material on site	24
3.1.2 Local labour	25
3.1.3 Labour intensity	25
3.1.4 Local building materials	25
3.2 Tender Adjudication	26
3.2.1 Adjudication of tenders on a point system	26
3.2.2 Tender preferences	26

3.3 Training	27
3.4 DPW White Paper	27
3.4.1 Job creation	28
3.4.2 Human resource development	29
3.4.3 Transforming production	29
3.4.4 Employment equity	30
3.4.5 Redressing uneven development	30
3.5 Public Sector reform in South Africa : 10-point plan	30
3.5.1 Access to tendering information	31
3.5.2 Tender advice centres	31
3.5.3 Review of procurement procedures for contracts less than R7 500.	31
3.5.4 Waiver of security/sureties	31
3.5.5 Break-out procurement	32
3.5.6 Early payment cycles	32
3.5.7 Preferences/ targeting	32
3.5.8 Simplification of tender submission requirements	32
3.5.9 Appointment of a procurement ombudsperson	33
3.5.10 Classification of building and engineering contracts	33
3.6 Benefits intended by Regulations in terms of Section 26(a) of the Kwazulu Natal Tender Board Act, 1997 (Act No.4 of 1997)	
3.6.1 Granting of preferences	33
3.6.2 Promotion of public awareness	34
3.6.3 Establishment of tender advice centres	34
3.6.4 Promoting SMMEs	35

3.6.5 Promoting racially disadvantaged individuals	35
3.7 Implementing affirmative procurement	35
3.7.1 Targeting of Affirmable Business Enterprises	37
3.7.2 Joint ventures (general)	37
3.7.3 Joint ventures (targeted)	38
3.7.4 Targeting of local resources	38
3.7.5 Engagement of targeted labour	38
3.8 The successful delivery of targeted procurement at a local, provincial and national level (an implementation)	38
CHAPTER 4 : Field research and findings	40
4.1 Introduction	40
4.2 Data collection	40
4.2.1 Field research	40
4.2.1.1 Questionnaire distribution	41
4.2.1.2 Response to the questionnaire(s)	43
4.2.2 Personal interviews	44
4.2.3 Seminars	45
4.3 Findings and data analysis of questionnaires returned	45
4.3.1 Responses from major contracting companies	45
4.3.1.1 Analysis of responses from major contracting companies	47
4.3.2 Responses from minor contracting companies	47
4.3.2.1 Analysis of responses from minor contracting companies	49

4.3.3 Responses from quantity surveyors	49
4.3.3.1 Analysis of responses quantity surveyors	50
4.3.4 Responses from the Department of Public Works officials	51
4.3.4.1 Analysis of responses from the Department of Public Works officials	51
4.3.5 Responses from the community representatives	52
4.3.5.1 Analysis of responses from community representatives	52
4.3.6 Responses from the KZN MBA, SAIB, and BIFSA	53
4.3.6.1 Analysis of responses from KZN MBA, SAIB, and BIFSA	53
4.4 Findings and data analysis of personal interviews	54
4.4.1 Findings of interview with a major contracting company director	54
4.4.2 Findings of interview with a quantity surveyor	54
4.4.3 Findings of interview with a community representative	54
4.4.4 Findings of interview with a project manager in the DPW in Pretoria	55
4.4.5 Findings of interview with a project manager in the DPW in Durban	55
4.4.6 Findings of interview with a senior quantity surveyor in the DPW in Durban	56
4.5 Findings and data analysis of seminars	56
4.5.1 Findings of seminar dealing with training implications for quantity surveyors	56
4.5.2 Findings of seminar dealing with training of departmental representatives on the new Kwazulu Natal Tender Board Amendment Act, 1997 (No.3 of 1997)	57

4.6 Conclusion	58
CHAPTER 5: A COMPARISON OF THE BENEFITS ACHIEVED FROM THE INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING TENDER DOCUMENTATION, WITH THOSE INTENDED	59
5.1 Introduction	59
5.2 NPWP clauses	59
5.3 Tender adjudication	60
5.4 Tender preferences	61
5.5 Training	61
5.6 DPW White Paper	62
5.7 Public sector reform in South Africa (Interim Strategies)	64
5.8 Regulations in terms of Section 26(1) of the Kwazulu Natal Tender Board Act, 1997 (Act No.4 of 1997)	64
5.9 Implementing affirmative procurement	65
5.10 Benefits achieved which had not been mentioned as benefits intended	66

5.11 Problems experienced which had not been anticipated	66
5.12 Conclusion	67
CHAPTER 6: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	68
6.1 Summary	68
6.2 Conclusions	68
6.3 Recommendations	70
REFERENCES	
BIBLIOGRAPHY	
APPENDIX A: QUESTIONNAIRES	
APPENDIX B: TENDER DECLARATION AFFIDAVIT	
APPENDIX C: REGULATIONS IN TERMS OF SECTION 26(1) OF THE KWAZULU NATAL TENDER BOARD ACT, 1997 (ACT NO.4 OF 1997)	
APPENDIX D: SEMINARS	

CHAPTER 1

THE INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING TENDER DOCUMENTATION: AN INVESTIGATION INTO THE BENEFITS ACHIEVED VERSUS THOSE INTENDED

1. INTRODUCTION

1.1 Foreword

In international trade, local content clauses are used to afford industries in developing countries an opportunity to grow. If there were no local content clauses, industries from the developed countries would extinguish competing industries from the developing countries, in their own domains. Local content clauses are a means of protecting the 'local community' from the exploitation by those from 'outside'. The aim of these clauses is to ensure that the local community benefits from the business which is carried out in the community's area.

The introduction of local content clauses is at the expense of a free market economy. The local content clauses restrict the manner in which a job can be carried out. Instead of utilising the best people and materials available, for the work, it may be that the local content clauses restricts to labour and materials of "secondary class".

The introduction of local content clauses in building tender documentation has increased the stipulations which have to be met by a tenderer before an offer can be accepted. In some cases, it has also meant that the format of the tender documentation has had to change (Gounden, 1997).

1.2 Background to the research

1.2.1 Local content clauses in building tender documentation

South Africa has recently emerged from the apartheid era where imbalances within the society occurred (ANC, 1994). The building industry, like other industries in South Africa, had racial discrimination and thus was affected by apartheid. With the apartheid era coming to an end in 1994, the new government is now trying to address the

imbalances of the past. Writers on construction industry development urge governments of developing countries to use the significant bargaining power of the state (owing to its dominant share of the overall demand for construction) to effect desired changes within the industry (Turin, 1973; Edmonds and Miles, 1984; United Nations Centre for Human Settlements, 1985; Wells, 1986). The Government of National Unity in South Africa is trying to address the imbalances of the past in the building industry by introducing local content clauses in building tender documentation (Affirmative Procurement Policy, APP5, 1996). There should be the formulation and adaptation of contract documents which are easy to use by, and support the development of local firms (Ofori, 1989). Locally developed materials should be utilised on public projects to demonstrate their correct usage and promote their wider application (Ofori, 1989).

In submitting a tender, the bidder is required to comply with the requirements in the offeree's documentation. The state and provincial tender boards have thus far introduced local tender clauses in building tender documentation with a view to addressing the imbalances of the past. It has been argued that construction procurement in South Africa would have to give serious attention to community participation in design and job creation via the development process (Taylor and Norval, 1994). Tenderers are thus faced with an entirely new set of criteria, embodying training and local employment, to name but two. Whether the successful tenderers do indeed adhere to such criteria forms the main focus of this research work.

1.2.2 Adjudication of tenders

Historically, the lowest tenderer was awarded the contract, unless it was ruled that the risk of failure to satisfactorily complete the contract was high. In November 1995, the cabinet of the Government of National Unity endorsed the Procurement Forum's 10 Point Interim Strategies Plan (Affirmative Procurement Policy, APP5, 1996). The 10 Point Interim Strategies Plan makes provision for the awarding of tenders on the basis of a points system. With this system, price, as well as Reconstruction and Development (RDP) factors are taken into account. This is a shift from the previous system where price was the main

factor taken into account when awarding tenders. The Reconstruction and Development (RDP) factors which are taken into account are factors such as :-

- labour-based construction
- use of local resources
- use of selected contractors engaged in development programmes
- equity shareholding
- affirmative action principles.

1.3 The problem statement

Having outlined the reasons for the introduction of the local content clauses in building tender documentation, the problem area to be addressed in this dissertation may be stated as:

In recent years, most building tender documentation, especially government building tender documentation, began containing local content clauses. An investigation will be directed at an attempt to establish if, in instances of contractors who do adhere to the affirmative action requirements included in tender documentation, the results emanating are compatible with the intentions of the authors of the clauses. An issue which is particularly relevant is an attempted comparison between the affirmative action or redistribution policy clauses in building contract tender documents, and the actual achievements as identified by the participants drawn from employer and employee ranks.

The introduction of local content clauses may not yield the benefits which were envisaged by the authors of the clauses. This may mean that the introduction of the local content clauses in building tender documentation does not give the maximum benefits to those it is intended to benefit.

2. HYPOTHESIS

The main aim of this study is to determine whether the introduction of local content clauses in building tender documentation has led to the achievement of the author's aims.

The primary hypothesis to be tested by this research is:

The benefits derived from the introduction of local content clauses in building tender documentation, match the author's aims.

This premise is investigated further by testing the following sub hypothesis:

- 1) The benefits derived by the historically disadvantaged builders do not match those which were intended for their benefit.
- 2) One way of achieving the benefits intended by the authors of the local content clauses, is to engage in joint ventures between the historically 'disadvantaged' and the historically 'advantaged'.

3. RESEARCH OBJECTIVES

The primary research objective of this study is:

To determine whether the benefits derived from the introduction of local content clauses in building tender documentation match those intended.

This objective to be is achieved by the analysis of a series of supportive secondary objectives which may be stated as follows:

- 1) The identification of clauses incorporated in governmental (both central and local) building tender documentation, aimed at redistribution and local content inclusions.
- 2) The identification of clauses incorporated in 'private' building tender documentation, aimed at redistribution and local content inclusions.
- 3) An investigation to ascertain if the introduction of local content clauses in governmental and 'private' building tender documentation, has achieved its intended objectives.
- 4) To ascertain the impact the introduction of local content clauses in building tender documentation has had, on communities (mainly formerly disadvantaged communities).
- 5) To identify the benefits envisaged by the authors of the clauses.

- 6) To make recommendations as to what amendments could be made to ensure a better match between intention and achievement, should it be proved that the two do not closely coincide.

4. RESEARCH METHODOLOGY

4.1 Research method

The research methodology applied in this study is based on the method described by Kerlinger (1973) as the 'scientific method'. The essence of this approach to research is that a problem is identified and a hypothesis in connection with the issue is developed. Reasoning, observation and testing are then applied in order to establish the validity, or otherwise of the hypothesis. The objectives of this particular study are achieved by employing the following methodology:

Procedure	Purpose
1) Literature survey of material identified as being pertinent to this research	To establish a firm basis for the research
2) Interviews with different stakeholders in the building industry	To establish different views with regards benefits achieved/intended
3) A postal questionnaire (Pretoria and Durban) to different stakeholders in the building industry	To establish different views with regards benefits achieved/intended
4) Attending workshops which are relevant to the subject of this research	To establish the current thoughts of stakeholders with regard to the introduction of local content clauses.
5) Data analysis	To establish whether the benefits achieved match those intended
6) Conclusions	To comment on the results of the analysis and determine if the defined hypotheses are supported.

The data that is required for the research is of both a primary and secondary nature. The secondary data will be found in books, journals, procurement papers from the Department of Public Works, tender documents and other periodicals. The background information on

why the local content clauses were introduced, will be obtained from the Department of Public Works, in Pretoria, by personal interviews and an examination of documentation.

The primary data capture will be achieved through interviews, attending workshops which are relevant to the subject of this research, and the distribution of questionnaires. The aim of the workshops being conducted, is to promote training in the construction industry and to discuss problems arising in the industry due to training considerations and are thus most relevant to this work. It is felt that via contact with informed people at such workshops, relevant information will be sourced.

Key personnel in strategic positions will be interviewed. Such personnel to include:-

- officials from the Department of Public Works
- officials from the Building Industries Federation of South Africa
- officials of the state and provincial tender boards
- builders
- quantity surveyors
- community representatives

4.2 Scope and limitations

A major limitation of this research is that it will be carried out in Durban and Pretoria only. Despite the research being carried out in these two areas, one would anticipate that the results obtained from the two areas would be representative of the rest of the country. This is because the central government building tender documentation is the same throughout the country.

The other limitation of this research is the 10 Point Interim Strategies Plan was only endorsed by the cabinet of the Government of National Unity in November 1995. It is likely that not enough time has lapsed since endorsement for the benefits to be visible or felt. It could be that more time is needed before the benefits can fully start to take effect.

5. STRUCTURE OF THE DISSERTATION

This dissertation is presented in a number of chapters which develop the issues being addressed in relation to this investigation and furthermore test the hypotheses postulated.

The anticipated structure of the report is as follows:

Chapter two comprises an identification and discussion of the local content clauses introduced in the building tender documentation. The procurement Forum's 10 Point plan is also discussed.

Chapter three comprises a discussion of the benefits intended by the introduction of local content clauses in building tender documentation.

Chapter four comprises a description of the research methodology adopted to test the research hypotheses. From the data collected, will be outlined the benefits actually achieved from the introduction of local content clauses in building tender documentation. Various data collection, processing and analysis methods are discussed, with the methods selected being described in detail.

Chapter five comprises a comparison of the benefits achieved with those intended from the introduction of local content clauses in building tender documentation.

Chapter six comprises a presentation of the conclusion of the research, including commenting on the results of the analysis to determine if the defined hypotheses are supported. Finally, proposals for further research are made.

References comprise a list of published materials cited in the dissertation.

Bibliography comprises a list of publications not cited in the dissertation, but which have been collected and inspired during the research. The inclusion of these references are intended to reflect sources which have helped to shape the researcher's views.

Appendices comprise information that is pertinent to the study but is inappropriate to incorporate within the main body of the text.

CHAPTER 2

A) THE “LOCAL CONTENT” CLAUSES INTRODUCED IN BUILDING TENDER DOCUMENTATION.

B) A DISCUSSION OF REGULATIONS APPLICABLE IN TERMS OF SECTION 26 (1) OF THE KWAZULU NATAL TENDER BOARD ACT, 1997 (ACT NO.4 OF 1997) AND THE PROCUREMENT FORUM’S 10 POINT INTERIM STRATEGIES PLAN.

2.1 Adjudication of Tenders.

The adjudication of tenders has always been based mainly on the amount tendered. Other factors such as experience, also contribute to the adjudication of tenders, but the tendered amount is the element which carries the most weight in terms of the adjudication of tenders. On most occasions, the lowest tender amount, represents the successful bid. (Procurement Task Team, 1996)

Since the introduction of “local content” clauses in building tender documentation, the adjudication of tenders on Government projects has changed, whereas, adjudication on private projects has not changed. A study of a sample of building tender documents prepared by Farrow Laing Ntene, Quantity Surveyors, for private projects, indicates a total lack of “local content” clauses. The adjudication of tenders for private sector projects is based mainly on the tendered amount while that for government projects is based mainly on a point system (OW 224/B).

“Public sector procurement is an instrument of government policy in the socio-economic process and may be used as a mechanism and tool for extending the principles of affirmative action into the area of economic reform” (Procurement Task Team, 1996).

The above statement indicates that the government is not intent on monetary management only, but also on social upliftment. The adjudication of tenders on the basis of an

affirmative point system is a method of ensuring the application of the furthestmost of emerging contractors and suppliers in the construction process.

2.1.1 Adjudication of Tenders on a Point System

“A development objective/price mechanism is a point scoring system in terms of which tenders are awarded in the first instance, points for their financial offer, and in the second instance, for their offer to exceed socio-economic objectives, or their current enterprise’s status” (Procurement Task Team, 1996). Development objective points are awarded for exceeding targets set in respect of :

- 1) use of local resources
- 2) use of targeted labour
- 3) use of small, medium and micro enterprises
- 4) employment generated.

