

Applying the register of contractors in construction works contracts

Practice Note # 3
August 2006
(Version 2 - February 2008)

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Synopsis:

Section 16(3) of the Construction Industry Development Board Act, 2000 requires that the Minister of Public Works prescribe the manner in which public sector construction contracts may be invited, awarded and managed within the framework of the registers and within the framework of the policy on procurement. Part IV (Invitation, Award and Management of Construction Works Contracts) of the Construction Industry Development Regulations, read in conjunction with the CIDB Standard for Uniformity in Construction Procurement, establishes requirements for the application of the register of contractors in construction works contracts.

This practice note identifies which contractors need to register, describes the categories of registration and the CIDB contractor grading designations and establishes a step by step procedure to satisfy the requirements of the Regulations (as amended up to **23 November 2007**) in relation to quotations, tenders and expressions of interest.

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Phase II of the Registers

Section 21 of the **CIDB Act** requires that the Board, within a reasonable period after the establishment of the register of contractors, to establish a **best practice contractor recognition scheme** which:

- a) enables organs of state to manage risk on complex contracting strategies; and
- b) promotes contractor development in relation to best practice standards and guidelines published by the Board.

(This scheme is still under development)

The **CIDB** is required in terms of the **Construction Industry Development Regulations** to register a contractor within 21 working days of receipt of an application that is **complete in all respects**.

The CIDB can only commence with the assessment of an application when it is in possession of **all the information required for grading**. As a result, those applicants whose submissions are incomplete will experience delays in the processing of their applications.

1. Introduction

The Construction Industry Development Board Act of 2000 (Act 38 of 2000) prohibits the award of an engineering and construction works contract in the **public sector** to an unregistered contractor and requires the Board to establish a national register of contractors, which:

- categorises contractors in a manner that facilitates public sector procurement;
- indicates the size and distribution of contractors operating within the construction industry;
- indicates the volume, nature and performance of contractors and target groups
- promotes contractor development; and
- is accessible to the private sector to facilitate private sector procurement.

The register of contractors is intended to:

- support risk management in the public tendering process;
- reduce the administrative burden associated with the award of contracts;
- reduce tendering costs to both employers and contractors;
- enable effective access by the emerging sector to work and development opportunities;
- assess the performance of contractors in the execution of contracts and thus provide a performance record for contractors;
- regulate contractor behaviour and promote minimum standards and best practice;
- store and provide data on the size and distribution of contractors operating within the industry and the volume, nature, performance and development of contractors and target groups; and
- enable access by the private sector and thus also facilitate private sector procurement and business to business linkages.

The second phase of the registers will introduce a best practice contractor recognition scheme.

2 Registration of contractors

2.1 Who must register

Only prime or main contractors must be registered. Subcontractors need not be registered. Labour only contractors and those contractors who are provided with the bulk of the materials required for engineering and construction works by the employer or an agent of the employer, need not register.

Once-off joint ventures do not have to register, provided that each partner of the joint venture is separately registered. Contractors who work as Home Builders in terms of the Housing Consumer

Protection Measures Act of 1999 are deemed to be registered and only need to register on the CIDB Register of Contractors should they wish to contract with the public sector on construction work other than home building.

2.2 Categories of registration

The category of registration of a contractor on the CIDB Register of Contractors is determined by the following:

- 1) the contractor grading designation;
- 2) the status of a contractor as a potentially emerging enterprise;
- 3) from a date determined by the Minister in the Gazette, recognition status in terms of a best practice recognition scheme; and
- 4) from a date determined by the Minister in the Gazette, the status of recognition of the progress of a contractor in terms of any black economic empowerment programme.

Currently the register only records items 1 and 2 above i.e. contractor grading designations and emerging enterprise status.

The **CIDB Act** defines “**emerging enterprise**” as “*an enterprise which is owned (at least 50%), managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.*”

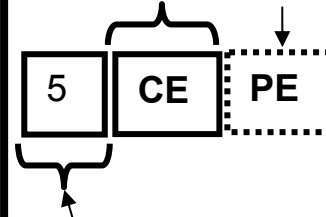
2.3 Contractor grading designations

A contractor's grading comprises three characters which reflect a registered contractor's capability to perform a contract of a given tender value range (first character) in a class of construction works (second and third character).

