

# **SANRAL Status of Major Road Projects Louw Kannemeyer**



# SANRAL road network at a glance

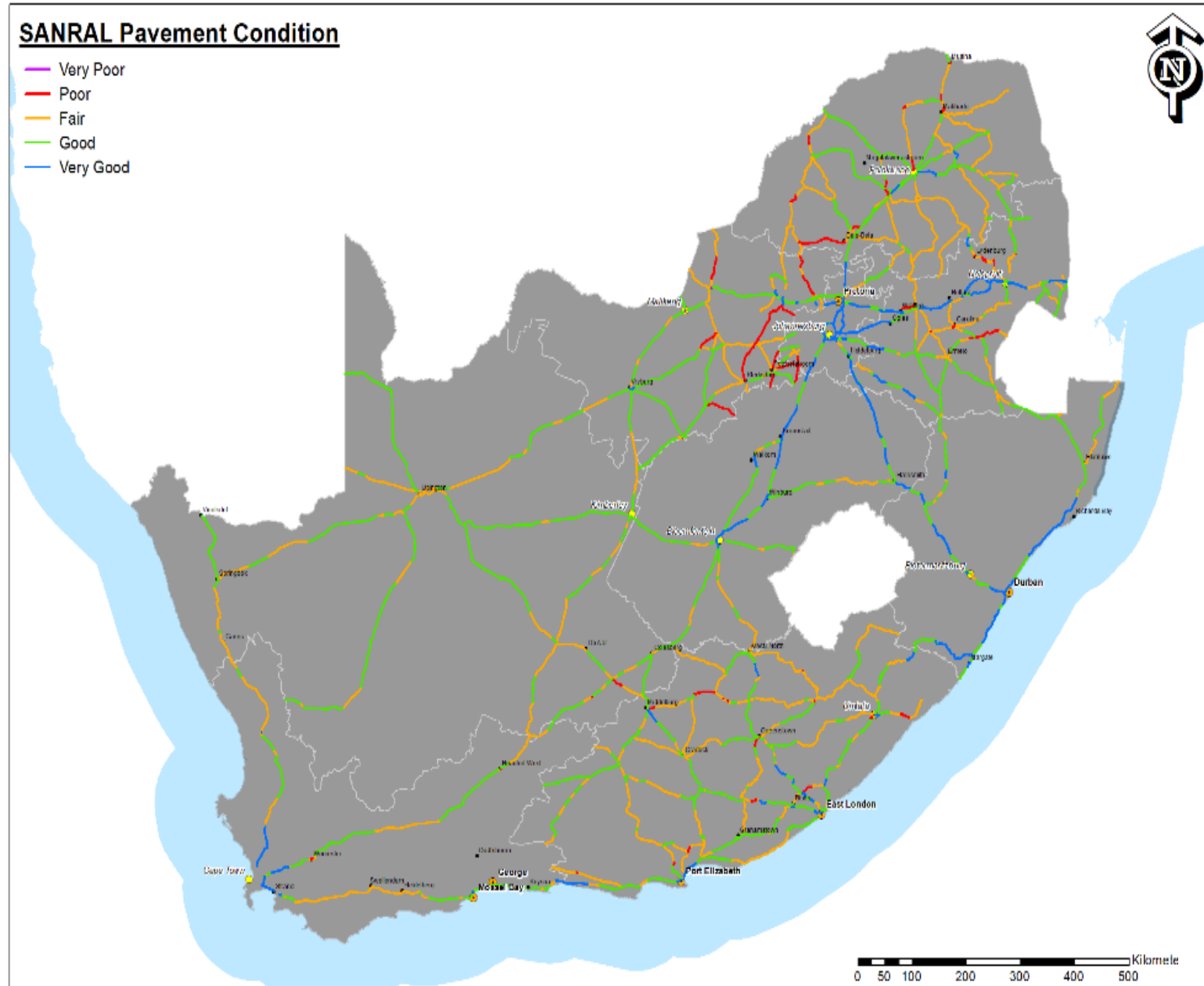
22 253km national road network

R413bn notional value – considered one of South Africa’s largest infrastructural assets