Points may also be awarded if the tendering enterprise has embraced:

- 5) equity shareholding
- 6) affirmative action principles.

The successful tender is the one that has been awarded the most points, subject to technical factors, financial references, qualifications etc., being acceptable.

The use of a point system in adjudicating tenders enables tenderers to use their skill, knowledge and creativity in arriving at a favourable mix between economic and development objectives. Those tenderers who choose to meet certain socio-economic objectives to only a limited degree, limit their chances of scoring high points, thus their chances of winning the tender are reduced. The point system allows everyone to tender, which is an important point because everyone must be allowed to engage in this economic activity if they feel that they are capable of performing the required tasks. The use of a point system prevents those who fall within the “targeted group” from being excluded via the submission of grossly uncompetitive tender prices, as the reward for compliance with socio-economic objectives could outweigh the loss of points incurred through uncompetitive tender bid.

The adjudication using a point system (For Equity Ownership) works as follows, as based on AFFIRMATIVE PROCUREMENT POLICY, 1996 :-

The responsive tenders will be adjudicated by the employer using a system which awards points on the basis of :-

- 1) the tendered price
- 2) equity ownership.

A maximum of 88 points is allocated to price (Np). A maximum of 10 points may be awarded for Equity Ownership by previously disadvantaged individuals (Nep). A maximum of 2 points may be awarded for Equity Ownership by women (New).

A maximum of 88 points is allocated to price on the following basis :-

$$NP = 88 \left[1 - \frac{(P - PM)}{PM} \right]$$

where NP = the number of tender adjudication points awarded for price.

PM = the price of the lowest responsive tender adjusted to common base if applicable.

P = the price of the responsive tender under consideration adjusted to common base if applicable.

A maximum of 10 points is allocated for Equity Ownership by previously disadvantaged individuals, on the following basis :-

$$Nep = \frac{10 \times EpU}{100}$$

where Nep = number of points awarded on the basis of Equity Ownership by previously disadvantaged individuals.

A maximum of 2 points is allocated for equity ownership by women, on the following basis :-

$$New = \frac{2 \times Ew}{100}$$

where New = number of points awarded on the basis of equity ownership by women.

E_w = percentage of Equity Ownership of women within the enterprise.

The total number of tender adjudication points awarded (N) is the sum :-

$$N = N_p + N_{ep} + N_{ew}$$

N may not exceed 100.

Tenderers who wish to claim points in respect of Equity Ownership must complete the Tender Declaration Affidavit, which is attached as Annexure B. If this form is not completed, then it will be deemed that the tenderer is not claiming points for Equity Ownership and the points will be awarded only on the basis of the tendered price.

2.1.2 Differentiating between types of contracts

Contracts may be divided into three different types, namely :-

- 1) prime contracts
- 2) sub contractors, suppliers, manufacturers or service providers to a prime contractor in a delivery chain.
- 3) joint venture partners.

A joint venture may be between an established business enterprise and an emerging business. There are other types of joint ventures, but only the above-mentioned is relevant to this research. In this case, the established enterprise would be able to give the necessary experience, resources and credibility to the emerging enterprise.

Prime contracts may be described as being :-

- a) Prime contract (International)
- b) Prime contract (Major)
- c) Prime contract (Minor)
- d) Prime contract (Micro)

For the purpose of this research, we are mainly interested in the last three. Prime contract

(Minor) and Prime contract (Micro) are aimed at providing work opportunities for established small, medium and micro enterprises. It is incumbent on those responsible for implementing construction programmes to ensure that a range of categories of contracts be offered in order to afford a wide range of contractors the opportunity to participate and so meet specific socio-economic objectives.

2.2 “Local Content” Clauses in Building Tender Documentation

“Local Content” information in building tender documentation comes in two forms. The first comprises a questionnaire which the tenderer is obliged to complete. This questionnaire is required to be submitted together with the other tender forms. This type of questionnaire provides information, about the tenderer. The questionnaires are mainly used where the tender adjudication is on a point system. The manner in which the points are awarded is rather subjective because, adjudicators evaluate the responses to questions and attach points to them.

The second form embodying local content information in building tender documentation is in the form of “local content” clauses in building tender documentation. The local content clauses form part of the conditions of contract which the successful tenderer will have to adhere to. These “local content” clauses are usually included in the introduction section of the bills of quantities under the heading, Conditions of Contract.

Some of the “local content” clauses encountered in building tender documentation are as follows :-

2.2.1 Transportation of materials on site

“All materials once unloaded on site, must be transported by hand, or by wheelbarrow.” (OW 224/B). The aim of this clause is to increase the employment of people on site. It is thus intended that this clause will serve to reduce the use of machinery to transport goods on site. With the use of machinery, less people would have to be employed, although it may be that this could involve an increased construction cost.

2.2.2 Local labour

“Employ 90% local labourers for the full contract period of this contract.[local in this clause means the district in which the work has to be done]. The tenderer must give preference to single heads of households, women and youth. In the case where insufficient labour is available, the Representative / Agent may grant permission to employ labour from the surrounding districts.” (OW 224/B).

The aim of the above clause is to secure as much employment as possible for the local labourers, and thus guards against situations where the contractor will employ labourers from elsewhere, despite there being local labourers who are competent. The fact that the time period is mentioned ensures that the local labourers are employed for a part of the contract and then replaced with labourers from elsewhere. Within this clause, there is a part which gives more preference to single heads of households, women and youth.

The element of the clause identifying preference is due to the fact that single heads of households need as much support as possible because, there is a greater burden on them as sole bread winners. Women enjoy preference over men because they have historically been more disadvantaged than men. In the case where insufficient labour is available, permission may be given to employ labour from the immediate surrounding districts. This part of the clause ensures that the surrounding community also benefits. The aim is for the community and the surrounding areas to get as much benefit from projects as possible. (Procurement Task Team, 1996).

2.2.3 Labour intensity

“No machinery other than hand held manual or hand held power tools shall be permitted on site unless specifically specified otherwise. [All reinforce concrete to be machine mixed and vibrated].”(OW 224/B).

The aim of this clause is to increase the employment of people on site. Hand held manual or hand held power tools require the use of more labourer than other machines. The clause permits the use of machines in specified circumstances only. The inclusion of the method that concrete is to be mixed guards against the contractor opting to use ready mix concrete. The clause requires that the contractor use labourers to site mix and vibrate the concrete, thus ensuring maximisation of labour employment.

2.2.4 Local building materials

“Preference shall be given to the supply of materials produced or manufactured in the province of this service, provided that:-

- (a) such materials comply in all respects with the specific requirements of the OW371 Specification
- (b) The availability of such materials shall not adversely affect the desired progress of the specific works
- (c) The use of such materials shall not constitute grounds for any claim for increased costs in respect thereof.” (OW 224/B)

The aim of this clause is to support the use of the local materials. This will have the effect of increasing the employment of local people engaged in the production of material. The clause does however contain phrases to guard against the introduction of work delays or high cost implications through the use of local materials. Furthermore, the local material must be of an acceptable standard.

2.3 Training

In November 1996, the Department of Public Works sent out “Notice No.2 “, which was a memorandum issued to Quantity Surveyors instructing them to include Training in Bills of Quantities. An example of the rationale for the adoption of training as a “Trade” in Bills of Quantities, follows.

The training section in the Bills of Quantities was developed as a new "trade" in the Bills of Quantities to promote the training of previously marginalised persons on governmental building contracts. This implied the formulation of priceable items covering all aspects of cost pertaining to skills training in the building trades (Notice No 2, 1996).

The training items are incorporated in the Bills of Quantities describing the different required levels of competency which would need to be attained by tradesmen in the various trades. The contractors are only be paid for the training of candidate tradesmen who successfully obtain the required levels of competency envisaged in the items. This places the onus upon the tenderers, who are now faced with the problem of making allowance for risks such as failure to pass set skills tests at the first attempt, erosion of numbers due to absconding, illness, etc. over which they have very little or no control at all. Because of the fact that people are unpredictable, it was decided that this approach was too risky for the tenderer and so a better approach would be to shift the risk from the tenderer to the Department of Public Works. In order to do this, clauses describing what is expected of the contractor are provided, rather than what the end product should be. The contractor is paid for making it possible for trainees to undergo institutional training. It should be noted that should a contractor, who has contracted to perform training, refuses or neglects to comply strictly with any of the conditions of contract or any instructions given in terms of the contract, he would be in default and the provisions of clause 24 of the department's conditions of contract (OW 677) could come into operation. (Notice No.2, 1996)

2.3.1 Format

The skills training is not necessarily a departmental (Public Works) requirement on all services but based on the size and location of the project, and the needs of the local community. For example, on small projects, it may not be financially possible to include the training section. Because the training section is not necessarily a departmental requirement on all services, the best option appears to be to treat the training section as an entirely separate entity and to locate it at the end of all the other sections of the Bills of

Quantities. The items in the Training Section have been worded in such a way that should the quantities in this section be varied or this section be omitted in part or as a whole, the pricing of the other Sections will not be effected at all. The items in the training Section are measured provisional because of the nature of the nature and also because of the limited information that might be available at the tender stage of the service.

2.3.2 Nature of items and units of measurement

An analysis of some of the potential items incorporated in the new training "trade" comprises of the following categories of items (Notice No.2, 1996):

- Category 1: "Items of a general nature which could not readily be allocated to a particular type of candidate, skills training module, skills or trade test, etc. and which are similar to items to be found in the customary Preliminaries Section in Bills of Quantities. The unit for measurement is "item".
- Category 2: "Items for institutional training on a competency based modular basis. The best method is to describe each particular module for which candidates are required to be enrolled separately as the tuition fees for the various modules differ, and to include therewith all appurtenant aspects of cost to enable candidates to attend the courses. The best way to express these items is by "No of trainees".
- Category 3: "Items for training skills and trade tests. As in the case of training modules the fee for each particular test differs necessitating a separate item for each test expressed by way of "No of trainees".
- Category 4: "Items for practical on-site in service training. Implementing practical training on the job is tantamount to substituting a portion of the trained labour force with partially trained or untrained persons. In order not to make any adjustments to items in the other sections of the Bills of Quantities, these items will necessarily have to be extra over type items. However, taking all appurtenant cost aspects into account, especially that of artisan wages fixed by legislation or agreement, rates for these items could either be considered an extra over or a reduction over the cost of the

trained labour force. Hence such items are worded accordingly, i.e. Extra/reduction over..... Attempting to keep partially trained persons having attained different levels of competency separate would result in a maze of items and is considered to be unnecessary as the wages of trainees are expected not to differ to the extent that it warrants making such distinctions. Thus, a single item is generally given under each trade heading to cover practical on-site in service training. The cost of these items is made up of time related aspects coupled with the number of trainees involved and the unit of measurement chosen is "man-weeks".

2.2.3 General

Submission of a tender will be deemed to signify a tenderer's willingness to recruit and train candidates as well as his acceptance that such recruitment and training shall form an integral part of his obligations under this contract. Rates for institutional training shall be deemed to include all costs and expenses such as recruitment of suitable candidates coupled with the necessary aptitude tests, payment of tuition fees, payment of wages etc.. Where indicated, rates shall also include all costs and expenses in connection with module tests such as Training Performance Criteria (TPC) and Production Performance Criteria(PPC) tests (Notice No 2, 1996). Rates for skills and trade tests shall be deemed to include all costs and expenses such as payment of wages and levies during the time spent on the tests, etc.. Rates for practical training shall be deemed to include all costs and expenses such as payment of wages and levies, provision of any necessary small tools not included elsewhere, etc..

2.4 Regulations in terms of Section 26(1) of the Kwazulu-Natal Tender Board Act, 1997 (Act No 4 of 1997).

The regulations in terms of Section 26(1) of the Kwazulu-Natal Tender Board Act are such that they encourage the promotion of small and medium enterprises, especially those

which were disadvantaged by past unfair discrimination. Some of the issues which the procurement policy must deal with, which are related to the policies surrounding 'local content' clauses are as follows:-

- (a) the manner in which and the conditions subject to which preferences may be granted
- (b) measures to ensure the creation of conditions which will promote the empowerment of small, medium and micro-enterprises
- (c) means of promoting equity by measures designed to protect or advance persons or categories of persons disadvantaged by past unfair discrimination.

2.4.1 Granting Preferences

The regulations include those for granting of preferences to promote previously disadvantaged individuals, small, medium and micro-enterprises, women, disabled persons and local suppliers of goods and services. The granting of preferences is mainly in respect of the contract amounts and for contracts of different amounts, there will be different levels of granting of preferences (see Annexure C). The granting levels of contracts is normally based on contracts not exceeding R499 999 and also in respect of contracts between R500 000 and R2 000 000.

2.4.2 Promotion of public awareness

The main function of this regulation is to ensure that as many people as possible become aware of tenders and the tendering processes. The regulations provide that the tender Board must use the Provincial Gazette. It further states that the tender board must ensure that as wide a range of media as is possible is used. Examples of media are larger newspapers, radio, television and community newspapers. One of the other regulations is that the Tender Board continuously keeps the public aware of the developments in procurement by the Province.

2.4.3 Establishment of tender advice centres

The establishment of tender advice centres is a regulation of the Kwazulu Natal Tender Board Act which is aimed at helping people who have been kept out of the tender process. The regulation states that tender advice centres must be strategically located throughout the Province. The tender advice centres must provide information and give advice on the procurement process.

2.4.4 Promoting SMMEs

The regulation, with regard to the promotion of SMMEs, states that where practicable, large contracts will be broken down, to ensure that small, medium and micro enterprises can meaningfully tender for them. Departments may make interim payments, in order to facilitate the participation in the tendering process by small, medium and micro enterprises. For contracts less than R250 000, where tenderers meet all other pre-conditions, departments may waive the requirement that guarantees or sureties must be furnished. Departments may also waive the requirement for deposits for tender applications for contracts below R500 000. Joint ventures between small, medium and micro enterprises on the one hand and larger enterprises on the other, must be encouraged by departments and Tender Boards.

2.4.5 Promoting racially disadvantaged individuals

The regulation states that departments must take necessary steps to protect or advance persons disadvantaged by past unfair racial discrimination. It states further that where a tender calls for goods or services for which there are no manufacturers or providers from racially disadvantaged sectors, agents from racially disadvantaged sectors who offer goods and services at competitive prices may be considered as acceptable tenderers only if their businesses are fully owned by them.

2.4.6 Creating uniformity and simplicity

The regulation states that the Tender Board must simplify the procurement process and make it user friendly. This, the Tender Board can do by ensuring that the same forms and procedures are used, making sure that the tender documents can be understood by ordinary persons and making the tender rules, procedures and instruction manuals simple.

2.5 Public sector procurement reform in South Africa (Interim Strategies), A 10-Point Plan

The interim strategies were formulated in 1995, because the Tender Board policies and procedures tended to favour the larger and better established entrepreneurs (Interim Strategies, 1995). There was a need to review the procurement procedures in order to develop a procurement policy and system that responds to the needs of the South African society. The interim strategies were formulated to intervene and impact positively on the participation of small, medium and micro enterprises, with emphasis on the disadvantaged and marginalised sectors, and with a focus on employment creation. The interim strategies were proposed specifically for the State Tendering Authority, but can be used as a guiding framework by the provinces.

2.5.1 Access to tendering information

The interim strategy formulated was that the State Tender Board should assist with the compilation and dissemination of tendering and related information in a simplified and uncomplicated format. This information should be easily accessible to any business or organisation in a prescribed manner. This interim strategy was brought about by the fact that there was difficulty in obtaining accurate and timely information about tendering opportunities. This problem was especially serious for new and emerging enterprises.

2.5.2 Tender advice centres

The interim strategy formulated was that the government should establish Tender Advice Centres (TAC's) throughout the country with the primary objective to provide effective communication and assistance to tenderers. This interim strategy was brought about by the fact that the public sector tendering system was perceived by many, as a complicated and mysterious process.