Describing contractor grading designations

Two letters depicting the **class of construction works** (general building, civil engineering, electrical engineering, mechanical engineering or specialist category) in which the contractor is registered

Designates potentially emerging status, if applicable



Single number representing a registered contractor's capability to undertake a contract in a particular **class of construction works** within a specified **tender value range**

Tender Value Range designation	Range of Tender Values	
	Greater than	Less than or equal to
1	R 0	R 200 000
2	R 200 000	R 500 000
3	R 500 000	R 1 500 000
4	R 1 500 000	R 3 000 000
5	R 3 000 000	R 5 000 000
6	R 5 000 000	R 10 000 000
7	R 10 000 000	R 30 000 000
8	R 30 000 000	R 100 000 000
9	R 100 000 000	No limit

Classes of construction works

Description	Designation	Definition
Civil engineering works	CE	Construction works that are primarily concerned with the materials such as steel, concrete, earth and rock and their application in the construction, operation, maintenance and management of hydraulic, structural, environmental and systems aspects of infrastructure works and services.
Electrical engineering works	EE	Construction works that are primarily concerned with installation, testing, operation and maintenance of equipment, plant and systems within the electrical, electronic, communication and electrical systems areas.
General building works	GB	Construction works that: a) are primarily concerned with the provision of permanent shelter for its occupants or contents; or b) cannot be categorised in terms of the definitions provided for civil engineering works, electrical engineering works, mechanical engineering works, or specialist works.
Mechanical engineering works	ME	Construction works that are primarily concerned with the installation, testing, operation and maintenance of machines, machine and thermodynamic processes and manufacturing, materials handling plants and systems.
Specialist works	SA	Alarms, security and access control systems
	SB	Asphalt works (supply and lay)
	SC	Building excavations, shaft sinking and lateral earth support
	SD	Corrosion protection (cathodic, anodic and electrolytic)
	SE	Demolition and blasting
	SF	Fire prevention and protection systems
	SG	Glazing, curtain walls and shop fronts
	SH	Landscaping, irrigation and horticultural works
	SI	Lifts, escalators and travellers (installation, commissioning and maintenance)
	SJ	Piling and specialized foundations for buildings and structures
	SK	Road markings and signage
	SL	Structural steelwork fabrication and erection
	SM	Timber buildings and structures
	SN	Waterproofing of basements, roofs and walls using specialist systems.
	SO	Water supply and drainage for buildings (wet services, plumbing)
	SP	Building of Homes as contemplated in the Housing Consumer Protection Measures Act (Act No 95 of 1998)

Each contractor registered on the register of contractors must apply for and is assigned at least one contractor grading designation.

2.4 Joint ventures

The contractor grading designation of registered contractors in joint venture with each other may be calculated, by combining the data used in the determination of each individual member's contractor grading designation, using the **calculator** on the registers section CIDB website www.cidb.org.za. The "effective" contractor grading designation so calculated is the contractor grading designation of the joint venture.

Alternatively, the deemed contractor grading designations for joint ventures may be used. Higher contractor grading designations, may in some instances, be obtained from the CIDB calculator.

3. Applying the register of contractors

3.1 General requirements

The Construction Industry Development Regulations disallows the evaluation of:

- tender offers from:
 - **registered** contractors who tender above their designated tender value range, except where the margin by which the tender value range is exceeded is **reasonable** (see sub-section 3.3); and
 - **unregistered** contractors who are not **capable** (see sub-section 3.4) of being registered in the required contractor grading designation prior to the evaluation of tenders; and
- submissions of interest received following a call for expressions of interest, from:
 - **registered** contractors who are not registered in the required contractor grading designation; and
 - **unregistered** contractors who are not capable of being registered in the required contractor grading designation within 21 working days after the closing date for submissions.

The Regulations require that the register be applied only to contracts having a value in excess of R30 000 including VAT.