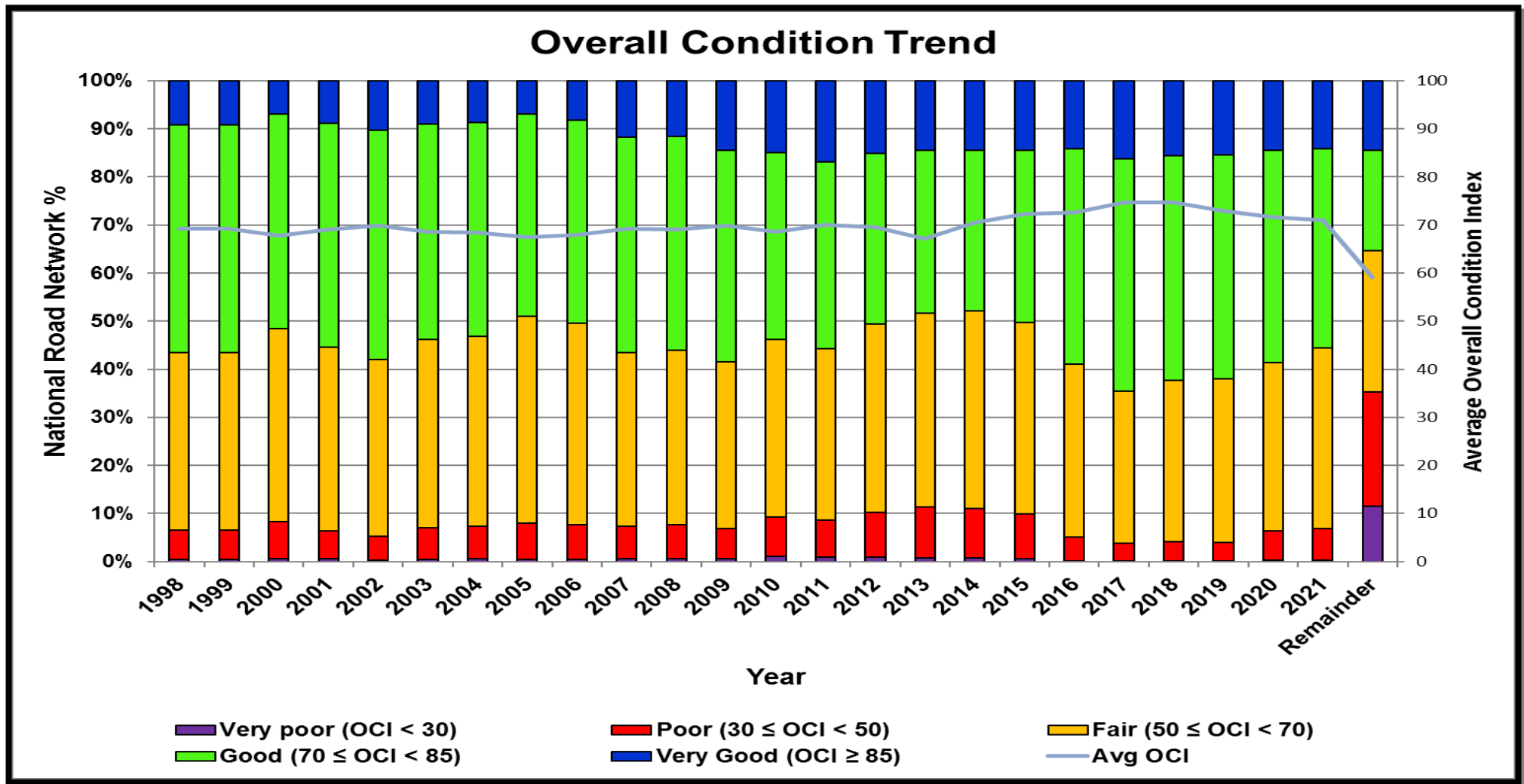
87% non-toll roads funded by a grant from Treasury

13% toll roads

- 7% managed directly by SANRAL, funded from tolls levied and borrowings from capital markets
- 6% managed by private companies under concessions for construction and management of these roads