2.5.3 Review of procurement procedures for contracts less than R7 500

The interim strategy formulated was that there would be an immediate review of the existing data-base of suppliers with the specific objective of incorporating the emerging SMME sector. It was hoped that due to their low overhead structure, the SMME sector would be competitive in this market. The system formally used, excluded many small and emerging businesses from this market.

2.5.4 Waiver of security/sureties

The interim strategy formulated included the waiver of the requirement for a security on all contracts, except under special circumstances, in order to facilitate the immediate entry of emerging small scale entrepreneurs in the small works sector of the construction industry. The net effect is that the Government will underwrite the risk of such contracts in order to provide opportunities that will target a specific sector. This interim strategy was brought about by the fact that the requirement of a financial security/sureties is regarded as probably the biggest barrier to entry for new businesses and particularly the emerging contractors in the building and civil engineering sectors.

2.5.5 Break-out procurement (packaging into smaller contracts)

The interim strategy formulated further proposed that the procurement of goods and services for any project or other requirement of Government be obtained in the smallest

possible quantities without incurring undue negative impacts on the quantity, time and cost parameters of such goods and services. The aim of this was to provide opportunities and make it easier for smaller businesses to participate and increase their share in public sector procurement. This interim strategy came about because inviting tenders for unduly large quantities makes it more difficult or impossible for smaller businesses to participate.

2.5.6 Early payment cycles

The interim strategy formulated included a proposal that the 30 day period be enforced as a maximum time for payment. Interest, at the ruling prime rate, will be payable on all late payments where the supplier of the service is not responsible for the delay. This interim strategy came about because the specific problem of delayed payments to suppliers often aggravates the financial position of small enterprises and further hampers their access to funds. In addition, this sometimes results in suppliers losing their special discounts because they are unable to pay their accounts timeously and in some instances have to absorb very heavy financial costs.

2.5.7 Preferences/ targeting

The interim strategy further incorporated a proposal that a price preference system be effected to target a specific group within the emerging SMME sector. This policy will be based on a percentage preference and shall apply to all contracts which are usually less than R2 million. An interim preference system can be applied to target a specific group which can be referred to as those "persons disadvantaged by unfair discrimination." This would imply that a preference will be given to tenders from businesses controlled by such persons or to businesses where such persons have an equity shareholding.

2.5.8 Simplification of tender submission requirements

The interim strategy formulated provided that tender submission documentation be rationalised and simplified as far as possible, to make it easier for small businesses to deal

with the paperwork involved in tendering. This interim strategy was brought about because the tender submission requires various forms and supporting information which is unnecessarily complicated for emerging businesses to complete satisfactorily.

2.5.9 Appointment of a procurement ombudsperson

The interim strategy formulated contained a proposal that a procurement ombudsperson be appointed during the period of procurement reform in order to provide an interim mechanism for quick and effective intervention on complaints from businesses. The aim of this interim strategy was to deal with the accusations and complaints arising, with regard to the State tendering system.

2.5.10 Classification of building and engineering contracts

The interim strategy formulated incorporated aims to provide intervention that will assist towards establishing, regulating and promoting an enabling environment, thereby ensuring the meaningful and effective involvement of small, medium and micro enterprises. This strategy came about because, historically, contracts in the public sector have been structured in such a manner that the well established contractor-manufacturer is favoured, and, particularly in the civil engineering sector, the large contractor.

2.6 Conclusion

The targeting and giving preference to “persons disadvantaged by unfair discrimination”, is incorporated in all aspects of the public tendering process. It can be found in the adjudication of tenders, in the tender documents, in Provincial Tender Board Acts, etc...

An attempt has been made in this chapter to show the different “affirmative action” clauses with the hope that chapters to follow will be able to indicate whether benefits have been forthcoming.

CHAPTER 3

THE BENEFITS INTENDED BY THE INTRODUCTION OF "LOCAL CONTENT" CLAUSES IN BUILDING TENDER DOCUMENTATION

The introduction of local content clauses in building tender documentation is just one aspect of the public sector procurement reform in South Africa. In the previous chapter, an identification and discussion of the local content clauses introduced in the building tender documentation and the adjudication of tenders incorporating affirmative action policies, was made. It is intended in this chapter, to identify the benefits which were envisaged by the introduction of "local content" clauses in building tender documentation.

3.1 National Public Works Programmes (NPWP) Clauses

In this section, the most important NPWP clauses which were described in chapter 2, will be examined to establish their intended benefits.

3.1.1 Transportation of material on site

The regulation that all materials once unloaded on site must be transported by hand or by wheelbarrow, was intended to increase the labour intensity of the works. With the labour intensity increasing, there would be more jobs becoming available and thus the employment of the local labour force would increase. An important factor to note is that the transportation of material on site would increase the employment of the unskilled labour force, which is the category with the highest unemployment rate (CSS, 1995). The benefits are intended to increase the employment of the unskilled labour force, and decrease the unemployment rate of the unskilled labour force. This would also indirectly benefit the community and country as a whole in that people who were dependent, would now be independent and contributing to the development of the country.

3.1.2 Local labour

The benefits intended by this clause are to give employment to the local community. It is hoped that with this clause, the local community will benefit from projects taking place in the region. Residents will benefit by participating in the projects and also derive employment from the projects (NPWP Clauses, 1995). This clause is aimed at avoiding a situation where a contractor who is employed to do a project, provides his own labour force from elsewhere, even though there are local labourers who are unemployed, but able to do the job. The "foreign" labourers would repatriate their wages, whereas local labourers would most likely spend the money within the local area and thus this would result in a multiplier effect which the end result, would be a stimulation for more development. The clause also specifies that preference should be given to single heads of households, women and youth. The aim here is to give preference to those who experienced the most hardships in the past, (e.g. black women where the ones most discriminated against in the past).

3.1.3 Labour intensity

The aim of this clause is to reduce the amount of machines on site and to increase the labour force on site. The benefits which are expected from this are a reduction in the unemployment rate, an increase in employment, and a better life for more people.

3.1.4 Local building materials

The aim of this clause is to give the preference of supply of materials to manufacturers in the Province of the service. The benefit of this is that it would afford those manufacturers more work opportunity resulting in further production of more goods and the employment of more people. With the hiring of more people, there will be more income earning people, and so more disposable wages within the province, which will result in an increase in development and businesses within the Province.

3.2 Tender Adjudication

3.2.1 Adjudication of tenders on a point system

The adjudication of tenders on a point system is designed to increase the number of factors addressed in the adjudication process (OW 224/B). In the past, price was mostly the only factor which was scrutinized, and thus most tenderers were only profit orientated. The aim of the adjudication of tenders on a points system is to introduce the affirmative action policies in the appointment of tenders. Some points are awarded for the equity ownership by previously disadvantaged individuals. The benefit which is intended here is that previously disadvantaged individuals be given an opportunity to become owners or shareholders in construction firms. The long term benefit which is intended is that previously disadvantaged persons will be able to own their own construction firms and that they will have derived some knowledge and experience by being part owners with experienced persons.

Some points are awarded for equity ownership by women. The benefit which is intended is that women will be given an opportunity to own firms in the construction industry (the empowerment of women).

3.2.2 Tender preferences

The tender preference is usually considered where the estimated cost does not exceed R2 million. The aim of affirmative action preference is to encourage construction firms to hire and educate/promote people who were previously disadvantaged. The benefits intended are to increase the number of "blacks" employed, especially in management positions. At the moment, there are few "blacks" in management positions, although there are far more "blacks" than "whites" in the community. The aim of the affirmative action preference is to address this imbalance.

The aim of the SMME preference is to encourage and assist small and emerging construction firms. These firms are usually owned and managed by persons from previously disadvantaged backgrounds. These firms find it difficult competing against the

already established "big firms". The aim of the SMME preference is to encourage people from previously disadvantaged backgrounds to own their own firms and also to protect the small firms from the "big" established ones. The benefit intended is to generate more and more people from previously disadvantaged backgrounds entering the construction industry and owning their own firms. This would lead to the redistribution of wealth and the empowerment of the previously disadvantaged community (DPW, 1995).

The aim of the gender preference is to encourage firms to hire and educate/promote women. The benefit intended is an increase in the number of women employed, especially in management positions. Women are the ones who have suffered most from discrimination. There are few women in managerial positions. It is hoped that the gender preference will be an incentive for construction firms to promote women (DPW, 1995).

The aim of the handicapped preference is to encourage firms to hire and educate/promote handicapped persons. The benefits intended are to increase the number of handicapped persons employed, especially in management positions. The other benefit intended is to lift the moral of the handicapped persons, by giving them responsibilities, so that they feel that they are part of society and can contribute. At the moment, there are few handicapped persons in managerial positions, especially in the building industry (DPW, 1995).

3.3 Training

The purpose of introducing training as a "trade" in Bills of Quantities is to increase the skills of previously marginalised persons. With the training being a "trade" in Bills of Quantities, it becomes part of the contract and not an option. The benefit intended is to increase the training of previously racially discriminated against persons. This has the effect of increasing the pool of trained persons in the long term, and it is also a means of social upliftment (Notice No 2, 1996).

3.4 Department of Public Works White Paper (September 1997)

The minister of public works (Minister Jeff Radebe) writes that "one of the mainsprings of the ANC's vision for a new South Africa is the improvement of the people's lives

through measures which included job creation using imaginative social mechanisms, economic cost effectiveness and democratic community involvement.” The Department of Public Works, in trying to reach the government’s overall objectives in improving the lives of the previously marginalised persons has introduced the “local content” clauses in building tender documentation. The government’s overall objectives in social and economic arenas related to public works include:

- (1) contribution to the generation of sustainable economic growth;
- (2) redistribution of income in favour of the poor;
- (3) sustainable employment creation;
- (4) expansion of human resource development;
- (5) new production regimes that stress labour-intensity for workers, and community participation and control for beneficiaries;
- (6) active promotion of affirmative action with respect to race, gender and youth, and the integration of disabled people as producers and consumers of services;
- (7) active support for SMME.

By virtue of its functions, the Department of Public Works is in a position to make specific contributions to overall government objectives, in large part by including socio economic factors in cost benefit analyses related to departmental operations for the first time. These factors include job creation, human resource development, transforming production, employment equity, redressing uneven development, enabling access by disabled people, new production regimes that stress labour intensity for workers and community participation and control for beneficiaries.

3.4.1 Job creation

The Department of Public Works job creation role is particularly critical in that it is mostly targeted at transforming the construction sector towards increased use of unskilled and low skilled labour, the very categories of labour that suffer the highest unemployment rates. The benefit intended is to increase the employment of the unskilled and the low skilled labour. The Department of Public Works is also committed to opening up accessible employment opportunities for disabled workers. The benefit intended is to

increase the employment of disabled workers. The government's goal is to increase job creation to reach a level above 400 000 per annum by the turn of the century, with 100 000 of these related to labour based infrastructural development and public works projects (DPW White Paper, 1997).

3.4.2 Human resource development

The Department of Public Works, in conjunction with the Department of Labour, encourage companies to increase their skills development and training systems. In order to promote employment equity and affirmative action, the Department of Public Works recognises the significant role of human resource development in equipping and training those agencies which target women, youth and disabled people (DPW White Paper, 1997).

3.4.3 Transforming production

The Department of Public Works is responsible for some of the government's largest employment projects, and thus has the opportunity to promote the use of labour and more appropriate supply of building materials, in order to increase employment per unit of expenditure, subject to economic efficiency. The department of Public Works also has the capacity to influence other government departments in the use of labour intensive methods. The benefits intended are to increase the employment opportunities of mostly unskilled persons, who are mainly from previously racially discriminated against communities. In addition, the Department of Public Works stresses the importance of community consultation, participation and control for beneficiaries of public works projects. The benefits intended are to increase the benefits enjoyed by the beneficiaries of public works projects (DPW White Paper, 1997).

3.4.4 Employment equity

It is recognised that thus far, men have benefited more from public works employment opportunities than women, and timetables, goals and targets will be better developed in future programmes. The benefits intended are to increase the employment opportunities of women, and thus to have a better employment equity. In general, affirmative action in public works projects will entail providing increased access to child care facilities and more actively preventing gender discrimination and sexual harassment, with the aim of increasing the involvement of women workers (DPW White Paper, 1997).

3.4.5 Redressing uneven development

The Department of Public Works is committed to redress uneven geographical development by increasing both the provision of public services as well as asset creation through new public facilities in under-developed areas. The benefits intended are to increase the development in under-developed areas, which are mainly areas where previously racially discriminated against persons reside. This will entail extensive interaction with other government departments and local community organisations of various sorts, and capacity-building support so that communication and consultation is a two way process (DPW White Paper, 1997).

3.5 Public sector reform in South Africa (Interim Strategies) 10-point plan

In developing the interim strategies, the benefit intended is to develop a new procurement policy and system that responds to the current needs of the South African society. The aim of the interim strategies is to guide the relevant authorities in implementing suitable procurement strategies within the ambit of the present system (Interim Strategies, 1995).

3.5.1 Access to tendering information

The benefit intended from this interim strategy is for small and emerging enterprises to gain access to tendering information. This will assist them with the preparation of tender bids and enable them to tender for more projects.

3.5.2 Tender advice centres (TACs)

The benefit intended from this interim strategy is for SMMEs to be provided with assistance in compiling tenders with the result that they become more aware of the tender process and its requirements. This would assist them to compile concise and competitive tender bids. This would also afford them a greater opportunity of winning tenders.

3.5.3 Review of procurement procedures for contracts less than R7 500

The benefit intended from this interim strategy is for many of the emerging SMMEs to be able to tender for work in this market and be competitive. This would likely lead to the SMME sector being extremely competitive in this market, due to their low overhead structures, and thus this will increase the amount of work undertaken by SMMEs do.

3.5.4 Waiver of security/sureties

The benefit intended from this interim strategy is to allow many of the SMMEs to tender where they would normally be precluded because of the security/sureties demanded, and they would now be able to tender. This would result in the immediate entry of emerging small scale entrepreneurs in the small works sector of the construction industry. This would be aiding the redistribution of wealth since most of the SMMEs are owned by previously disadvantaged persons.

3.5.5 Break out procurement (packaging into smaller contracts)

The benefit intended from this interim strategy is to provide opportunities and make it easier for smaller businesses to participate and increase their share in public sector procurement. The benefit intended is to redistribute the wealth among a greater number of people, which would not be the case where one big contract is awarded and so the earnings would be going to only one contractor. Redistribution is via contracts being divided into smaller units, featuring many smaller contractors.

3.5.6 Early payment cycles

The benefit intended from this interim strategy is to reduce the length of the payment cycle, so that SMMEs are able to meet their financial obligations. This is because most SMMEs don't have financial reserves and rely on payment to enable them to pay their debts.

3.5.7 Preferences/targeting

The benefit intended from this interim strategy is to promote ownership of companies by persons from previously disadvantaged backgrounds. This will be done by affording preference to companies owned by such persons. Another benefit which will accrue from this interim strategy is the redistribution of wealth. Companies will need to source people who were previously discriminated against, to make them owners/co-owners. This will also result in skills development, especially management skills.

3.5.8 Simplification of tender submission requirements

The benefits intended from this interim strategy is for the tender submission documentation to be rationalised and simplified as far as possible, to make it easier for

small businesses to deal with the paperwork involved in tendering. This will result in small businesses spending less money on tendering and thus this will be cost effective.

Furthermore, this will lead to more small businesses being able to afford to tender, making the tendering process more open and user friendly.

3.5.9 Appointment of a procurement ombudsperson

The benefit intended from this interim strategy is for a procurement ombudsperson to be appointed during the period of procurement reform in order to provide an interim mechanism for quick and effective intervention on complaints from businesses. The end result will be to have a mechanism for dealing with complaints, in a way which is acceptable to all parties.

3.5.10 Classification of building and engineering contracts

The benefits intended from this strategy is to provide interventions that will assist towards establishing, regulating and promoting an enabling environment and thereby ensuring the meaningful and effective involvement of small, medium and micro enterprises. The benefit intended is the promotion of small, medium and micro enterprises, which will lead to the redistribution of wealth. The restructure will enable new entrants and historically disadvantaged groups to meaningfully participate and achieve the goals of the RDP in this sector of the economy.