Deemed contractor grading designations in joint ventures

Joint venture designation	Designations of registered contractors (partners) in joint venture
3	3 partners in designation 2
4	3 partners in designation 3
5	2 partners in designation 4 1 partner in designation 4 and 2 partners in designation 3
6	2 partners in designation 5 1 partners in designation 5 and 2 partners in designation 4
7	2 partners in designation 6 1 partner in designation 6 and 2 partners in designation 5
8	3 partners in designation 7
9	3 partners in designation 8

Note: lead partner must be registered in required class of work

The register of contractors is a risk management tool which eliminates from consideration in the tender process all those tenderers who fail to satisfy basic financial and works capability criteria. It is as such a form of prequalification.

Construction Industry Development Regulations: Part IV: Invitation, Award and Management of Construction Works Contracts

Application:

23. This Part applies only to a client or employer who is an organ of state and in relation to construction works contracts of which the value exceeds R30 000.00.

The Regulations waive the contractor grading designation requirements under “extreme conditions” in which case only submissions of **registered contractors** will be evaluated

In terms of the Regulations, where employers have in place a targeted development programme, contractors who are registered with the CIDB as potentially emerging contractors may be awarded a contract in one contractor grading designation higher than their current contractor grading designation. Regulation 25(8), however, requires that employers must:

- be satisfied that the contractor has the potential to develop into and qualify for registration in a higher grade; and
- ensure that financial, management or other support is provided to that contractor to enable the contractor to successfully execute the contract.

These provisions enable an employer to promote the development of contractors who have a willingness and ability to develop and progress to a higher contractor grading designation provided that such employer ensures financial, management or other support to reduce the increased risk to both employer and contractors. Such support may, as appropriate, include technical training, management training, professional construction mentorship, third party construction management support, third party materials management support, materials supplied by the employer, shorter payment cycles, sponsorships, reduced guarantees and facilitation of bridging finance.

3.2 **Activating the Register through procurement documents**

Section 4.5 (Applying the CIDB register of contractors to public contracts) of the CIDB Standard for Uniformity in Construction Procurement prescribes the wording that must be incorporated in the following sections of a procurement documents to activate the register of Contractors:

Tenders:

- Tender Notice and Invitation to Tender
- Tender Data

Expressions of interest

- Notice and Invitation to Submit an Expression of Interest
- Submission Data

Regulation 25(2)

“extreme conditions” mean conditions where-

- a) human injury or death;
- b) human suffering or deprivation of human rights;
- c) serious damage to property or financial loss;
- d) injury, suffering or death to livestock or other animals;
- e) serious environmental damage or degradation; or
- f) interruption of essential services. is present or imminent.

The **CIDB Standard for Uniformity in Construction Procurement** requires that the following clauses be inserted in the Tender Data when tenders are solicited using a procedure other than the quotation procedure

Clause number	
F.2.1	<p>Only those tenderers who are registered with the CIDB, or are capable of being so prior to the evaluation of submissions, in a contractor grading designation equal to or higher than a contractor grading designation determined in accordance with the sum tendered, or a value determined in accordance with Regulation 25 (1B) or 25(7A) of the Construction Industry Development Regulations, for a GB or CE class of construction work, are eligible to have their tenders evaluated.</p> <p>Joint ventures are eligible to submit tenders provided that:</p> <ol style="list-style-type: none"> 1. every member of the joint venture is registered with the CIDB; 2. the lead partner has a contractor grading designation in the GB or CE class of construction work; and 3. the combined contractor grading designation calculated in accordance with the Construction Industry Development Regulations is equal to or higher than a contractor grading designation determined in accordance with the sum tendered for a GB or CE class of construction work or a value determined in accordance with Regulation 25 (1B) or 25(7A) of the Construction Industry Development Regulations.

Note : amend class of construction works as appropriate and provide alternative classes of work only where appropriate

The Tender Notice and Invitation to Tender indicates to contractors what the estimated contractor grading designation requirements are in relation to a particular project so that they can decide whether or not they should obtain tender documents and consider making a tender submission. The Notice and Invitation to Submit an Expression of Interest specifies the contractor grading designation requirements which prequalify a contractor to submit an expression of interest.