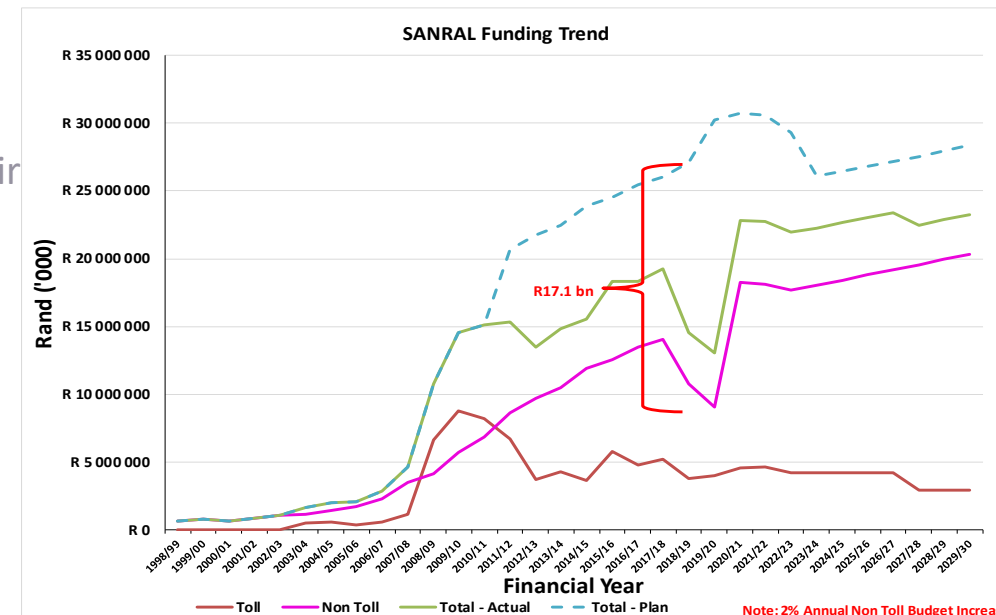


# SANRAL TREND - PAVEMENT CONDITION

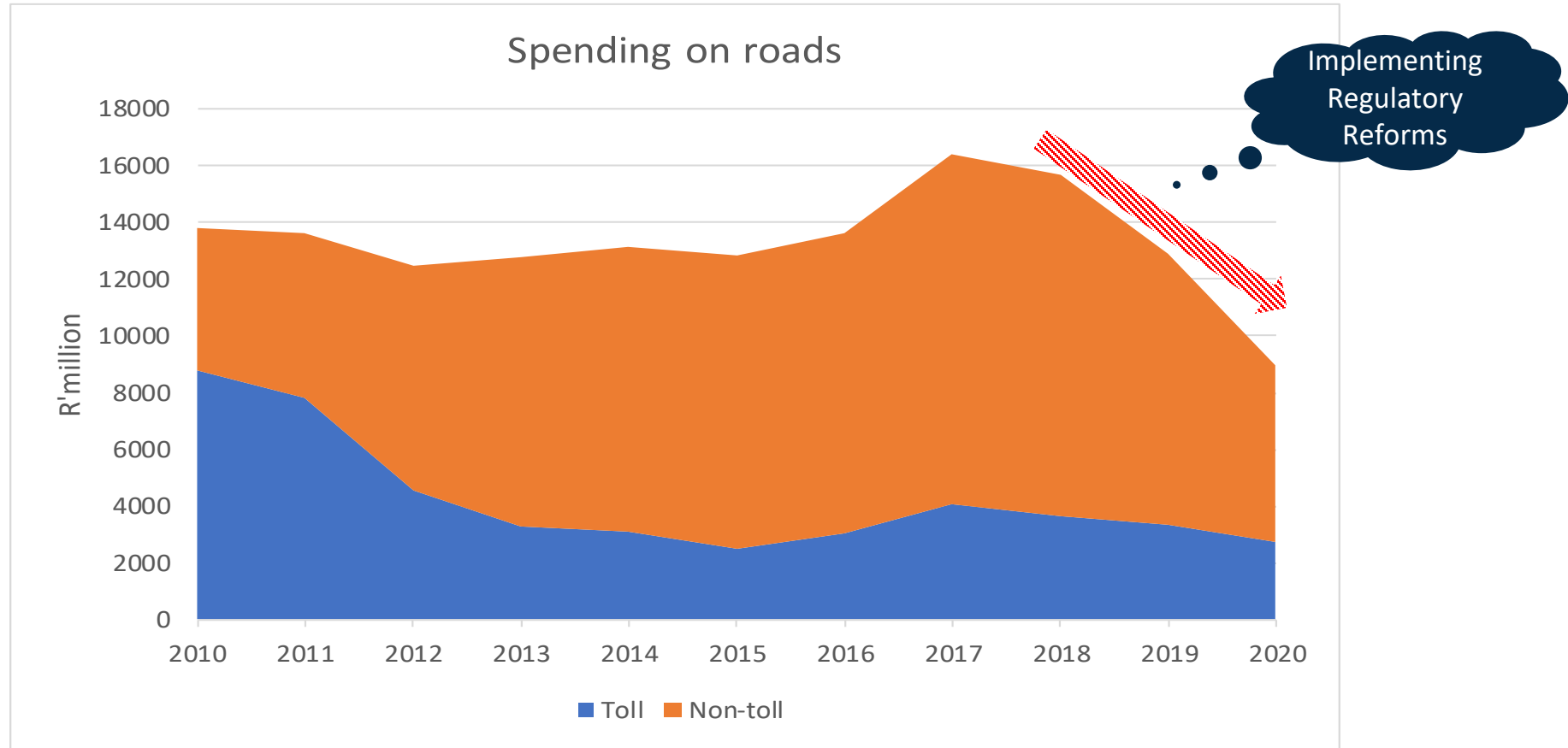


1. Currently **1583 km** or **6.91%** of SANRAL roads are in poor to very poor surface condition, which are well within the international norm of 10% for well-maintained network. The Average OCI of **72**, is also above international norm of 70.
2. This is largely due to the preventative maintenance first strategy followed by SANRAL.
3. Remainder is the 2013 condition of the remaining 13,000 km of primary network still under provincial jurisdiction.

- Preferential Procurement Regulations 2017 – Issues Encountered**
  - 30% Subcontracting: National Treasury insists that all subcontracting arrangements between a tenderer and potential subcontractors **must be concluded prior to the tender closing date**.
  - Target/Local Area: National Treasury insist **that no geographic target/local area can be specified** for the 30% subcontracting, and that **entire South Africa qualify**. This is in contrast with local communities demanding that their smaller local “township” area be
  - CSD Registration: National Treasury requires that the successful main contractor must select his suppliers for 30% sub contracting provision **only from those registered on the Central Supplier Database**. Data Quality Issues
- Road Funding Policy /e-Tolls**
  - The **lack of clear road funding policy** in South Africa and associated negative sentiment towards toll roads created by the **non resolution of e-Tolls** in Gauteng, resulted in SANRAL not been able to proceed with over R150 billion of projects previously earmarked for Toll financing.