3.6 Benefits intended by Regulations in terms of Section 26(1) of the Kwazulu Natal Tender Board Act, 1997 (Act No.4 of 1997)

The procurement policy of the Province must reflect the underlying values and principles set out in Section 13 of the Act. The procurement policy aims to achieve the following:-

(1) enhance the lives of the previously discriminated against, by giving preferences to them;

- (2) ensure the creation of conditions which will promote the empowerment of small, medium and micro enterprises;
- (3) means of promoting equity by measures designed to protect or advance persons or categories of persons disadvantaged by past unfair discrimination.

3.6.1 Granting of preferences

The benefit intended from the granting of preferences, is to promote the previously disadvantaged individuals, small, medium and micro-enterprises, women, disabled persons and local suppliers of goods and services. With the granting of preferences, it is hoped that the previously disadvantaged will be able to enter into the construction industry as owners, and this will lead to the improvement of their lives.

3.6.2 Promotion of public awareness

The benefit intended is that there will be a promotion of public awareness to tenders and the tendering process. The aim is for the public to be continuously kept aware of developments in procurement by the Province. The benefit flowing from this is that tenderers will bid knowing all the relevant details about the tendering and the procurement process. In this way, people who qualify for preferences, will know, and be able to apply for them when tendering, and this will increase their points earned and therefore their chances of winning the tenders.

3.6.3 Establishment of tender advice centres

The benefit envisaged, is for the tender advice centres to reach persons who have been excluded participation in the tender process. The benefit which such people will derive is that they will be assisted with the preparation of their tenders. The benefit which is intended is that more people will be able to tender, especially those from previously disadvantaged backgrounds, and their tenders will be likely to contain the necessary information.

3.6.4 Promoting SMMEs

The benefit intended is that more people from previously disadvantaged communities will be able to own their small enterprises, and this will result in re-distribution of wealth. Another benefit envisaged is that promoting SMMEs will result in job creation, thus reducing the unemployment rate. The promotion of SMMEs, will encourage joint ventures between small, medium and micro enterprises on the one hand, and larger enterprises on the other. The benefit here will be human resource development.

3.6.5 Promoting racially disadvantaged individuals

The benefit is to promote racially disadvantaged individuals by protecting or advancing such persons by departments, in government. This will result in the upliftment of the lives of such persons.

3.7 Implementing affirmative procurement

Affirmative (alternatively targeted) Procurement in a practical and pragmatic manner enables government to utilise procurement as an instrument of policy, particularly insofar as socio-economic objectives are concerned. It enables organs of the State to operationalise policies in a targeted, transparent, visible and measurable manner when engaging in economic activity with the private sector, without compromising principles such as fairness, competition, cost efficiency and inclusion (Procurement Task Team, 1996).

Affirmative Procurement comprises participative programmes aimed at the engagement of small, medium and micro enterprises owned by previously disadvantaged persons and the increasing of the volume of work available to the poor and the income generation of marginalised sectors of society (Procurement Task Team, 1996).

Affirmative Procurement , without resorting to set aside price preferences, can be used in an effective, efficient, transparent and cost effective manner to :-

- (1) put in place a programme of affirmative action to address the deliberate marginalisation from economic, political and social power of previously disadvantaged individuals and sectors of society;
- (2) develop small business, particularly those owned and operated by black entrepreneurs;
- (3) provide jobs in a targeted manner;
- (4) increase the number of employment opportunities per unit of expenditure;
- (5) promote acceptable labour practices and standards (Procurement Task Team, 1996).

Affirmative Procurement seeks to ensure that public funds are expended in such a way that all segments of the South African population benefit from such expenditure through job creation and commercial activity. It makes the tender process accessible to the target group without guaranteeing work and links the flow of money into targeted business enterprises with a corresponding flow of responsibility. It has as its aim, in the long term to:

- (1) promote development objectives with a focus on human resource development;
- (2) provides opportunities for skill transfer, capacity building and to acquire experience;
- (3) encourage commitment to human resource development and social responsibility programmes within organisations to specifically redress historical imbalances;
- (4) facilitate growth in terms of the efficiency and effectiveness of delivery as well as numbers and size of business owned and controlled by previously disadvantaged individuals;
- (5) ensure that emerging enterprises contribute to the tax base, engage labourers who are affiliated to labour associations, adhere to safety regulations and reflect norms and standards in their business activities associated with those of developed countries (Procurement Task Team, 1996).

In order to promote the government's macro-economic strategies and socio economic objectives and reconstruction and development principles, engineering and construction works contracts should, apart from providing/refurbishing assets, target and be designed to facilitate one or more of the following:-

- (1) The development of small, medium and micro enterprises, particularly, those owned and operated by previously disadvantaged individuals;
 - (2) The increasing of the volume of work available to the poor and the income generation of marginalised sectors of society;
 - (3) affirmative action to address the deliberate marginalisation from economic, political and social power of black people, women and rural communities and to empower communities and individuals from previously disadvantaged sectors of society
- (Procurement Task Team, 1996).

3.7.1 Targeting of Affirmable Business Enterprises

The aim of this specification, is to establish ground rules for the implementation of an Affirmative Procurement Policy in the provision of goods, services and works. Some of the aims of the specification are:-

- (1) to provide information on the Contract Participation Goal and how the goal may be achieved;
- (2) The requirements for contractors and how they may fulfill these requirements.

The benefit intended is to increase the number of firms owned/managed by persons who were previously racially discriminated against (APP1, 1996).

3.7.2 Joint ventures (general)

The benefit intended is for joint ventures to provide the opportunity for Affirmable Joint Venture Partners to develop, access capacity and acquire business skills through the execution of contracts at Prime Contract level. The aim is for the smaller firms to learn from the bigger, more established firms, so that in the future, they are able to function on their own (APP2, 1996).

3.7.3 Joint ventures (targeted)

The benefit intended is for joint ventures to provide the opportunity for Targeted Joint Venture Partners to develop, access capacity and acquire business skills through the execution of contracts at Prime Contract level. This contractual arrangement permits emerging contractors to acquire new skills and competencies and greater credibility. The aim is to afford small emerging firms which are owned by previously racially discriminated against persons, the opportunity to do work, which they would otherwise not be able to carry out on their own. The benefit derived out of this is that they derive exposure and experience. (APP3, 1996)

3.7.4 Targeting of local resources

The benefit intended by this specification is the promotion of the use of local resources in the provision of works. Through using local resources, job creation within the local community is created. Furthermore, the local industries will benefit in that the quality of the goods produced will improve (APP4, 1996).

3.7.5 Engagement of targeted labour

The benefit intended by this specification is the increase of the employment of the targeted labour. It is hoped that the targeted labour would derive benefits more by participating in the projects and also by obtaining employment from the projects. The specification also aims to help improve the human resources development of the targeted labour (APP5, 1996).

3.8 The successful delivery of targeted procurement at a local, provincial and national level (an implementation)

As part of the development process, a series of documents has resulted that are based on the needs of a new government with the intent of redressing, as quickly as possible, a

totally unacceptable situation resulting from, in part, policies that in part prejudiced a large proportion of the population of South Africa. The products that have been developed during this process need to be distributed as efficiently and effectively as possible to afford the maximum benefit to the population of South Africa. The key objectives are:-

- (1) To realise the potential of Targeted and Affirmative Procurement in construction projects within South Africa;
- (2) To co-ordinate and drive the delivery of the targeted procurement strategy on a national basis and to positively influence all organs of state in this regard.
- (3) To provide support for organs of the State in the implementation of Targeted Procurement within their areas of responsibility;
- (4) To provide a role model for Targeted Procurement in Sub Saharan Africa and other developing countries.

The chapter to follow will show the benefits achieved from the “targeted procurement”.

CHAPTER 4

4.1 Introduction

This chapter will examine at the data collected from the different data collection methods used. Due to the limitations in time and money, a small sample was chosen on which the survey was conducted. The data was collected mainly from the Durban metropolitan area. The small sample was also used to improve manageability of data, especially during the analysis stage. This also greatly reduced the cost of travelling to and from the selected organisations in the collection and verification of data.

4.2 Data Collection

Three principal sources were used to collect data for the compilation of this dissertation:-

- field research (dispatching questionnaires)
- personal interviews
- attending seminars

4.2.1 Field Research

The questionnaire method of sourcing data was chosen due to its relative cost effectiveness and ability to cover a wide field of survey. This entailed the use of six different questionnaires. The six different questionnaires were addressed to :-

- Major contracting companies
- Minor contracting companies
- Quantity Surveyors
- Department of Public Works officials
- Community representatives
- BIFSA / SAIB / Tender Board Officials

The questionnaires can also be mailed cheaply to a large number of individuals simultaneously while other methods (e.g. interviews) usually demand for questioning each

individual separately. Questionnaires also offer uniformity for measurement and analysis due to the structured order of the questions.

For many of the companies and people contacted, the method of sending a questionnaire greatly improved co-operation because it placed less pressure on the subjects by way of a demand for an immediate response.

4.2.1.1 Questionnaire Distribution

For the distribution of questionnaires to major contracting companies, mailing lists were obtained from the Department of Public Works, MBA and BIFSA, listing all firms which were registered with these organisations and therefore canvassing both public and private contractors. From these lists, contractors were chosen at random, and no particular criteria were used in the selection of the sample. Some contractors selected employ thousands of workers while others employ but a few tens of them. The total number of questionnaires which were dispatched amounted to 40.

For the distribution of questionnaires to minor contracting companies, mailing lists were also obtained from the Department of Public Works, MBA and BIFSA as well, listing all firms which were registered with these organisations. From these lists, contractors were also chosen at random with no particular criteria used in the selection of the sample. In this case, the total number of questionnaires sent out was 50.

For the distribution of questionnaires to Quantity Surveying Firms, a mailing list was obtained from the Kwazulu-Natal Chapter of the Association of South African Quantity Surveyors. From this list, Quantity Surveyors were chosen at random, and no particular criteria were used in the selection of the sample. The total number of questionnaires dispatched was 20.

In respect of the distribution of questionnaires to Department of Public Works officials, the National Public Works Department was chosen, as well as the Provincial (Kwazulu-Natal) Department of Public Works. For the National Public Works, questionnaires were

sent to the head office in Pretoria and to the office in Durban. For Provincial Department of Public Works, questionnaires were sent to Mayville, in Durban.

The aim was for the senior officials in the departments to fill in the questionnaires, along with the quantity surveyors and project managers. Six questionnaires were sent to each of the above-mentioned departments, and in total, 18 questionnaires were dispatched.

The distribution of questionnaires to community representatives was done on a random basis, but communities having construction projects underway in their areas were targeted. The areas which were selected were Umlazi, where there is a shopping complex under construction, Lamontville, where there is an upgrading of a football stadium, Jozini, where there is a clinic being built, and Mbazwana where too, a clinic is being built. The community representatives chosen were "Indunas" and chiefs, and in some instances, the local councillor was chosen. Four questionnaires were sent to each of the four localities mentioned above. In total, 16 questionnaires were dispatched.

The last batch of questionnaires was sent to each of the following organisations :-

- Building Industries Federation of South Africa (BIFSA)
- South African Institute of Building (SAIB)
- Master Builders Association (MBA)
- Kwazulu Natal Tender Board
- Kwazulu Natal Chapter of the Association of South African Quantity Surveyors

These organisations were chosen because they are involved in the construction industry. A total of 5 questionnaires (1 to each organisation) was dispatched.

The overall total of questionnaires which were distributed, came to 149. In each case, a covering letter accompanied the questionnaire, explaining the purpose of this research survey and encouraging firms to submit returns. Copies of the questionnaires and covering letters appear as Annexure A.

4.2.1.2 Response to the questionnaire(s)

Response can vary from survey to survey. Oppenheim (1966), however, states that a response of approximately 10% can be expected for a postal survey, and the reason for this is that the respondents are often not sufficiently motivated to complete and return the questionnaire. This has been proven time and time again and researchers are usually aware of the poor response. In general, people do not wish to respond to lengthy questionnaires. It is for this reason that the questionnaire was purposefully kept as short and direct as possible, so as to maximise responses.

Of the 40 questionnaires sent out to the major contracting companies, only 9 were returned. This constitutes a return rate of 22.5%.

Of the 50 questionnaires sent out to the minor contracting companies, only 10 were returned. This constitutes a return rate of 20%.

Of the 20 questionnaires sent out to the quantity surveying firms, 10 were returned. This constitutes a return rate of 50%.

Of the 18 questionnaires sent out to the Department of Public Works officials, 7 were returned. This constitutes a return rate of 38.89%.

Of the 16 questionnaires sent out to the community representatives, 5 were returned. This constitutes a return rate of 31.25%.

Of the 5 questionnaires sent out to the Associations in the construction industry, 3 were returned. This constitutes a return rate of 60%.

Of the overall total of 149 questionnaires sent out, 44 were returned. Therefore, the overall return rate was 29.53% - which represents a good response rate if Oppenheim is to be taken literally. This can be attributed to the fact that there was a small sample chosen, and therefore, it was possible to follow up and keep track of the questionnaires sent out.

4.2.2 Personal Interviews

It was decided to conduct personal interviews as an interview is more appropriate for probing sentiments that may underlie an expressed opinion. Moreover, people are generally more willing to participate if all they have to do is talk rather than when they have to write. Personal interviews are also more appropriate because one can ask more questions and thus derive more answers. One can also observe facial expressions, tone of voice etc., to understand how the respondent feels about the point they are making.

Only a few people could be interviewed, due to time constraints and cost implications.

Interviews were conducted with the following people :-

- a major contracting company director
- a quantity surveyor
- a community representative
- a project manager in the National Department of Public Works in Pretoria
- a project manager in the National Department of Public Works in Durban
- a senior quantity surveyor in the Provincial Department of Public Works, in Mayville - Durban.

The aim of conducting these interviews was to find out the benefits derived from the introduction of local content clauses in building tender documentation., from the point of view of each respondent. The other objective was to find out what is actually happening, the problems encountered, and finally, what the possible solutions could be.

The main problem with the interviews was that some respondents rushed through them in order to accommodate more pressing commitments. Another problem encountered was that some of the government officials were not willing to answer most of the questions

because the questions were said to be "dealing with Government Policy Documents and only certain officials can discuss issues pertaining to them."

4.2.3 Seminars

During the course of the year, a seminar held by the Kwazulu - Natal Chapter of the Association of South African Quantity Surveyors, in conjunction with the Kwazulu - Natal Training Trust was attended. The seminar was about training implications for Quantity Surveyors. The seminar was to discuss the problems encountered by Quantity Surveyors in documenting the Training Section in Bills of Quantities as required by the Department of Public Works, as well as the pricing of the document by contractors. See Annexure D.

The second seminar was not attended personally, but an interview was held with a representative of the Department of Public Works who had attended the seminar. Furthermore, the minutes of the seminar were obtained. This seminar took place on the 8th of September, 1997. The seminar was hosted by the Kwazulu-Natal Tender Board. The seminar was about the training of the departmental representatives on the new Kwazulu-Natal Tender Board Amendment Act, 1997 (No.3 of 1997) and, Regulations and Policy pertaining thereto. The aim of the seminar was to introduce to the departments, new Tender Board regulations and new procedures which set out to address the imbalances of the past, to incorporate the preference system, promotion / empowerment of SMME's, affirmative action, use of local labour, economic growth and development, etc. See Annexure D.

4.3 Findings and Data Analysis of Questionnaires Returned

4.3.1 Responses from major contracting companies

65% of the respondents were mainly involved in industrial, commercial and domestic types of construction. All the companies which responded have been in the business for ten years or more. This is important because we know that they were in operation before the

introduction of the local content clauses in building tender documentation, and are therefore in a position to assess whether there have been changes or not due to the introduction of such clauses. All the companies stated that it was easier to get "work" before 1996 than after that date. 70% of the companies have introduced in-house training, which has been successful because there is a greater awareness of the need to learn at all levels of staff. There has also generally been a high number of "historically disadvantaged people" employed since 1996. The major problems that most companies faced were the following :-

- there was loss of production while training was taking place.
- they felt that training was time consuming and costly.
- they felt that there was a loss of focus on the project, when conducting activities such as training.