The Tender Data and Submission Data establish the minimum contractor grading designation that a contractor is required to possess for his or her submission to be evaluated.

The screenshot shows the CIDB (Construction Industry Development Board) website interface for the 'Contractors List'. The header includes the CIDB logo with the tagline 'development through partnership' and the text 'construction industry development board'. A red 'Close' button is visible. The main heading is 'Contractors List' with a sub-link 'All Regions'. Below this, there are several search filters: 'Select by Status' (dropdown menu showing '- All Contractors -'), 'Select by Region' (dropdown menu showing '- All -' with a note '(Registered head office address region)'), 'Select by Designation and class' (dropdown menu showing '- All -'), 'Select by CRS Number' (text input field with a note '(Optionally list CRS numbers separated by commas, eg 100001,100002)'), and 'Select by Contractor Name' (text input field with a note '(Optionally enter a partial or complete organisation name)'). There is also a checkbox labeled 'Select Potentially Emerging'. At the bottom, there is a blue 'Apply Selection Criteria' button and a link '[click here to select columns for display]'.

The CIDB Standard for Uniformity in Construction Procurement provides different clauses for inclusion in procurement documents, depending upon the procurement process that is adopted (quotations, tenders and calls for expression of interest) and whether or not the employer has in place a targeted development programme to support the development of potentially emerging enterprises.

It should be noted that all tenderers are required to complete the Compulsory Enterprise Questionnaire. This questionnaire requires tenderers to provide both their name and CIDB registration number where available. It is not necessary for contractors to submit their Certificates of Contractor

Registration issued by the CIDB as the information provided in the Compulsory Enterprise Questionnaire provides all the information required to confirm the current contractor grading designation of a registered contractor on the CIDB website (www.cidb.org.za)

The status of registration of a contractor can change over time for a number of reasons. The most up to date information is always available on the CIDB web site. As a result, employers must check the status of contractors on the website and not rely on contractor registration certificates.

3.3 Interpreting “reasonable”

Regulation 25(7A) allows an employer to evaluate tenders received from registered contractors who tender above the tender value range associated with their contractor grading designation provided that the margin with which the tender value range is exceeded is “reasonable”.

This regulation is designed to provide clients with a degree of latitude to evaluate competitive tenders which are in relatively close proximity to the lower limit of a tender value range without compromising the risk management principles on which the register is based. The regulation permits tenders to be awarded to a contractor outside of his tender value range on condition that:

- i) the amount by which the tendered sum exceeds the tender value range is reasonable;
- ii) the award of a contract to such a contractor does not impose any undue risk.

In the context of the Construction Industry Development Regulations “reasonable” means that the employer’s assessment of the capabilities and capacity of the tenderer to perform a specific contract above the tender value range of his or her contractor grading designation is fully justifiable and acceptable to someone who was not part of the evaluation process. It would be unreasonable to award a contract to a registered contractor which is significantly higher than the maximum tender value range associated with their current contractor grading designation.

In accordance with **case law**, “reasonable” has been interpreted to mean that a value judgement must be made that is balanced and justifiable. The Supreme Court of Appeal has also on occasion decided that the application of a formula (in this case of granting fishing quotas) can lead to “*anomalous results which the officials (of environment affairs and tourism) were unable to explain; or that at least some of the results were irrational and inexplicable and, consequently, unreasonable.*”

In order to provide some broad guidance in the case of tenders close to a threshold, it is suggested that tendering an amount of up to 10 or 15 percent above the upper limit of the tender value range associated with a particular contractor grading designation would in most circumstances be considered “reasonable”. On the other hand, tendering an amount of 20% or more above the upper limit is likely to be considered unreasonable.

NOTE: The example given in this practice note does not constitute a formula that can be applied in all cases. **An employer must apply his or her mind to every tender individually.**

3.4 Interpreting “capable of being so registered”

Regulation 25(1A) introduces the term “capable of being registered” when deciding if a tender offer or expression of interest may be evaluated. This regulation permits an employer to evaluate a tender received from an unregistered contractor if such a contractor complies with all the legal requirements to be registered in the category required by the tender invitation. Simply put, an employer may, but is not obliged to, evaluate a tender received from an unregistered tenderer, but is only permitted to do so if there is a reasonable chance that the unregistered contractor will become registered in the required contractor grading designation.