- COVID19 RELATED IMPACTS**
  - Lock down levels impact 5 (0%), 4 (50%), 3
  - Government Printers Offline - January 2021 (1 month for circular)
  - eTender Portal Offline - March 2021 ( 2 weeks for circular)
- COTO 2020 TRANSITION**
  - 1 March 2021
  - Tenders not issued in time had to be converted



# Regulations/e-Tolls/COVID-19 Impact - EXPENDITURE



- 2017 Treasury Preferential Procurement Regulations (30%) associated site stoppages – **over 70 SANRAL projects stopped to various degree**
- 18 Month Impasse with National Treasury on **definition of local** and requirement for sub contracting arrangement to be in place **at close of main tender**
- SANRAL Solution
  - **Project Liaison Committee (PLC) involving all stakeholders upfront before tender issued**
  - **SANRAL 14 Point Plan – Functioning of PLC**
  - **3 Month Mobilisation period after appointment of main contractor for sub contracting**



# MAJOR CAPEX PROJECTS STARTED CONSTRUCTION

NUMBER	DESCRIPTION	REG	PROV	Project Status
N.002-260-2018/9	DICAL: KwaMashu I/C - Mdloti I/C	ER	KZN	Site hand over happened 2 <sup>nd</sup> Augusts 2021.
N.003-020-2017/8	DICAL: Cato Ridge to Dardanelles	ER	KZN	The construction contract commenced on 13 January 2021.
N.003-020-2017/9	DICAL: Dardanelles - Lynnfield Park	ER	KZN	The construction contract commenced on 22 October 2020.
N.003-023-2017/9	DICAL: Lynnfield to Ashburton I/C	ER	KZN	The construction contract commenced on 15 January 2021.
N.003-023-2019/9	DICAL: N3 Materials Provision	ER	KZN	Contract was awarded on 8 September 2021 , with 3 months mobilisation ending on 7 December 2021.