90% companies felt that the problems could be reduced if the government could offer more assistance to companies by improving the efficiency of the tutors by training them and by providing funding to companies for meaningful training. The majority of companies hire temporary local labour when working in an area. But, they mostly hire general workers, who do not have much skill. The temporary local labourers are then given in-house training, if there is a need for it. The benefits that were derived by the companies from using local labour were:-

- the local labour is more punctual / on time, in the morning.
- the local labour is more able to work overtime comfortably, due to the fact that they live in the area.
- the local labour is cheaper because they do not need transport and accommodation allowances, since they already have accommodation of their own in the area.

The problems arising from the use of local labour were:-

- it was difficult to find skilled people locally;
- local labourers tend to steal materials a lot due to the ease of taking home.

90% of the major contracting companies preferred to use materials which they buy from their own trusted suppliers.

4.3.1.1 Analysis of Responses from Major Contracting Companies

Judging from the data collected through the use of questionnaires, it is evident that the amount of construction work which companies are carrying out since the introduction of local content clauses in building tender documentation, has decreased. This decrease can be attributed mainly to two factors which are:-

- the economic conditions have deteriorated, thus reducing the amount of capital available for construction work;
- with the introduction of “local content clauses” in building tender documentation, some of the companies do not meet all the requirements and hence lose some of the tenders they would have normally won in the past.

There has been an increase in the employment of “historically disadvantaged persons”, and thus a reduction of the high unemployment rate.

Companies have also been able to save on cheaper labourers, although they have experienced a number of problems such as:-

- costs associated with in-house training;
- increase in theft of resources.

4.3.2 Responses from Minor Contracting Companies

The respondents were involved in schools and housing construction, civil construction, and airconditioning. The respondents involved in schools and housing construction have been in the business for a number of years. The respondents stated that it was easier to procure tendered “work” before 1996, than is the case now. The respondents employed a small number of “historically disadvantaged people”. 85% of the respondents said that they have been conducting business in the same way as they had been before 1996, and they have not really enjoyed any benefits since the introduction of the Training Section in the government tender documentation. However, it is important to note that one respondent did get financial assistance from an external source, to cover management tuition.

The benefits which they derived from using local labour were:-

- the community accepted the contractor
- no transport costs
- the local labourers assist with sourcing local materials
- the contractors felt a sense of full cooperation.

The problems from using local labour were :-

- it was difficult to find skilled labour locally
- it was difficult to train local labourers due to lack of funds.

The benefits achieved from using materials manufactured from within the area where the work was being carried out are:-

- no delays in delivery of materials
- cost effective because of the cheap labour used to produce the material and less transport costs
- community participation and thus satisfaction.

In some instances, when using locally made materials, minor sacrifices in respect of quality have been necessary.

The respondent involved in civil work has been in the business since May 1995. It was therefore difficult for the respondent to explain whether it was easier to procure "work" before 1996 or after 1996. This is because establishing a business takes time. The respondent did not know of the Training Section in the government tender documentation since they have done no government work. The respondent said that the company does not hire local labour. Local material made from within the area where the work is done is used where possible and depending on the quality. The benefits achieved from using the local material was prompt delivery.

The respondent involved in airconditioning services has been in the business for 7 years. The respondent found it easier to procure "work" before 1996 than is the case today. The respondent does not hire temporary local labour when working in an area because

specialised skills are needed. However the respondent has taken “people from previously disadvantaged backgrounds” for training overseas. The local material is not used because the airconditioners are imported.

4.3.2.1 Analysis of Responses from Minor Contracting Companies

The minor contracting companies are unable to provide in-house training to local labour, due to lack of sufficient funds. Some of the minor contracting companies have not done any government work and have thus not heard of the Training Section in the tendering documents. This suggests that most of the private tendering documents do not include the Training Section.

75% of the minor contracting companies which responded do specialised work and therefore find it difficult to employ the unskilled local labour force. The fact that one company received external funding for management tuition shows that there are external sources of help, for companies carrying out development work in the “historically disadvantaged areas”. It is possible that, not many companies are aware of such sources of funding, or due to the small sample chosen, hence the reason that only one company received such funding.

4.3.3 Responses from Quantity Surveyors

All the quantity surveying firms which responded have been in business for more than ten years. The problems which they have encountered in documenting the training section in the bills of quantities are:-

- construction companies do not know how to price this section.
- there is a need to increase construction time and budget
- it only recognises certain training institutions, and not general training.
- all modules are required in order for a trainee to qualify but not all modules may be applicable to a particular contract.
- some of the Quantity Surveying firms did not have any idea of how to treat

a Training Section , as they had never dealt with one in the past. 60% of the firms felt that the Training Section in Bills of Quantities limits the number of firms who are eligible to tender for work., particularly the smaller units, as not all companies enjoy the capacity to carry out training.

100% of the firms felt that it was necessary to have the Training Section in the bills of quantities because:-

- of the need to address issues of “apartheid”.
- labour-only-sub contracting resulted in less training occurring and the need to find solutions to enforce training in a suitable manner.
- skills and productivity have decreased.
- it is easier to monitor the training expenditure.

The quantity surveying firms felt that the benefits brought about by the Training Section in the bills of quantities are:-

- an increased awareness of the need for training.
- contractors are forced to deal with training in some way.
- a chance is given to people who did not have the resources to go to learning institutions, to obtain certain levels of training.

4.3.3.1 Analysis of Responses from Quantity Surveying Firms

The quantity surveying firms have only just been introduced to the training section in the bills of quantities, and therefore are still undergoing a familiarisation process. 100% of the firms are however, in support of the inclusion of this section in the bills of quantities. 85% of the quantity surveying firms felt that the training section will give an edge to larger construction companies over smaller companies, when tendering. This is because the larger companies have the resources necessary to accommodate the Training Section, while the smaller companies do not have the necessary resources to deal with training.

4.3.4 Responses from the Department of Public Works Officials

80% of the Department of Public Works Officials who responded to this questionnaire, felt that construction companies, to a large extent, did use local labour prior to the introduction of local content clauses in building tender documentation. There was a general feeling that there has been an increase in the use of local labour and materials since the introduction of local content clauses in building tender documentation. There was a general feeling that it has become easier for micro and minor contractors to get contracting work from the government, as the tender documents have been designed to better facilitate them.

Also, there was a general feeling that the government has not taken any steps to ensure that SMME's from "historically disadvantaged" backgrounds, are adequately equipped to perform work they tender for.

60% of the government officials felt that the quality of work produced by "historically disadvantaged" firms was below the required standard, because the preparation of these firms had been poor.

There was no support which the government gave directly as an incentive for companies to hire "local labour" and use "local materials". However, the companies can price a training section in bills of quantities and thus recover their costs linked to training. All government officials reported that the government departments were not satisfied with the use of local labour and local materials.

4.3.4.1 Analysis of Responses from the Department of Public Works Officials

From the responses obtained, one can deduce that the government officials are not satisfied with the use of local labour and local materials. The responses also indicate that the government per se has not been very much involved, other than putting the local content clauses in the building tender documentation. The government has left the

responsibility of training, in the hands of the construction companies, with government departments merely paying the tendered amount.

4.3.5 Responses from the Community Representatives

100% of the community representatives wrote that the community accepted, and was very much in favour of certain portions of the work being carried out by local people. Most of the people employed from the community were unskilled labourers, and the number employed for each project, depended on the size of the project. 100% of the respondents felt that the projects belonged to the community, and it is thus incumbent upon the community to do whatever is necessary to ensure that the projects are successful. So far, only moral support had been given to the projects. In most communities, unemployment was a major problem, due to the fact that:-

- the people lacked the necessary skills.
- there were no jobs available.

There was a general feeling that during the project, local labourers were trained such that they were in a position to obtain sustainable employment, even after the completion of the project. Most of the local labourers employed in projects were able to join other contracting companies, after completion of the projects. A few were able to team up and form small labour-only-sub contracting firms. The community representatives felt that the general standard of living of those people who were previously unemployed and were now working on projects, had improved. There was a general feeling that the employment of local people on projects, reduced socially undesirable activities such as crime, within the community.

4.3.5.1 Analysis of Responses from Community Representatives

The employment of local people on projects has improved the lives of many within the communities. Not only do the workers benefit, but their families too. The transfer of skills to the previously unskilled people is a method of fighting the high unemployment rate, on

a permanent basis. With the new acquired skills, the people are in a better position to seek for employment. The hiring and training of local people benefits the community as a whole in a number of ways, namely :-

- reducing the crime rate within the community.
- Increasing the amount of money available for spending within the community members. This has the advantage of boosting other businesses within the community.
- reducing the high unemployment rate within the community.

4.3.6 Responses from the KZN MBA, SAIB, and BIFSA

The general feeling among these organizations was that the construction companies have always used local unskilled labour, even before the introduction of the local content clauses in building tender documentation. This is due to the fact that the building industry is not static. All three organizations felt that after the introduction of local content clauses in building tender documentation, there was an increase in the use of local labour and materials, although it was not a radical change.

There was a general feeling among the three organizations that it has become easier for micro and minor contractors from “disadvantaged backgrounds” to procure government work. All three organizations were not providing any special assistance or service to companies owned by “historically disadvantaged” persons. All their members were given the same service. One organization felt that more training could be given to a larger number of unskilled people.

4.3.6.1 Analysis of Responses from KZN MBA, SAIB, and BIFSA

67% of the organizations felt that construction companies, to a large extent, did use local labour prior to the introduction of local content clauses in building tender documentation. There was a general feeling that there had been an increase in the use of local labour and materials , since the introduction of local content clauses in building tender

documentation. Two of the organizations gave some form of support to the firms owned by "historically disadvantaged" persons. One organization felt that not enough was being done by companies with regard to training.

4.4 Findings and Data Analysis of Personal Interviews

4.4.1 Findings of an Interview with a Major Contracting Company Director

The problem which the director experienced was that the local content clauses had only recently been introduced. Therefore, he reported that he was still in the phase of trying to work out exactly how the company is going to deal with them. He was however optimistic and there were not going to be major changes demanded of his company since they have always hired local unskilled labourers. He acknowledged that the company was going to have to change the composition of management, due to the fact that they only employed "whites" in management positions. He felt optimistic about the future of the company, despite the fact that he was complaining that "black owned" companies are receiving preferential treatment from the government.

4.4.2 Findings of interview with a quantity surveyor

The quantity surveyor said that he had only ever had to do a Bill of Quantities with the Training Section once. He said that he did not really know how the contractors were going to price the training element in the Bills of Quantities. He said that however it was a good idea to incorporate the Training Section, although it required him to do more work than usual. He felt that quantity surveyors had not been consulted before the government introduced this section.

4.4.3 Findings of interview with a community representative

The community representative said that there had not been much change in the way companies were functioning. Even before the 1994 elections, companies were employing

the unskilled labour from the community. However, he did say that by employing the local labour the community was assisted by way of a reduction in unemployment, crime, etc. and this led to an improvement of the lives of people within the community. The representatives felt that construction companies were rich due to the work they undertake in the community area, and so they should donate some money to the community.

4.4.4 Findings of interview with a project manager in the DPW in Pretoria

The project manager felt that it was too early to be able to analyse the benefits due to the introduction of local content clauses in building tender documentation. He said that, like any new system, he does anticipate problems, but he was confident that these problems would be overcome. Some of the problems which he said had been encountered thus far were:-

- tenderers not understanding how the new tendering system works (the points scoring system).
- Some department officials not wanting to accept the new system.
- No mechanism in place to see if the new system is producing the desired results.

4.4.5 Findings of interview with a project manager in the DPW, Durban

The project manager felt that the new local content clauses were going to empower the previously disadvantaged persons. He said that companies which in the past could not win tenders because of their historical past, were already winning tenders and doing a more than satisfactory job. He also said that there was a slow redistribution of skill and wealth taking place. The bigger more resourceful companies were joining up with smaller firms to work on joint ventures, to enable them to meet the tendering requirements. This was benefiting the small firms and assisting them to gain experience and do work which they would not have been able to previously. The project manager said that their budget had been cut by a third due to the current economic conditions. This made it difficult to judge the success of the introduction of local content clauses in building tender documentation, because the amount of tender work the department was letting out, had decreased.

4.4.6 Findings of interview with a senior quantity surveyor in the DPW, Durban

The quantity surveyor said that he had been consulted on a number of occasions by contractors who could not price the Training Section. He felt that the small contractors generally had a major problem pricing and coping with the requirements of the Training Section. He felt that there should be a mechanism put in place to ensure that successful tenderers do adhere to the requirements of the bills of quantities. The quantity surveyor felt that the officials of the Department of Public Works needed to be more adequately prepared for this "new system".

4.5 Findings and data analysis of seminars

4.5.1 Findings of seminar dealing with training implications for quantity surveyors

From the seminar, it was established that most quantity surveyors had very little exposure to the Training Section in the building tender documentation. Most quantity surveyors agreed that more seminars and workshops had to be held from time to time to ascertain what the problems were. One of the problems which was raised was that the government implements budget constraints and therefore sometimes reduces costs by decreasing the size of a contract, thus affecting the Training Section.

The contractors had problems in pricing the Training Section in the bills of quantities. The problem was that it was difficult to know beforehand how much it would cost to train each artisan. It was also difficult to know exactly how long the in-house training would take. The other problem was how intense the training should be. The contractors also had difficulty in actually carrying out the training as stipulated in the bills of quantities. The major problem was that the training was costly, time consuming, and it was not always the main focus of the company as the main focus was generally the completion of the project successfully. Some of the problems were found to be caused by the fact that it was difficult to prepare adequately for the training requirements. One of the other problems

highlighted was that some contractors were not adequately prepared to handle training. Some of the contractors were small and did not have the necessary resources to adequately carry out training. Although at the seminar it was clarified as to how the training was to be carried out in a formal institution, it was expected that in-house training would be carried out differently. It was also very difficult to monitor whether companies were adequately carrying out the in-house training.

4.5.2 Findings of seminar dealing with training of departmental representatives on the new Kwazulu Natal Tender Board Amendment Act, 1997 (No.3 of 1997)

At the seminar, it was found that most of the departmental officials did not know about the new Kwazulu Natal Tender Board Regulations and Policies. It was therefore difficult for them to adequately implement them. It was agreed that there was too much 'red tape' and that this must be reduced . It was also agreed that the rules and regulations need to be made simpler and openly discussed to ensure that even the officials understand them. It was discovered that it was difficult to assess the effect of the new procedures which set out to address the imbalances of the past because:-

- although the regulations had been in place for a few years , the implementation only began recently.
- There are no monitoring facilities to assess the progress achieved to date.
- The economic hardships facing the government and country as a whole, has meant a reduction in the amount of construction work done.

It was agreed that there would be a compliance unit set up which would report to the Provincial Department of Public Works and KZNTB, to ensure that the training is carried out as set out in the bills of quantities. The key performance indicators would be:-

- 1) contribution to provincial economic growth;
- 2) SMME development sector;
- 3) promotion of affirmative action;
- 4) empowerment of local companies/suppliers.

It was agreed that there should be a review in 18 months of the commencement of implementation.

4.6 Conclusion

The results produced by the three data collection methods are similar. The main problem facing the introduction of local content clauses in building tender documentation at the moment, is that it is still a new concept and many people do not yet adequately understand it, or know about it. The most important plus factor for the introduction of local content clauses in building tender documentation, is the fact that the majority of the stakeholders in the building industry support it.

CHAPTER 5

A COMPARISON OF THE BENEFITS ACHIEVED FROM THE INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING TENDER DOCUMENTATION, WITH THOSE INTENDED

5.1 Introduction

This chapter compares the benefits intended from the introduction of local content clauses in building tender documentation, which have been stated in Chapter 3, with those actually achieved, as stated in Chapter 4.

5.2 NPWP Clauses

The benefits intended from the NPWP local content clauses are to increase the employment of local labour and to reduce the unemployment rate. This would allow people who were dependent on others to become independent.