Regulation 25(1A)

Notwithstanding subregulation (1), the tender offer or expression of interest of a contractor who is not registered as contemplated in that subregulation, but who is capable of being so registered prior to the evaluation of those submissions may be evaluated, but in the case of expressions of interest, the contractor concerned must be capable of being so registered within 21 working days after the closing date for those submissions.

It must be stressed that “capable of being registered” merely permits an employer to evaluate a tender from an unregistered contractor who is likely to be registered by the CIDB in the appropriate category. It does not permit employers to award a contract to an unregistered contractor or to a registered contractor who is not registered in the required contractor grading designation. The CIDB may, if requested by the employer to do so, fast track applications for registration in

these circumstances so as not to delay the award of a contract.

Evaluation commences with the reduction of tender offers to a comparative basis to perform comparisons (see F.3.11.1 of the CIDB Standard Conditions of Tender). This means that should Regulation 25(1A) be applied, one first has to determine whether all contractors who submitted tender offers are registered or are capable of being registered in the required category, before evaluation commences.

A simple way of establishing whether or not a contractor has a reasonable chance of being registered in the appropriate contractor grading designation is to request such contractors to submit a copy of his/her application for CIDB registration with his or her tender submission. A contractor who have completed the application form, attached all the required information and have parameters within close proximity to or are above the threshold values required for registration in a particular contractor grading designation, may be considered as being “capable of being registered”.

3.5 Procedure in relation to the invitation, evaluation and award of quotations

There are situations in which more than one class of construction works may aptly describe a contract, e.g. fencing, which may fall under *General Building* or *Civil Engineering Works* or a steel bridge, which may fall under *Structural Steelwork Fabrication and Erection* or *Civil Engineering Works*. The calling for a single class in these circumstances may prejudice qualified contractors. The calling for an alternative class of work addresses this concern. It must be stressed that the regulations only permit alternatives and not dual classes.

For example, the requirement may be for a 1GB or 1CE, but **not** a 1GB and 1CE.

The maximum contract value that a contractor registered in contractor grading designation 1 is considered capable of performing is R200 000, including VAT. This is the upper limit for quotations provided for in the regulations issued in terms of the Public Finance Management Act and the Municipal Finance Management Act. As a result, all contractors who are registered in respect of a particular class of construction works are eligible to have their submissions evaluated.

Step 1: Identify preferably **one**, but not more than **two** class(es) of construction works that best describes the works to be performed. Where necessary, include requirements for track record.

Step 2: State the requirements for CIDB registration in the **Tender Data** in the form of eligibility criteria using the wording prescribed in the **Standard for Uniformity in Construction Procurement (SfU)**.

Step 3: Notify tenderers of estimated requirements for CIDB registration in the **Tender Notice and Invitation to Tender** using the wording prescribed in the **Standard for Uniformity in Construction Procurement**.

Step 4: Look up each tenderer’s contractor grading designation on the **CIDB register** (www.cidb.org.za) and evaluate only those tenderers who either have the required

See clause
4.5.3(b) in
SfU

See clause
4.5.2(b) in
SfU

contractor grading designations or are capable of being registered (see sub-section 3.4).

Step 5: Confirm that the tenderer has specific capabilities, if any, and the necessary capacity to perform the works.

Step 6: Confirm that the tenderer is on the register and is in possession of the required contractor grading designation immediately prior to the award of the contract.

3.6 Procedure in relation to the invitation, evaluation and award of tenders

Step 1: Identify preferably **one**, but not more than **two** class(es) of construction works that best describe the works to be performed.

Step 2: Estimate the tender value including value added tax and identify the tender value range designation within which this value falls. Where the estimated value is not more than 20 percent above the lower limit of a tender value range, base the contractor grading designation on the tender value range immediately below the tender value range within which the estimate falls.