# SANRAL Strategic Integrated Projects (SIPS)

SIP No	SIP Name	REG	Prov	Project Status
SIP 1	R573 Moloto Project	NR	GP / LP /MP	2 Construction tenders for sections not affected by land issues awarded on 14 December 2020. Progress on other projects severely delayed due to land acquisition that could not proceed – community resolute meetings was not possible due to COVID19 restrictions. In progress now. Gauteng section gazetted as SANRAL road on 5th June 2020, detail designs are in progress. First of <b>13 conventional</b> construction tenders and 8 Community Projects (Access Roads and Drainage) to be issue from early 2022
SIP 2	N3 Corridor	ER	KZN	N3 = 4 Projects in Construction, 2 at final award stage, 1 in tender, 3 detail design N2 = 1 Project in Construction, 2 at final award stage, 1 in tender, 3 detail design
SIP 3	N2 Wild Coast	SR	ECP	1 Project in Construction, 3 at final award stage, 5 in detail design
SIP 21a	N1 Winburg Interchange to Winburg Station	ER	FS	Construction Completed. SANRAL Toll Debt Refinancing Requirement
SIP 21b	N1 Musina Ring Road	NR	LP	In Construction to be completed Feb 2022.
SIP 21c	N1 Polokwane Eastern Ring Rd Phase 2	NR	LP	Construction completed 19 March 2021. SANRAL Toll Debt Refinancing Requirement
SIP 21d	N1 Ventersburg to Kroonstad	ER	FS	Construction Completed. SANRAL Toll Debt Refinancing Requirement
SIP 21e	N2 Mtunzini Toll Plaza to Empangeni T-Junction	ER	KZN	Construction Completed. SANRAL Toll Debt Refinancing Requirement
SIP 21f	N3 Cato Ridge to Dardanelles: KwaZulu Natal	ER	KZN	The construction contract commenced on 13 January 2021.
SIP 21g	N3 Dardanelles to Lynnfield Park	ER	KZN	The construction contract commenced on 22 October 2020.



# SANRAL Strategic Integrated Projects (SIPS)

SIP No	SIP Name	REG	Prov	Project Status
SIP 21h	N3 Paradise Valley to Mariannhill Toll Plaza	ER	KZN	Toll funding constraint. Design is in progress and aim to issue construction tender in March 2022 pending funding availability.
SIP 21i	N2 Edwin Swales to South of EB Cloete Interchange	ER	KZN	Award is expected to reach CC November 2021.
SIP 21j	N3 Ashburton Interchange to Murray Road	ER	KZN	Award is expected to reach CC November 2021.
SIP 21k	N3 Mariannhill Toll Plaza to Shongwezi: KwaZulu-Natal	ER	KZN	Toll funding constraint. Design in progress and aim to issue construction tender in third quarter of 2022.
SIP 21l	N2 EB Cloete Interchange: KwaZulu Natal	ER	KZN	Award is expected to reach CC November 2021.
SIP 21n	N3 New alignment via De Beers Pass: Free State	ER	FS	SANRAL awaiting formal written clarity from Government (PICC) on the Preferred Alignment- N3 De Beers or Van Reenen Alternative A/C.



# MAJOR DESIGN PROJECTS STARTED

DESCRIPTION	REG	PROV	Project Status
<b>N1/N2 WINELANDS</b>	WR	WCP	Consultants appointed for detail design of new alignment through strand, as well as Huguenot Tunnel North Bore. Land occupation challenges.
<b>GFIP Phase 2</b>	NR	GP	PWV corridors not declared national roads, so nothing can be done by SANRAL at this stage in terms of design.
<b>PMB Bypass</b>	ER	KZN	Preliminary design complete, EIA to start on alternative alignments.
<b>N1 South – Koppies to Verkeerdevlei</b>	ER	FS	Toll funding constraint. Detail designs complete for most sections but cannot proceed with construction until funding resolved
<b>N1 North: Warmbaths to Polokwane</b>	NR	LP	Toll funding constraint. Consultants appointed for detail design. EIA and land acquisition to be finalised.