The benefits achieved have basically been the same as those intended. Local labourers have been employed on projects, earning a salary and made independent. However, the benefits achieved have not been to the same magnitude as was hoped. This means that the number of people who have benefited has been smaller than was anticipated. One of the reasons for this is the economic problems the country is facing. Some of the government projects have been reduced in size due to financial constraints, and this has meant a smaller number of local people being employed. Another reason why the magnitude of people who have benefited has been smaller than anticipated is due to the problems experienced with this 'new system'. One of the major problems, is that not many people know how the 'system' works, and they thus do not implement the 'system' properly. However, it can be expected that every new system will have implementation problems. It

is also realistic to assume that with time, more people will become aware of this 'new system' and understand how it operates, with the end result being that more people benefit.

5.3 Tender adjudication

The adjudication of tenders on a points system has achieved the intended benefits. The intended benefit was to increase the number of factors considered in the adjudication of tenders. Some of the factors which are considered when adjudicating a tender, are the number of women in management positions, and the number of shareholders from "historically disadvantaged" backgrounds. The end result has been an increase in opportunities for persons with "historically disadvantaged" backgrounds. In order to meet the new tendering criteria, many companies have had to employ women and increase the number of "historically disadvantaged" persons employed, especially in management positions. This was the exact aim of the local content clauses. Some of the bigger construction companies have had to embark on joint ventures with smaller companies owned and managed by "historically disadvantaged" persons. This has resulted in the training of less skilled personnel, and smaller companies with minimal resources, being involved in projects they would otherwise not be able to participate in. The benefits achieved are a redistribution of wealth, skills training, improvement of the lives of previously disadvantaged persons, and affording previously disadvantaged persons opportunities. The benefits which have been achieved, thus to a large extent coincide with the benefits which were intended.

There are however, problems which have been experienced. The greatest problem which has been experienced is the complaint from most of the "previously advantaged" who argue that they are now being marginalised and reverse discrimination is now taking place. The "previously advantaged" argue that it has become very difficult for them to procure work. Despite, this problem was anticipated, however, there does not appear to be a solution and such consideration falls outside the scope of this work.

5.4 Tender preferences

The tender preferences clauses were intended to increase the number of "black" people in management positions, and also to increase the number of SMME's, with the aim being to increase employment and self independence of "black" people. All these, are intended to result in the improvement of the quality of life of "blacks". Most construction companies have increased the number of "blacks" in management positions. There has also been an increase in the number of SMMEs. The increases have not however been as extensive as was intended. The problems facing the increase in the number of "blacks" in management positions are:-

- some companies are not willing to accept change;
- there are not enough "blacks" with the necessary qualifications.

The problems facing the increase in the number of SMMEs are mainly:-

- the country is facing economic problems and therefore there is a reduction in the projects being undertaken;
- many people do not have the funds to start their own business;
- many people do not have the skills required (both technical and managerial skills).

One of the aims of the tender preference was to increase the number of handicapped persons employed. This has not been achieved. Most of the companies did not have handicapped persons as part of their staff.

5.5. Training

The benefit intended from the training clauses in the building tender documentation, is to increase the training of previously racially discriminated against persons. However, thus far, training has not progressed as well as expected, and this has resulted in the benefits achieved being less than what was expected. The problems training has experienced are:-

- most companies do not have the resources necessary to carry out the proper training;
- most companies are focusing on completing the project at hand successfully, and they are affording training very little attention;
- there is no monitoring mechanism in place to ensure that companies which have won tenders, perform the training tasks as set out in the building tender documentation.

5.6 Department of Public Works White Paper

The aim of the Department of Public Works in introducing “local content” clauses in building tender documentation, was to reach the government’s overall objectives of improving the lives of the previously marginalised persons. So far, the aims intended have been met, although, at a slow rate. This slow rate can be attributed to the economic conditions facing the country, and the fact that the “new system” has only just been implemented. The government’s overall objectives in social and economic arenas related to public works include:-

- 1) a contribution to the generation of sustainable economic growth. It is still too early to determine whether this benefit has been achieved or not;
- 2) redistribution of income in favour of the poor. This has been met in a number of ways. Firstly, persons from ‘previously disadvantaged backgrounds’ are now in management positions. Secondly, small companies are being supported, and these small companies are owned and managed by persons from previously disadvantaged backgrounds. These small companies now stand a better chance of winning tenders than the larger “white owned” companies, due to the point system. The “white companies” are also employing previously disadvantaged persons, to increase their chances of scoring higher points and thus winning tenders. This has led to a redistribution of income in favour of the poor;
- 3) sustainable employment creation. The benefits achieved have not been to the same extent as planned. The number of people benefiting has been lower than planned. This is mainly due to the fact that training has not been as was envisaged. The problems experienced with training have already been dealt with in section 5.4. However, those few people who have been trained have been able to employ themselves or find jobs elsewhere when the projects they were working on, were complete. This is as a result of the skills

they have acquired. One can therefore claim that there has been sustainable employment creation. Furthermore, with the promotion of SMMEs, there are more permanent jobs available for more people of the previously disadvantaged group;

4) expansion of human resource development. With more people from previously disadvantaged backgrounds entering managerial positions, they are able to undergo self development. The increase in the number of SMMEs has meant that more people are afforded an opportunity of managing, and progressing. The training, although not proceeding as well as anticipated, has increased the human resource development.

5) labour intensity for workers. It has been very difficult to research whether companies are using capital intensive or labour intensive methods of production. This is because most companies were not willing to give information with regard to their methods of production;

6) community participation and control for beneficiaries. This has been successful and achieved its intended benefits. With the community members being given employment in projects, communities per se have felt that the projects belong to them and they have been willing to give whatever support they can. On most occasions, there has been a good working relationship between the community representatives and the project managers, which has also benefited the projects. This has resulted in the end product being of a high value to the community;

7) integration of disabled people as producers and consumers of services. The benefits intended here, have not been met at all. Most of the companies visited, did not have a single disabled employee;

8) active support for SMMEs. Most of the SMMEs did not receive any form of support. But overall, the points system favours the SMMEs and has led to an increase in the number of SMMEs. With some of the government projects being broken down into smaller more manageable contracts, there are more opportunities for SMMEs. The benefits achieved are thus similar to those intended.

5.7 Public sector reform in South Africa (Interim Strategies)

The benefits intended in developing the interim strategies was to develop a procurement policy and system that responds to the current needs of the South African society. The result of the implementation of the interim strategies, has been a system that examines at the needs of the majority of South African society. Therefore, with local populations benefiting beyond the simple consideration of employment only in the scheme, the benefits intended have been met. However, problems have resulted in the benefits being less than what they could be. Some of the problems are:-

- access to tendering information still takes a long time to get to enterprises due to government bureaucracy;
- lack of funds by government has meant that some policies could not be implemented immediately;
- reduction in number of government projects due to lack of funds, has meant that the new policies could not be carried out with the supporting base of the same quantum of turnover as previously existed.

5.8 Regulations in terms of Section 26(1) of the Kwazulu Natal Tender Board Act, 1997 (Act No. 4 of 1997)

The principle aim of the procurement policy is to enhance the lives of the previously discriminated against, by affording them preference. This first aim has been met, although the training aspect has been somewhat slow. With the preferences given to the previously discriminated against, they have been able to procure employment, be shareholders and even own their own small companies. Furthermore, due to the preferences given to the previously discriminated against, they have been able to participate in joint ventures with larger companies, which are well established. This has resulted in the previously discriminated against persons getting more wealth and exposure.

The second aim is to ensure the creation of conditions which will promote the empowerment of SMMEs. One of the problems this incentive has faced is the lack of

skills, especially management skills. There has however been some success as the government has been breaking big projects into smaller contracts which SMMEs are able to tender for. As a result of this, there has been an increase in the number of SMMEs.

The third aim is to promote equity by measures designed to protect or advance persons or categories of persons disadvantaged by past unfair discrimination. This aim has not yet been fully achieved, although there are signs that it will be achieved in the long term future. At the moment, persons disadvantaged by past unfair discrimination are given preferential treatment. This has led to previously "white" companies having to hire more people from the previously disadvantaged sector of the community. This is leading to a redistribution of wealth, which is promoting equity. The promotion of SMMEs is also a means of promoting equity, and has had some measure of success. However, one of the problems experienced is that the "previously advantaged" feel discriminated against. Therefore, the system is not able to satisfy all parties concerned.

5.9 Implementing affirmative procurement

The aim of affirmative procurement is the engagement of small, medium and micro enterprises owned by previously disadvantaged persons in programmes, and there is an increase in the volume of work available to the poor, and the income generation of marginalised sectors of society. While SMMEs have been involved in programmes, the increase of the volume of work available to the poor has not transpired substantially, mainly due to financial constraints. One of the other problems which has occurred is that the Provincial Department of Public Works has had to implement the "new system" only recently. The seminar to train personnel was only held in late 1997. This means that structures necessary for the introduction of the "new system" are still being put in place, so the benefits achieved cannot yet match those intended. Judging by the enthusiasm of most people in the construction industry, in the near future, the benefits achieved should match those benefits intended.

One of the aims was to promote acceptable labour practices and standards. This aim is based on the training people. One of the main problems prevalent in the industry is that standards are different. It is difficult to define "standards" in the in-house training programmes. The training in the formal training institutions has been found to have a different standard to that of the in-house training programmes. One of the problems experienced by companies with in-house training is that they needed suitably qualified personnel to conduct the training. Furthermore, some of the companies did not have the resources to conduct the full requirements of the training as stipulated in the tender documentation.

Another aim is to promote the use of local resources and supplies in the provision of works. In some cases, this has been successful. It has been successful in areas where the required resources, are available and of acceptable quality. In some instances, the required materials are not available in the area, sophisticated mechanical installation being an example. In other areas, resources are available, but not of acceptable quality. At times, the local material has been used even though of inferior quality, as it is cheaper and the use reduces transport costs. In practice, local resources are targeted, especially since they reduce costs. The end result is job creation, which is the intended benefit.

5.10 Benefits achieved which had not been mentioned as benefits intended

One of the benefits achieved with regard to local labour is that it is generally more punctual in the mornings as workers reside near the workplace. However the problem which had not been anticipated, is that local labourers tend to steal materials due to the ease of transport to their place of residence. Despite this, the local labourers can be helpful in that they assist with sourcing local materials.

5.11 Problems experienced which had not been anticipated

The major problem which had not been anticipated is that the economy would be in the state it is in today. The interest rates are high and the value of the Rand against the major

currencies in the world (US Dollar and Pound) is low. The high interest rate has made borrowing money from the financial institutions very expensive, and this has led to less construction projects taking place. Even the projects which are taking place are working with tight budget constraints, which affects the amount of labourers who can be trained, and other aspects of the project.

Several of the companies feel that some of their employees lose focus on the 'real' issue which is the completing the project, when they undergo activities such as training. They expect all the employees to be totally focused on the project, at all times. Another problem which had not been anticipated is that local labourers tend to steal materials more often than labourers from afar, due to the ease with which materials can be taken home. If they do not steal the materials themselves, they are able to arrange for accomplices in the area to come and carry out the exercise.

A further problem which was not anticipated, is the fact that the Training Section in the bills of quantities only recognises certain training institutions, and not general training. Furthermore, all modules are required in order for a trainee to qualify, but not all modules may be applicable to a particular contract.

5.12 Conclusion

In the real world, an entirely different scenario prevails to that envisaged when planning takes place. There are situations which occur, which were anticipated. At times, plans which had been made, had to be modified to suit the new situation. Despite all this, the introduction of local content clauses in building tender documentation has brought benefits similar to those which had been intended. There is hope that in the long term, the benefits achieved will be enjoyed by an even greater number of people, and thus the benefits achieved will thus be of the same magnitude as intended.

CHAPTER 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Summary

The purpose of this research was to ascertain whether the benefits derived from the introduction of local content clauses in building tender documentation, match the aims of the author's of such clauses.

This objective was achieved through a study of appropriate literature dealing with the introduction of local content clauses in building tender documentation, and then through the medium of questionnaires, personal interviews and the attendance of seminars, which provided sufficient information for a reasonable conclusion to be made as to whether the benefits derived match those intended.

6.2 Conclusions

It must be noted , however, that conclusions reached and thus any recommendations put forward are as a result of the writers personal interpretations, and given the nature of the field researched, individuals may interpret the data assembled differently.

It is important to note that this topic covers a relatively new concept and therefore not a great deal of literature is available. Most of the documents available are Department of Public Works documents. It is also important to note that the topic involved an investigation and analysis of government policy. Not everyone in government is in a position to discuss government policy. Those who are in a position to discuss government policy are in government, and therefore this provides scope for bias, or the withholding of information.

The important finding of this research is that the benefits derived from the introduction of local content clauses in building tender documentation, do not yet fully match all those intended. The number of people enjoying the benefits are less than what was expected, but there has undoubtedly been considerable worthwhile progress made.

Training is one area which seems to be encountering problems. It must also be pointed out that the government officials are not satisfied, so far, with the benefits derived from the introduction of local content clauses in building tender documentation. Unfortunately, they did not wish to elaborate as to what it was which they felt was lacking.

The foregoing findings of this research do not fully support the primary hypothesis of this research, namely that:

“ The benefits derived from the introduction of local content clauses in building tender documentation, match the author’s aims.”

The findings do not support the sub hypothesis, namely that:

1) The benefits derived by the historically disadvantaged builders do not match those which were intended for their benefit.

I think that to a large extent, the benefits derived by the historically disadvantaged builders do match those which were intended for their benefit.

However, the findings do support the other sub hypothesis, namely that:

2) One way of achieving the benefits intended by the authors of the local content clauses, is to engage in joint ventures between the “historically disadvantaged” and the “historically advantaged”.

In conclusion, I would say that the problems experienced with the introduction of a “new system”, and the state of the economy, have led to the benefits achieved not fully matching those intended. But one can conclude that in several respects, considerable progress has been made and it is still early days, and with time, the situation will improve.

6.3 Recommendations

From this research, the following recommendations can be made:

- A monitoring system should be introduced to ensure that companies which win tenders adhere to the training requirements as set out in the tender documentation;
- The people who are to conduct training should themselves be properly trained;
- More resources need to be made available for training;
- More seminars and workshops need to be held to educate all stakeholders with regard to the benefits of the “new system” and local content clauses in building tender documentation;
- Since this is a relatively new concept, an investigation has to be made every four years to check the progress made and the problems encountered. This would also be a method of checking whether the problems which have previously been identified, have been adequately dealt with.

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Mayville,
4001
7 July 1998

Dear Sir/ Madam,

I am at present compiling my dissertation for a Bachelor of Science degree in Quantity Surveying, at the University of Natal, Durban. The purpose of this research is to investigate the benefits achieved from the introduction of ' local content' clauses in building tender documentation. To obtain reliable, scientific information on this research, it is necessary that you answer the questions as honestly as you can. I have compiled a questionnaire for this purpose, which is attached to this letter.

The success or failure of my entire study depends largely on your completing and returning the attached questionnaire at your earliest convenience. Your answers will be treated in the strictest of confidence, and no names of any respondents will be used at any stage in the completed dissertation.

Thanking you in anticipation

.....
Thato Ntsekhe

QUESTIONNAIRE TO ASSESS THE BENEFITS OBTAINED FROM THE
INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING
TENDER DOCUMENTATION

(Given to small contractors)

1. Name of business?

.....

2. Designation of the person who completed this questionnaire?(e.g.
partner, office manager)

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3. For how long have you been with the business?

.....

4. Please describe the type of construction work your business is involved in?

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5. Which year was your business established?

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6. If your business was established before 1996, explain whether it was easier to get 'work' before 1996 or after 1996?

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7. How many people are employed by this business?

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8. Do you receive any external financial support or any support in the form of equipment or otherwise from any sources outside your business?

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If so:

Describe the nature of this support?

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9. Do you normally hire temporary local labour when working in an area?

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If so:

a) How do you prepare/train the local labour that you employ?

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b) What advantages/benefits do you get from using local labour?

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c) What problems do you encounter from using local labour and how do you think these problems could be reduced/minimised?

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10. Do you use materials made from within the area where you work?

