

# SHINING A LIGHT ON CONSTRUCTION PROCUREMENT LAW IN SOUTH AFRICA

*A REVIEW OF CONSTRUCTION PROCUREMENT LAW IN  
SOUTH AFRICA BY ALLISON ANTHONY*

**Adine Abro**

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## **BOOK REVIEW**

OF

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# **SHINING A LIGHT ON CONSTRUCTION PROCUREMENT LAW IN SOUTH AFRICA**

## **A REVIEW OF *CONSTRUCTION PROCUREMENT LAW IN SOUTH AFRICA* BY ALLISON ANTHONY**

Adine Abro

*Director, Adine Abro Attorneys Inc*

*Construction Procurement Law in South Africa* by Allison Anthony offers an in-depth exploration of the legal landscape of construction procurement in South Africa, a sector that has historically faced regulatory challenges. The book meticulously examines the various stages of the procurement process, addressing critical issues, like the definition of construction procurement; contractor qualifications; and the evaluation and awarding of contracts. Anthony highlights the contradictory rules that complicate compliance and proposes recommendations for legal reforms to enhance constitutional adherence. Her book serves as a vital resource for procurement practitioners, legal advisors, and stakeholders aiming to navigate the complexities of construction-procurement law effectively.

Chapter 1 focuses on defining construction procurement in the South African context. It begins by outlining the significance of construction procurement as a specialized area of law, particularly following South Africa's political transformation of 1994, which heralded a new era for public-sector procurement practices. This chapter sets out the legal framework established by the Construction Industry Development Board (CIDB) Act, emphasizing the importance of compliance with section 217 of the Constitution, which mandates fairness, equity, transparency, and competitiveness in government procurement.

This chapter goes on to clarify the definition of construction procurement as encompassing the invitation, award, and the management of contracts specifically related to construction works. It distinguishes between various categories involved in construction procurement, including works, services, and supplies. By addressing the complexity of and the difficulties inherent in the existing regulations, chapter 1 sets the stage for a deeper exploration of procurement procedures and practices in later chapters.

Chapter 2 delves into the various procedures involved in construction procurement, emphasizing the need for a structured approach to ensure compliance with legal and regulatory frameworks. The chapter outlines key procurement methods, including:

- Open tendering: a competitive process where all interested parties can submit bids, promoting transparency and fairness;
- Restricted tendering: a process limited to selected contractors, often used when the project requires specialized skills or expertise; and
- Negotiated procurement: this involves discussions with one or more contractors to reach a mutually agreeable contract, typically used in emergencies or when only a few contractors are available.

In this chapter, Anthony also discusses the importance of adhering to constitutional mandates for fairness, equity, and transparency in procurement processes. It highlights the role of the CIDB in establishing standards and best practices to guide procurement activities. Overall, chapter 2 emphasizes that effective procurement procedures are essential for achieving successful project outcomes while ensuring compliance with legal obligations.

In chapter 3, Anthony focuses on the qualification of contractors in the construction industry. The chapter outlines the essential criteria and processes that contractors must meet to be eligible for public sector construction projects. Key aspects include:

- CIDB registration: Contractors must register with the CIDB, which categorizes them based on their capability to undertake specific classes of work and financial thresholds. The CIDB grading system ranges from 1 to 9, with higher grades indicating greater capacity for larger projects.
- Criteria for qualification: The chapter details the requirements for contractor qualifications, emphasizing the importance of a proven track record in completed projects, financial stability, and compliance with relevant regulations. Contractors must demonstrate their experience through documentation such as project completion certificates and financial statements.

- Types of work: It discusses various classifications of work recognized by the CIDB, including general building, civil engineering, and specialized trades, ensuring contractors are graded appropriately based on their expertise.
- Impact of grading: The chapter highlights how grading affects a contractor's ability to tender for projects, as only those meeting specific grading criteria can participate in public sector tenders.

Overall, chapter 3 underscores the necessity for contractors to adhere to established standards to enhance their competitiveness and to ensure compliance with the construction-procurement framework.

Chapter 4 focuses on the evaluation and award of construction contracts, detailing the critical processes that ensure fairness and transparency in procurement. The chapter outlines the steps involved in evaluating tender submissions, emphasizing adherence to the standards set by the CIDB.

Key components include:

- Evaluation criteria: The chapter discusses various criteria used to assess bids, including price, quality, and compliance with technical specifications. It emphasizes the importance of a structured evaluation process to ensure that all tenderers are assessed equitably.
- Tender-evaluation process: A systematic approach is outlined, detailing how evaluators should score submissions based on predetermined criteria. The chapter highlights the necessity of maintaining transparency throughout this process to uphold public trust.
- Awarding contracts: Once evaluations are complete, the chapter explains how contracts are awarded to successful bidders. It stresses the importance of documenting the rationale behind decisions to mitigate disputes and enhance accountability.
- Performance monitoring: The chapter also touches on the ongoing assessment of contractor performance post-award, ensuring that contractors meet their obligations and maintain quality standards throughout project execution.