# SANRAL Project Pipeline – 2021/22 to 2023/24

Project Type	Non-Toll		Toll		Total	
	Design	Construction	Design	Construction	Design	Construction
Routine Maintenance	136	128	69	65	205	193
Periodic Maintenance	197	11	33	2	230	13
Special Maintenance	78	21	13	0	91	21
Community Projects	84	13	6	0	90	13
Strengthening	27	10	7	0	34	10
Improvements	111	38	7	7	118	45
New Facilities	123	34	38	10	161	44
Totals	756	255	173	84	929	339
	1011		257		1268	

**SANRAL Project Pipeline Tender Strategy**

1. SANRAL service delivery model is dependent on consultants for detail design/supervision and contractors for construction
2. Priority 1 - Operational Tenders - **RRM / Toll / etc** – Operational contracts coming to end
3. Priority 2 - Asset Preservation – **Periodic/Special Maintenance** – Limited Regulatory Approvals/Commercial Material Sources
4. Priority 3 - Strengthening/Improvement/New - Projects with all regulatory approvals in place
5. New tenders to be procured (1268 – 678) x 2 (Consultant & Contractor) = **1180**
6. **Average per year = 1180/3 = 393 to ensure service delivery**



# SANRAL Project Pipeline Progress

PROCUREMENT EFFICIENCY AGAINST ANNUAL PROCUREMENT PLAN		
DESCRIPTION / STATUS	2020/21	2021/22
	TOTALS	TOTALS
Annual procurement plan	338	425
<b>Opening balance (carried over from previous year)</b>	<b>242</b>	<b>267</b>
<b>GRAND-TOTAL</b>	<b>580</b>	<b>692</b>
<b>Advertised (To date for 2021/22)</b>	<b>247</b>	<b>203</b>
<b>Advertised, not closed yet</b>	<b>52</b>	<b>36</b>
Evaluation Stage (a + b + c+d)	179	177
a) Closed less than 3 months ago	84	110
b) Closed more than 3 months ago	38	29
c) Closed more than 6 months ago	57	38
<b>Adjudication Stage</b>	<b>29</b>	<b>49</b>
RBAC	27	24
MBAC	2	25
CONTRACT COMMITTEE	0	0
BOARD	0	0
<b>Awarded (Cumulative), from 1 April 2021</b>	<b>196</b>	<b>180</b>
Cancelled (Cumulative), from 1 April 2021	46	25
	<b>33.79%</b>	<b>26.99%</b>

**As at 30  
September 2021**

## SANRAL Tender Evaluation Challenges

- a) Impact of COVID19 on procedures and processes evident for 2020/21.
  - i. **As per Efficiency index for 2021/22 we already awarded 180 projects and have further 226 in adjudication (30 September 2021)**
- b) Number of tenders received per project – up to **65 submissions** that need to be evaluated.
- c) Compliance Checks - **9 Checks = 585 Forms** to check for above, **1 error = Irregular Expenditure! from AG.**
  - i. **SANRAL engaging with external regulators (Treasury, DTI, CIDB) to simplify compliance requirements.**
  - ii. **SANRAL implemented SAPHana Ariba portal to enable electronic submission and processing of compliance information in future. SANRAL recommends that these be part of National Treasury CSD.**
- d) It currently on average takes **over 6 months** to evaluated tenders received.
  - i. **SANRAL Multi Disciplinary Taskforce established that meets every 2 weeks to identify bottleneck and streamline processes.**
  - ii. **SANRAL Critical staff shortages within the procurement office to address backlog through Fix Term appointments in short term.**



# Major Eminent SANRAL Construction Project Awards

NUMBER	DESCRIPTION	RE G	PROV	
N.002-200-2016/1	DNNS2: N2WCR-Lingeni-Msikaba Bridge	SR	ECP	
N.002-200-2016/3	DNNS2: N2WCR-Msikaba to Mtentu Bridges	SR	ECP	
N.002-201-2021/1	DNNBN: N2WCR - Mtentu Bridge	SR	ECP	
N.002-250-2018/9	DICIC: Edwin Swales I/C to EB Cloete	ER	KZN	
N.002-250-2009/9	DICIC: Capacity Improvement - EB Coete	ER	KZN	
N.003-030-2017/7	DICAL: Ashburton to Gladys Mansi	ER	KZN	
N.003-030-2017/8	DICAL: Gladys Manzi to New England I/C	ER	KZN	
N.011-020-2015/1	DSRGA: Ladysmith South to Elandslaagte	ER	KZN	
<b>Estimated Total</b>				<b>±R23 Billion</b>



Will be Highest in Africa - 223m

**Thank you**