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If so:

a) What benefits do you derive from using this material?

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b) Please describe the quality of the locally made material you have used, in general, as compared to the material obtained elsewhere?

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QUESTIONNAIRE TO ASSESS THE BENEFITS DERIVED FROM THE
INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING
TENDER DOCUMENTATION

(Given to major companies)

1. Name of business?

.....

2. Designation of the person who completed this questionnaire?(e.g.
partner, office manager)

.....

3. For how long have you been employed by your company?

.....

4. Please describe the main form of construction work your business is involved in?

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5. In which year was your business established?

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6. If your business was established before 1996, do you believe that it was easier to procure tendered 'work' before 1996 than is the case now?

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7. How many people are employed by your company?

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8. Do you receive any external financial support or any support in the form of equipment or otherwise from any sources outside your business?

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If so:

Describe the nature of this support?

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9. Do you normally hire temporary local labour when working in an area?

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If so:

a) How do you prepare/train the local labour that you employ?

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b) What advantages/benefits do you get from using local labour?

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c) What problems do you encounter from using local labour and how do you think these problems could be reduced/minimised?

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10. Do you use materials made from within the area where you work?

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If so:

a) What benefits do you derive from using this material?

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b) Please describe the quality of the locally made material you have used, in general, as compared to the material obtained elsewhere?

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QUESTIONNAIRE TO ASSESS THE BENEFITS DERIVED FROM THE
INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING
TENDER DOCUMENTATION

(Given to BIFSA officials, contracting principals,
tender board members)

1. Designation of the person who is completing this questionnaire.

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2. In your opinion, to what extent did companies voluntarily use local
labour, prior to 1996?

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3. Do you think that the use of local labour and materials has increased since 1996?

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4. Given a revised tender adjudication point system, is the appointment of "previously disadvantaged background contractors" by central or local governmental institutions, on the increase?

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5. Is BIFSA aware of the nature of tender requirements embodying the usage of local skills?

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5a. If so, how is the organisation acting to fulfill this newly created need?

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6. Do you believe that the quality of work now produced by "historically disadvantaged" firms meets the industries quality standards ?

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7. What support or encouragement do you give to companies which hire local labour and / or use local materials?

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8. Do you believe that the question of the use of local labour and/or materials now actually taking place is meaningful?

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QUESTIONNAIRE TO ASSESS THE BENEFITS DERIVED FROM THE
INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING
TENDER DOCUMENTATION

(Given to community representatives)

1. Are there any building projects in progress in your area?

.....

2. Does the community accept that certain portions of the work be carried out by the local people arising out of the requirements laid down in tender documentation?

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3. Roughly how many people from within the community are employed in the project works?

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4. Has the community been supportive of the projects?

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5. If yes, in what way?

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6. Is unemployment a problem within the community?

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7. What do the local people working on the projects do, once such projects are completed? [That is, do you believe that a transfer of skills has taken place to render the worker in a position to obtain sustainable employment?]

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QUESTIONNAIRE TO ASSESS THE BENEFITS OBTAINED FROM THE
INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING
TENDER DOCUMENTATION

(Given to Department of Public Works Officials)

1. Designation of the person who completed this questionnaire (eg.
project manager, quantity surveyor)

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2. To what extent did companies voluntarily use local labour, prior to the
year 1996?

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3. Has the use of local labour and materials increased since 1996?

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4. Since 1996, has it become easier for micro and minor contractors from "disadvantaged backgrounds" to get contracting work from the government?

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5. What action has the government taken to ensure that the "historically disadvantaged" firms are adequately equipped to perform work they tender for?

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6. Has the quality of work produced by "historically disadvantaged" firms been to the required standard?

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7. What incentives does the government give to companies which hire local labour and use local materials?

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8. What support does the government give to companies which hire "local labour" and use "local materials"?

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QUESTIONNAIRE TO ASSESS THE BENEFITS OBTAINED FROM THE
INTRODUCTION OF LOCAL CONTENT CLAUSES IN BUILDING
TENDER DOCUMENTATION

(Given to Quantity Surveying firms)

1. Name of business?

.....

2. Designation of the person who completed this questionnaire?(e.g.
partner, office manager)

.....

3. For how long have you been with the business?

.....

4. What problems have you encountered in documenting the Training Section in bills of quantities as required by the Department of Public Works?

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5. In your opinion, does the Training Section increase or limit the number of firms who are eligible to tender for work? Elaborate

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6. In your opinion, has the Training Section in the bills of quantities been necessary? Give reasons to your answer.

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7. What benefits have been brought by the Training Section in the bills of quantities?

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APPENDIX B

TENDER DECLARATION AFFIDAVIT

Employer
Contract description
Contract number
Project reference numbe

a) Name of firm
b) Postal address

c) Physical address

d) Telephone
e) Fax
f) Contact person
g) Company/Enterprise income tax reference number*
h) VAT registration number
i) Company registration number.....

- 1.1 Type of firm
 Partnership
 One person business/sole trader
 Close corporation
 Company
 PTY Limited
[✓ Tick one box]

1.2 Principal business activities
.....
.....
.....
.....
.....

*Insert personal income tax number if a one man business and personal income tax numbers of all partners if a partnership.

1.3 Total number of months the firm has been in business ?

1.4 Street addresses of all facilities used by the firm [e.g. warehouses, storage spaces, etc.]

1.4.1

1.4.2

1.4.3

1.4.4

1.5 Do you share any facilities ?

Yes No [✓ Tick one box]

If yes : which facilities are shared ?

With whom do you share facilities ? [name of firm/individuals]

.....

What are the other firm's principal activities ?

.....

1.6 Describe all property arrangements relating to facilities used by the firm and the nature of the agreements indicating whether facilities are owned or leased by the firm :

FACILITY	MONTHLY RENTAL AMOUNT	OWNER	AGREEMENT TYPE [VERBAL/WRITTEN]

1.7 Is the firm registered or does it have a business license(s) ?
[✓ Tick one box]

Yes No

If yes : detail and quote relevant reference numbers and dates :-

.....
.....
.....
.....
.....

1.8 Detail all trade associations/professional bodies in which you have membership :-

.....
.....
.....
.....
.....

1.9 Did the firm exist under a previous name ? [✓ Tick one box]

Yes No

If yes : what was its previous name ?

And who were the owners/partners/directors ?

.....
.....
.....
.....
.....

1.10 List all partners and shareholders by name, identity number, citizenship :

PDI/Women status and ownership, as relevant :-

NAME	IDENTITY NUMBER	CITIZENSHIP	PDI*	WOMEN *	DATE OF OWNERSHIP	% OWNED	VOTING %

NOTE : Where owners are themselves a company or partnership, identify the ownership of the holding firm.

*state yes or no

1.11 Complete the following information for each partner, proprietor, shareholder, director and officer of the firm [viz. : chairman, secretary, director, etc.].

TITLE	NAME	PDI*	WOMEN*	% OF TIME DEVOTED TO THE FIRM	HOME ADDRESS

*state yes or no

1.12 Identify any owner or management office bearer who has an ownership interest in another firm :

OWNER/ MANAGER	NAME & ADDRESS OF OTHER FIRM	TITLE IN OTHER FIRM	% OF OWNERSHIP	TYPE OF BUSINESS OF OTHER FIRM

1.13 Identify any owner or management official who is an employee of or has duties in another business enterprise :

NAME	DUTIES AS EMPLOYEE IN OTHER FIRM	NAME AND ADDRESS OF OTHER FIRM	TYPE OF BUSINESS OF OTHER FIRM

1.14 How many permanent staff members are employed by the firm ?

Full time :

Part time :

1.15 List the major items of equipment, plant and vehicles owned by the firm :-

ITEM	QUANTITY

1.16 What is the enterprise's average annual turnover [excluding VAT] during the lesser of the period for which the business has been operating or the previous three financial years ?
 R.....

1.17 Identify by name, PDI/Women and length of service, those individuals in the firm [including owners and non-owners] responsible for day-to-day management and business decisions :-

	NAME	PDI*	WOMEN*	LENGTH OF SERVICE
FINANCING DECISIONS				
Cheque signing				
Signing & co-signing for loans				
Acquisition of lines of credit				
Sureties				
Major purchase or acquisitions				
Signing contracts				
MANAGEMENT DECISIONS				
Estimating				
Marketing and sales operations				
Hiring and firing of management personnel				
Hiring and firing of non-management personnel				

*state yes or no

1.18 List the following personnel or firms who provide the following services :-

SERVICE	NAME	CONTACT PERSON	TELEPHONE
Accounting			
Legal			
Auditing			
Banking			
Insurance			

1.19 Identify any amounts of money loaned to your firm, indicating the loan source, date and amount :-

LOAN SOURCE	ADDRESS	DATE OF LOAN	LOAN AMOUNT

1.20 List the four largest contracts/assignments completed by your firm in the last four years :-

WORK PERFORMED	FOR WHOM	CONTACT PERSON & TELEPHONE NUMBER	CONTRACT/ FEE AMOUNT

1.21 List all contracts which your firm is engaged in and have not yet completed :-

CONTACT DESCRIPTION	LOCATION	EMPLOYER	CONTRACT AMOUNT	EXPECTED COMPLETION [MONTH & YEAR]

2. AMOUNT OF WORK TO BE SUBCONTRACTED TO OTHER PARTIES

2.1 General

- a) Tender amount exclusive of VAT and all allowances for escalation and contingencies :-
R.....
- b) Value of work which will be subcontracted out :- R.....
- c) Value of subcontracted work expressed as a percentage of the total
[(b)/(a) x 100]%

2.2 List the subcontractors which you intend using

2.2.1 Name of subcontractor
Address
.....
.....
.....
.....
Contact person
Telephone
Fax
Service or work to be performed
.....
Approximately value of work to be undertaken :-
R.....

) 2.2.2 Name of subcontractor
Address
.....
.....
.....
.....
Contact person
Telephone
Fax
Service or work to be performed
.....
Approximately value of work to be undertaken :-
R.....

2.2.3 Name of subcontractor
Address
.....
.....
.....
.....
.....
Contact person
Telephone
Fax
Service or work to be performed
.....

Approximately value of work to be undertaken :-
R.....

3. EQUITY OWNERSHIP CLAIMED

3.1 PDI Equity Ownership %
3.2 Women Equity Ownership %

4. POINTS CLAIMED

4.1 PDI Equity Ownership
4.2 Women Equity Ownership
TOTAL

The undersigned, who warrants that he/she is duly authorised to do so on the behalf of the firm, affirms that :-

- i. The information furnished is true and correct.
- ii. The Equity Ownership claimed is in accordance with the Notice to Tenderers/Conditions of Tender.
- iii. No more than 50% of the value of the Contract at the time of the award, exclusive of all VAT and all allowances for contingencies and escalation, will be subcontracted to other parties.

SIGNATURE

Duly authorised to sign on the behalf of

ADDRESS
.....
.....
.....
.....

TELEPHONE

DATE

COMMISSIONER OF OATHS

DATE

APPENDIX C

REGULATIONS IN TERMS OF SECTION 26 (1) OF THE KWAZULU-NATAL TENDER BOARD ACT, 1997 (ACT NO. 4 OF 1997)

THE Minister of Finance has, in terms of section 26 (1) of the KwaZulu-Natal Tender Board Act, 1997 (Act No. 4 of 1997), made the regulations contained in the Schedule hereto.

SCHEDULE

1. In these regulations, unless the context otherwise indicates, any expression to which a meaning has been assigned in the KwaZulu-Natal Tender Board Act, 1997, shall have the same meaning, and

“Act” — means the KwaZulu-Natal Tender Board Act, 1997 (Act No.4 of 1997);

“racially disadvantaged individuals” — encompasses all persons who were previously classified by legislation as Coloured, Indian or Black;

“SMME” — means small, medium and micro-enterprises;

“tender advice centre” — means any office established or approved by the KwaZulu-Natal Tender Board to provide easy access to information and assistance regarding the tendering system;

“tender award committee” — means a committee, appointed by the head of a department, to evaluate and award tenders under the delegated powers of the KwaZulu-Natal Tender Board; and

“tender evaluation committee” — means a committee, appointed by the head of a department, comprising amongst others, technical experts and/or specialists to compare the offers received with the specifications of a tender.

2. Procurement policy of the Province

1. The procurement policy of the Province is the policy which is determined from time to time, in terms of section 8 (1) of the Act, by the Minister in consultation with the Cabinet and after consultation with the relevant portfolio committee.
2. The procurement policy must reflect the underlying values and principles set out in section 13 of the Act.
3. The procurement policy must deal with the following issues:
 - (a) the manner in which and the conditions subject to which preferences may be granted;
 - (b) measures to ensure the creation of conditions which will promote the empowerment of small, medium and micro-enterprises;
 - (c) means of promoting equity by measures designed to protect or advance persons or categories of persons disadvantaged by past unfair discrimination;
 - (d) the empowerment of and delegation of powers and functions to heads of departments.
4. The procurement policy is binding on all persons involved in the procurement process and must be given effect to at all times.
5. Any interested person may secure a copy of the procurement policy document from the office of the Tender Board.

3. Oath of office

Each member of the Tender Board or Tender Appeals Tribunal must, before the Minister, or any other minister designated by the Minister, swear or affirm as follows:

“I, AB, swear/solemnly affirm that, as a member of the Tender Board/Tender Appeals Tribunal, I will make my decisions without fear, favour or prejudice, in terms of the underlying values and principles set out in the KwaZulu-Natal Tender Board Act and in accordance with the procurement policy, and will not divulge directly or indirectly any confidential matter.”

4. Granting of preferences

In order to promote the previously disadvantaged individuals, small, medium and micro-enterprises, women, disabled persons and local suppliers of goods and services:

- (a) In respect of contracts not exceeding R499 999.99 the preferences to be awarded will be those set out in Annexure “A”.
- (b) In respect of contracts between R500 000 and R2 million, the preferences to be awarded will be those set out in Annexure “B”. In order to credit tenderers with the preference points to which they are entitled, the tender price of each tenderer is adjusted downwards, where he or she is entitled to any preference points. The calculation of such adjustment is illustrated by the following example:

Tenderer A's unadjusted tender price is R100 000. However, he is entitled to a preference of 10%. Tenderer B's unadjusted tender price is R91 000. However, he is not granted any preference points. In these circumstances, tenderer A's price is adjusted to R90 000 (after subtracting 10% preference) while tenderer B's remains at R91 000. For purposes of comparing the prices, tenderer A's price is now the lowest. The tender must consequently be awarded to tenderer A, but at the unadjusted price of R100 000.

5. **Promotion of public awareness**
 1. In order to promote public awareness to tenders and the tendering process, the Tender Board must —
 - (a) use the *Provincial Gazette* and as wide a range of media as is possible;
 - (b) ensure that, in addition to the larger newspapers, radio, television and community newspapers are used.
 2. The chairperson of the Tender Board must cultivate a healthy and ongoing relationship with the media so that the public is continuously kept aware of developments in procurement by the Province.
6. **Establishment of tender advice centres**
 1. In order to reach persons who have been kept out of the tender process, the Tender Board must establish tender advice centres in strategically located centres throughout the Province which shall be manned by such officials or employees as may be designated by the head of the department in the administration of the Province responsible for the Board. In addition the Board can also identify and approve other service providers to assist in the aims set out in the next paragraph.
 2. The Tender Board and the tender advice centres must —
 - (a) provide information about and give advice on the procurement process, especially to previously disadvantaged persons and to small, medium and micro-enterprises;
 - (b) hold regular workshops and seminars on the procurement policies and procedures, especially for the benefit of the persons referred to in the previous sub-paragraph;
 - (c) advise provincial departments on the use of the media to promote public awareness of tenders and the tendering process.
7. **Promoting SMMEs**
 1. Provincial departments must, where practicable, break down larger contracts in order to ensure that small, medium and micro-enterprises can meaningfully tender for them.
 2. Departments may, where small, medium and micro-enterprises are concerned, make interim payments, in order to facilitate the participation in the tendering process by such enterprises.
 3. In respect of contracts up to R250 000, where tenderers meet all other pre-conditions, departments may waive the requirement that guarantees or sureties must be furnished.
 4. In respect of contracts over R250 000, the guarantees and sureties required may be based on a risk evaluation conducted by the department setting out the tender.
 5. No deposits will be required for tender applications for contracts below R500 000.
 6. The Tender Board and departments must encourage joint ventures between small, medium and micro-enterprises on the one hand and larger enterprises on the other.
8. **Promoting racially disadvantaged individuals**
 1. Departments must take the necessary steps set out in the procurement policy to protect or advance persons or categories of persons disadvantaged by past unfair racial discrimination.
 2. Where a tender calls for goods or services for which there are no manufacturers or providers from racially disadvantaged sectors, agents from racially disadvantaged sectors who offer goods and services at competitive prices may be considered as acceptable tenderers only if their businesses are fully owned by them.
9. **Creating uniformity and simplicity**
 1. **Registration:** All tenderers will have to apply for registration annually, and such registration will only be granted if they have registered (within a specific time period) to pay appropriate income taxes, company taxes, levies, etc. Such registration could be disallowed if such taxes have not been paid. At the same time, the individual or organisation will make application for preferences. Such preferences will be available for public scrutiny and objection. The Tender Board would then have available a schedule of all individuals/companies registered and the applicable preferences granted. On submission of a tender, the individual/company would then simply have to indicate if the circumstances under which such preferences had been granted had changed or not. In addition, this should also facilitate the lodging of objections by any other parties/competitors.