In certain cases, where the contract for construction works takes place over several years (term contract), the contractor grading designation may be based on the annual estimated value of the contract. This approach may be applied where such work is:

- on an “as and when required” basis e.g. pipelines;
- of a routine nature e.g. road maintenance; or
- grouped into identifiable and similar components where commencement of the next component is dependent on the completion of the previous one e.g. the building of a limited number of class room blocks where a block is substantially complete before embarking on the construction of a subsequent block

Employers should assess the risk and complexity of the works before opting for the term contract approach.

Step 3: Determine the approximate contractor grading designation and, where applicable, the alternative designation, based on the class(es) of construction works selected in step 1 and the tender value range identified in step 2. Where the employer has a targeted development programme in place that provides the necessary support to enable the contractor to successfully execute the contract, contractors who are registered as potentially

Regulation 25(9)

(9) An employer must, before awarding a construction works contract, satisfy him or herself that the contractor concerned -

- a) is registered in terms of these Regulations;*
- b) is not prohibited in terms of any legislation from submitting tender offers or expressions of interest to an organ of state; and*
- c) has demonstrated that-*
 - i) he or she has the resource capacity and capability specific to the contract concerned;*
 - ii) his or her capacity to perform the construction works concerned will not be unduly compromised on the award of the contract concerned.*

Estimates in close proximity to thresholds between designations

Invitations to tenderers should indicate as accurately as possible the registration requirements and not be misleading; hence the requirement in the regulations to base the estimate on the lower designation in borderline circumstances.

Regulation 25(1B)

Where a contract involves construction works over an agreed number of years -

- (a) on an “as and when required” basis;
- (b) of a routine nature; or
- (c) grouped into identifiable and similar components where an instruction to proceed to the construction of the next component is conditional on the successful completion of the previous component, the value of that contract may for the purpose of subregulation (1), be taken at its annual value.

emerging contractors in one designation lower than required, may also be permitted to submit tender offers.

See clause
4.5.3(a) &
4.5.7(b) in SfU

See clause
4.5.2(a) &
4.5.7(a) in SfU

i-Tender@cidb

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Tender
TN2005/2/56
available from
(client)
for 2CE
Closing 5/26/2005
Call 0124189500

Note: The Compulsory Enterprise Questionnaire, which must be included in all procurement documents, requires tenderers to provide their enterprise particulars including the CIDB registration numbers. Each partner in a joint venture is required to complete this questionnaire. The information contained in this questionnaire is sufficient for those responsible for evaluating tenders to establish from the cidb website the contractor grading designation of each and every tenderer including those who tendered as joint ventures. It is **not** necessary to request tenderers to submit a registration certificate.

Regulation 25(7A)

An organ of state may subject to its procurement policy and notwithstanding anything to the contrary contained in this regulation, evaluate and award a tender offer from a tenderer who is registered but who tendered outside of his or her tender value range as contemplated in regulation 17, provided that –

- (a) the margin with which the tenderer exceeded his or her tender value range contemplated in regulation 17, is reasonable;
- (b) the award of the contract does not pose undue risk to the organ of state;
- (c) the tender offer in all other aspects comply with these Regulations; and
- (d) the report referred to in regulation 21 or 38(5) and (6), indicates whether this subregulation was applied in the award of the tender.

Step 4: State the requirements for contractor grading designation in the **Tender Data** in the form of eligibility criteria in using the wording prescribed in the **Standard for Uniformity in Construction Procurement**.

Step 5: Notify tenderers of the approximate contractor grading designation requirements in the **Tender Notice and Invitation to Tender** using the wording prescribed in the **Standard for Uniformity in Construction Procurement**.

Step 6: Advertise tenders using the CIDB i-Tender service on the CIDB website.

Step 7: Look up each tenderer's contractor grading designation on the **CIDB register** (www.cidb.org.za) and evaluate only those tenderers who have not tendered an amount which exceeds the tender value range associated with their respective contractor grading designations, except where the margin by which the tendered sum exceeds this value is reasonable (see sub-section 3.2) or are capable of being registered (see sub-section 3.4) in the required contractor grading designation.