The Tender Board must simplify the procurement process and make it user-friendly.
 2. The Tender Board must ensure that —
 - (a) as far as is practicable, the same forms and procedures are used;
 - (b) all tender documents and advertisements are simplified so that they could be understood by ordinary persons;
 - (c) its general rules, procedures and instruction manuals are simplified and understood by ordinary persons.
10. **Empowering heads of departments**
 1. In order to promote efficiency and the effectiveness of the procurement process, the Tender Board must empower heads of departments, by delegating responsibilities to them.

2. Any delegations in terms of the Regulations must be made in accordance with the following guidelines:
 - (a) The Tender Board must determine, on an annual basis, the capacity of each department to function independently of the Tender Board.
 - (b) The Tender Board must determine the extent or value of contracts to be delegated to each department.
 - (c) The Tender Board may, when requested to do so, grant exemptions to departments to exceed such limits.
 - (d) The Tender Board must wherever it deems it necessary carry out such random auditing of the agreements concluded by each department as it deems necessary.
 - (e) The Tender Board must, at regular intervals, examine the decisions made by departments.
 3. In delegating its powers to heads of departments, the Tender Board must note that the procurement policy provides for delegations, subject to the control measures issued in directives by the Board, as follows:
 - (a) Level 1 (for contracts up to R10 000). At this level, the department concerned is self-empowered to select suppliers and negotiate the price.
 - (b) Level 2 (for contracts up to R50 000). At this level, the department concerned must obtain three quotations, evaluate them according to the guidelines contained in the policy, and then award the contract.
 - (c) Level 3 (for contracts up to R250 000). The department concerned must invite, evaluate and award tenders, using the procedures applying to the Tender Board. Where the lowest tender, after the tender prices have been adjusted to reflect preferences which have been granted, is being passed over, the matter must be referred to the Tender Board for decision.
 - (d) Level 4 (for contracts over R250 000). At this level, the department invites and evaluates the tenders, using the procedures applying to the Tender Board. Thereafter, the department makes recommendations to the Tender Board, which must award the tender.
 4. In order to fulfil his tasks, each head of department must set up a tender evaluation committee and a tender award committee.
11. The Tender Board Appeals Tribunal
1. A provincial department or a tenderer desirous of appealing against a decision of the Board or a delegate of the Board must do so by giving notice in writing to the Appeals Tribunal within the period laid down in the Act.
 2. The notice of appeal must be in accordance with annexure 1 hereto.
 3. The notice of appeal must be accompanied by the written representations referred to in section 17 (4) of the Act.
 4. The party appealing must satisfy the Appeals Tribunal that a copy of the notice of appeal and the representations have been served on all the other parties who may be adversely affected by the appeal.
 5. A provincial department or tenderer desirous of opposing any such appeal must do so by giving notice in writing to the Appeals Tribunal within the period laid down in the Act.
 6. The notice of opposition must be in accordance with annexure 2 hereto.
 7. The notice of opposition must be accompanied by written representations, if any, indicating succinctly and without unnecessary elaboration the grounds or basis of the opposition.
 8. The party opposing an appeal must satisfy the Appeals Tribunal that a copy of the notice of opposition and the written representations have been served on the person who has lodged the appeal and any other person who may be adversely affected by the appeal or its refusal.
 9. Within 7 days after the Appeals Tribunal has been given notice of opposition to an appeal, or if no such notice is given, after the period for noting opposition to an appeal has elapsed, the chairperson of the Appeals Tribunal must inform the parties concerned that they are entitled, within two weeks of notification, to make written submissions which will be considered by the person or persons hearing the appeal, as the case may be.
 10. Such submissions, which must be brief, must be served on the Appeals Tribunal and on all other parties that may be adversely affected by the grant or refusal of the appeal.
 11. Within 7 days after the period for making such submissions has lapsed, the chairperson of the Appeals Tribunal must set down the appeal for consideration in terms of the provisions of section 17 (3) of the Act.
 12. The Tribunal must base its decisions only on the aims and objects of the Act, the procurement policy of the Province and the representations and submissions made by the parties.
 13. Despite the provisions of regulation 12, the chairperson of the Appeals Tribunal may, on the basis set out in section 17 (6) of the Act, permit oral submissions to be made by or on behalf of the parties.
 14. At such a hearing, the parties may appear in person or be represented by a legal practitioner, and if a party is a firm, it may be represented by a partner, or if a party is a juristic person, by a director or an employee.
 15. The chairperson of the Appeals Tribunal must inform the parties of the date and venue of the hearing at least two weeks prior to the hearing.
 16. Whilst respecting the rights of the parties to a fair hearing, the chairperson of the Appeals Tribunal may curtail the time granted to parties to make their submissions.

17. Within 7 days after a decision is made in an appeal, the chairperson must inform the parties in writing of the decision, together with short reasons therefor.
18. The chairperson may in writing delegate any of his functions to any of the other members of the Tribunal, except that of being the chair, in terms of the Act.
19. In these regulations —
- (a) all notices or notifications to the Tender Appeals Tribunal must be addressed to the chairperson of the Tender Appeals Tribunal;
 - (b) "serve" means to send by registered post, telegram, telex, telefax or be delivered by hand.
12. Penalties and costs
- (1) If an agreement has been concluded with any contractor on the strength of information furnished by him and it is subsequently proved that such information was incorrect, the Board may in addition to any other legal remedy it may have —
 - (a) recover from the contractor any costs, and/or damages incurred by the State as a result of the conclusion of the agreement;
 - (b) decide to terminate or continue the contract and claim costs/damages as in (a) above;
 - (c) impose by written notice directed to the contractor and delivered to him by registered post, a penalty not exceeding 5% (five per cent) of the monetary value of the agreement.
 - (2) The chair of the Appeals Tribunal has discretion to make an appropriate order as to costs which may include the costs of the Province of having an appeal heard, where the appeal is considered to be frivolous, vexatious, or without any merit.
 - (3) If a member fails to make a disclosure as contemplated in section 11 (1) of the Act and is present at a meeting in which such a tender is awarded, the member shall face the following penalties in addition to any other legal remedies:
 - (a) the member may be required to pay all additional costs which may be incurred by a further hearing or consideration of the tender in question; and
 - (b) a fine not exceeding R10 000 may be imposed on the member.
 - (4) Where a member of the Board, the Appeals Tribunal or member of staff of the Board or of the Appeals Tribunal is in breach of section 14 of the Act, he/she may be required to repay any benefit he/she has received, and in addition, to pay a fine not exceeding R20 000.
 - (5) Where any person referred to in section 15 of the Act is in breach of the said section, a fine of not more than R5 000 may be imposed on such a person.

ANNEXURE 1
KWAZULU-NATAL TENDER APPEALS TRIBUNAL
NOTICE OF APPEAL

TENDER NO:

TO: THE CHAIRPERSON OF THE TENDER APPEALS TRIBUNAL
 AND TO: [NAMES AND ADDRESSES OF ALL INTERESTED PARTIES]

TAKE NOTICE THAT
 [NAME AND ADDRESS]

hereby notes an appeal against the decision of the KwaZulu-Natal Tender Board/the Department of made on awarding the said tender to [Name of Person to whom Tender Awarded]

TAKE NOTICE FURTHER that if you desire to oppose the appeal, you must notify the chairman of the Tender Appeals Tribunal and all other parties who may be affected by the appeal or its refusal by serving upon them your notice of opposition and any representations you wish to make.

TAKE NOTICE FURTHER that the grounds and basis of the appeal and the nature of the complaint are as contained in the annexure hereto.

DATED AT THIS DAY OF 199.....

.....
 SIGNATURE OF PERSON APPEALING

NAME OF PERSON APPEALING
 ADDRESS FOR SERVICE

ANNEXURE 2
KWAZULU-NATAL TENDER APPEALS TRIBUNAL
NOTICE OF OPPOSITION

TENDER NO:

TO: THE CHAIRMAN OF THE TENDER APPEALS TRIBUNAL

AND TO: NAMES OF ALL INTERESTED PARTIES

KINDLY TAKE NOTICE that [name of party opposing appeal] hereby gives notice of opposition to the appeal, on the grounds and basis set out in the annexure hereto.

DATED AT THIS DAY OF1997

.....
SIGNATURE OF PARTY OPPOSING APPEAL

NAME OF PARTY OPPOSING APPEAL

ADDRESS FOR SERVICE

13. Rules of the Tender Board

The chairperson of the Tender Board, in consultation with the Minister, is empowered to make rules regulating the functioning and operation of the Tender Board.

14. General

1. Any person applying these regulations must interpret them so as to give effect to the procurement policy of the Province.
2. The meaning of terms such as joint venture, previously disadvantaged individuals, and small, medium and micro-enterprises is as set out in the procurement policy.
15. A report must be provided annually to the Legislature on the operation of this tender policy. The tender preferences will lapse on 30 September 2000 save should they have been re-enacted or replaced after January 1, 2000.

ANNEXURE A

Allocation of price preference points for contracts below R500 000

	Maximum points	Maximum price pref.
Affirmative action: Tender Board may grant each individual / organisation a preference based on the degree to which they had been previously disadvantaged AND/OR their management is black, up to a maximum of	10	5%
SMME (fewer than 25 employees)	5	3%
Gender (management > 35% women)	5	3%
Handicapped (management > 35% handicapped)	3	2%
South African-manufactured	3	2%

Please note: (i) Some of these categories are mutually exclusive: that is, category 1 applies to affirmative action and individuals/companies will get the highest points preference applicable. (ii) Discretion is granted to the Board to provide such preferences on application. These preferences will range up to the maximum price preference based on the criteria of racially disadvantaged.

ANNEXURE B

Allocation of price preference points for contracts below R2 000 000

	Maximum points	Maximum price pref.
Affirmative action: Tender Board may grant each individual / organisation a preference based on the degree to which they had been previously disadvantaged AND/OR their management is black, up to a maximum of	8	4%
SMME (fewer than 25 employees)	5	2.5%
Gender (management > 35% women)	4	2%
Handicapped (management > 35% handicapped)	2	1%
South African-manufactured	3	1.5%

Please note: (i) Some of these categories are mutually exclusive: that is, category 1 applies to affirmative action and individuals/companies will get the highest points preference applicable. (ii) Discretion is granted to the Board to provide such preferences on application. These preferences will range up to the maximum price preference based on the criteria of racially disadvantaged.

APPENDIX D



26 February 1998

VERY IMPORTANT NOTICE

SEMINAR NOT TO BE MISSED

SEMINAR : TRAINING IMPLICATIONS FOR QUANTITY SURVEYORS

This seminar has been organised, in conjunction with KTT, to discuss the problems encountered by Quantity Surveyors in documenting the Training Section in Bills of Quantities as required by the Department of Public Works as well as the pricing of the document by Contractors. The seminar should be of interest to all Quantity Surveyors, be they professionals or contractors.

DATE : THURSDAY 12 MARCH 1998

TIME : 8:30 am TO 11:15am

VENUE : KTT (KwaZulu-Natal Training Trust) AUDITORIUM, PINETOWN

COST : NO CHARGE (Sponsored by KTT and KZN Chapter which includes tea)

PANEL : MILES REED (Chairman)
PETER CULLEN (NTC)
CHRYSTAL ROSENBERG (Khuphuka)
DONALD MAYER (KTT)
COLLIN MCGILLIVRAY (KTT)
YUSAF CASSIM (Sunflower)
ROGER PICKLES (MBA)
DAVE DUGGAN (BITB) - 7030 712
SMIT STEYN (Department of Public Works)

RSVP : MILES REED BY NO LATER THAN TUESDAY 10 MARCH 1998
TEL : (031) 217-539 FAX : (031) 218-485

DIRECTIONS : Proceed up N3 towards Pietermaritzburg, take off ramp
TO KTT "Richmond / Mariannhill". Turn left at traffic lights at top of
FROM DURBAN off ramp and proceed South for 4,2kms (passed NPA testing
grounds). Turn left into KTT entrance at bottom of hill.
Tel : (031) 703-1155 if lost.



PROVINCE OF
KWAZULU-NATAL

ISIFUNDAZWE
SEKWAZULU-NATAL

PROVINSIE
KWAZULU-NATAL

OFFICE OF THE KWAZULU-NATAL TENDER BOARD
KANTOOR VAN DIE KWAZULU-NATAL TENDERRAAD
IHHOVISI YEBHODI YAMATHENDA EKWAZULU-NATAL

Post Office Location :	Isikhwama seposi :	X 9082
Post Office Address :	Private Bag :	ULUNDI
Post Office Address :	Privaatsak :	3838
Telephone :	Imibuzo :	
Facsimile :	Enquiries :	J.M. MHLONGO
Telephone :	Navrae :	
Facsimile :	Inkomba :	
Reference :	Reference :	TB 5/4
Reference :	Verwysing :	

TO: THE DIRECTOR-GENERAL AND
HEADS OF ALL KZN PROVINCIAL DEPARTMENTS

SUBJECT: TRAINING OF DEPARTMENTAL REPRESENTATIVES ON THE NEW
KWA-ZULU NATAL TENDER BOARD AMENDMENT ACT, 1997 (No. 3 of 1997),
REGULATIONS AND POLICY PERTAINING THERETO.

The Honourable Premier of the Province of KwaZulu-Natal, who is also the Minister of Finance and Auxiliary Services, has, in terms of Section 2 of the KwaZulu-Natal Tender Board Amendment Act, 1997 appointed the KwaZulu-Natal Provincial Tender Board which will function according to the New Tender Board amendment Act (Act No. 4 of 1997), new Tender Board Regulations and new procedures which set out to address the imbalances of the past to incorporate the preference system, promotion-empowerment of the SMME's, affirmative action, use of local labour, economic growth and development etc. etc. The dates of Board meetings, starting on 09/09/97 has been distributed to Departments per Tender Board circular number 3 of 1997.

To enable Departments to function within the framework of the new legislation, the consultant who was appointed by Department of Finance & Auxiliary Services to co-ordinate the process of change, will be conducting seminars as indicated on the attached annexure A. It will be a one day seminar. The cost will be born by all Departments who will benefit from the training. The estimated cost is R264-00 per candidate and will be charged according to the nominations submitted. The seminar will commence on 08 September 1997 as follows:-

DIRECTOR: WORKS
PRIVATE BAG 9041 PRIVAATSAK
1997 -09- - 3
PIETERMARITZBURG
DIREKTEUR: WERKE

VENUE	TIME
Ulundi: Department of Finance - Conference Room	08:30
Pietermaritzburg: Natalia Building - Auditorium	08:30
Durban: Truro House -	08:30


ACTING DIRECTOR: PROCUREMENT ADMINISTRATION DIRECTORATE