Step 8: Declare as non-responsive all tenders received from:

- a) **registered contractors** who tender above their designated tender value range, except where the margin by which the tender value range is exceeded is **reasonable** (see subsection 3.3); or
- b) **unregistered contractors** who are not considered as being **capable** (see section 3.4) of being registered in the required contractor grading designation prior to the evaluation of tenders.

Step 9: Decide in the case of a tenderer who tenders above his tender value range if:

- a) the amount by which the tendered sum exceeds the tender value range is

reasonable (see paragraph 3.3);

- b) the award of a contract to such a contractor does not impose any undue risk.

Step 10: Confirm that the tenderer has specific capabilities, if relevant, and the necessary capacity to perform the works.

Step 11: Confirm that the tenderer is on the register and is in possession of the required contractor grading designation immediately prior to the award of the contract.

Step 12: Register **contract award** within 21 working days of acceptance of offer, indicating whether or not Regulation 25(7A) relating to the awarding of a contract outside of a contractors contractor grading designation was applied in the award of the contract.

i-Tender - Register of Projects

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The Register of Projects

The Register of Projects is established by the Construction Industry Development Board (**cldb**) in terms of the CIDB Act 38 of 2000. The Register of Projects gathers information on the nature, value and distribution of projects and provides the basis for a best practice project assessment scheme to promote the performance of public and private sector clients in the development of the construction industry.

What projects need to be registered?

Any construction works contract (i.e. a contract for the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure) which exceeds:

- Public Sector: R 200 000 including VAT
- Private Sector: R 3 000 000 including VAT

Who is responsible for registering projects?

Employers (a person, body of persons or organ of state who enters into a prime contract with a contractor for the provision of construction works) are responsible for registering construction works contracts above the prescribed value at least monthly (public employers) and quarterly (private sector employers).

Employers must first register with the CIDB by completing form [CRS P1 Application for an Employer Number and Authorisation of Internet Users \(73kb\)](#) and forwarding it to the CIDB. Thereafter, employers may use the i-Tender - Register of Projects to register contracts.

3.7 Procedure in relation to calls for expressions of interest

Step 1: Identify preferably **one**, but not more than **two** class(es) of construction works that best describe the works to be performed.

Step 2: Estimate the tender value including value added tax

inform

construction industry development

practice note

Practice note 3 - February 2008

We would like to hear from you about your progress, challenges and ideas.

Contact us:

E-mail: infocus@cidb.org.za

Fax: 012 343 7153

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See clause
4.5.5, 4.5.6 &
4.5.7 in SfU

See clause
4.5.4 & 4.5.7
in SfU

Further information may be found in the CIDB Best Practice Guideline A6: Applying the Registers to Construction Procurement (see www.cidb.org.za):



cidb website: www.cidb.org.za

The contractor grading designations for construction works taking place over an agreed number of years may be based on the annual value where such work is:

- on an “as and when required” basis e.g. pipelines;
- of a routine nature e.g. road maintenance; or
- grouped into identifiable and similar components where commencement of the next component is dependent on the completion of the previous one e.g. the building of a limited number of class room blocks where a block is substantially complete before embarking on the construction of a subsequent block

Step 3: Determine the contractor grading designation and, where applicable, the alternative designation, based on the class(es) of construction works selected in step 1 and the tender value range identified in step 2. Where the employer has a targeted development programme in place that provides the necessary support to enable the contractor to successfully execute the contract, expand the requirements to those contractors who are registered as potentially emerging contractors in one designation lower than required.

Step 4: State the requirements for contractor grading designation in the **Submission Data** in the form of eligibility criteria in using the wording prescribed in the **Standard for Uniformity in Construction Procurement**.

Step 5: Notify respondents of the contractor grading designation requirements in the **Notice and Invitation to Submit an Expression of Interest** using the wording prescribed in the **Standard for Uniformity in Construction Procurement**.

Step 6: Declare as non-responsive all submissions received from **registered contractors** who do not possess the required contractor grading designation and **unregistered contractors** who are not **capable** (see sub-section 3.3), within 21 days of the closing date of submissions of interest, of being registered in the required contractor grading designation.

Note: When tenders are subsequently invited, steps 6 to 10 in 3.5 will apply.