Overall, chapter 4 underscores the significance of rigorous evaluation and award procedures in promoting effective procurement practices within the construction industry.

Chapter 5 focuses on preferential-procurement law, examining its role in promoting equity and transformation in the construction industry. This chapter highlights the legal framework established by the Preferential Procurement Policy Framework Act (PPPFA), which mandates that state organs implement procurement policies that advance historically disadvantaged individuals.

Key components include:

- Framework for implementation: The chapter discusses how the PPPFA provides a structured approach for state entities to allocate preference points based on specific goals, such as supporting disadvantaged groups and promoting social equity.
- Preference points system: It details the scoring system used to evaluate tenders, where points are allocated for price and specific goals. For contracts below a certain value, 20 out of 100 points are designated for specific goals, while for higher-value contracts, 10 points are allocated.
- Recent regulatory changes: The chapter addresses recent amendments to the Preferential Procurement Regulations (PPR), emphasizing increased discretion for state organs in determining specific goals for tenders, moving beyond just B-BBEE status. Whilst current at the time of publication, significant regulatory changes have occurred including the replacement of the 2017 PPR with the 2022 PPRs that abandoned the concept of a minimum of 30% subcontracting as a prerequisite qualification and of course the new Procurement Act, 28 of 2024, which statute will play a crucial role in the future regulation of construction procurement.
- Judicial oversight: It also touches on significant court rulings that have impacted the implementation of preferential procurement policies, reinforcing regulatory compliance with constitutional mandates.

Overall, chapter 5 underscores the importance of preferential procurement as a strategic tool to foster economic transformation and ensure equitable participation in the construction sector.

Chapter 6 examines the legal nature of construction procurement rules, focusing on the regulatory framework that governs construction procurement processes. This chapter highlights the complexities and interrelationships between various statutes, including the CIDB Act, the Public Finance Management Act (PFMA), and the Preferential Procurement Policy Framework Act (PPPFA).

Key components include:

- Legal framework: The chapter discusses how these laws establish standards and procedures for public sector procurement, ensuring compliance with constitutional mandates for fairness, transparency, and accountability.
- CIDB regulations: It emphasizes the role of CIDB regulations in setting specific procurement practices tailored to the construction sector, addressing the need for specialized rules due to the unique nature of construction projects.
- Contradictions and challenges: The chapter identifies existing contradictions within the legal framework that can complicate compliance, leading to regulatory challenges for public entities and contractors.
- Recommendations for improvement: It also provides insights into potential amendments to enhance legal clarity and compliance, promoting a more coherent procurement system.

Overall, chapter 6 underscores the importance of a well-defined legal structure to facilitate effective construction procurement while ensuring adherence to broader legislative requirements.

Chapter 7 examines public-private partnerships (PPPs) as a strategic approach to infrastructure development. It defines PPPs as contracts between public sector institutions and private entities, where the latter assumes significant financial, technical, and operational risks typically borne by the public sector.

Key components include:

- Framework and types of PPPs: The chapter outlines various PPP models, such as Design, Finance, Build, Operate and Transfer (DFBOT) and Design, Build and Operate (DBO), highlighting their contractual arrangements and implications for project delivery.

- **Benefits of PPPs:** It discusses how PPPs leverage private sector expertise and resources to enhance efficiency, reduce costs, and accelerate infrastructure development. The transfer of risk to the private sector is emphasized as a means to alleviate the financial burden on government entities.
- **Regulatory environment:** The chapter reviews the legal framework governing PPPs in South Africa, including recent reforms aimed at improving clarity and efficiency in the procurement process. It notes the importance of compliance with national treasury regulations to ensure value for money and accountability.
- **Challenges and considerations:** It addresses potential challenges in implementing PPPs, such as public debt concerns and the need for skilled negotiation. The chapter underscores the necessity for careful planning and a balanced approach to achieve both economic viability and social equity.

Overall, chapter 7 highlights the critical role of PPPs in addressing South Africa's infrastructure deficits while advocating for a robust regulatory framework to support their successful implementation.

Chapter 8 focuses on the remedies available in the construction-procurement framework. This chapter outlines the various legal recourses that contractors and consultants can pursue when disputes arise regarding contract performance, payment issues, or procurement irregularities.

Key components include:

- **Types of remedies:** The chapter categorizes remedies into judicial remedies including the judicial review remedy in terms of the Promotion of Administrative Justice Act and non-judicial options, including specific performance, damages, and declaratory relief. It emphasizes the importance of these remedies in ensuring compliance with contractual obligations and protecting the rights of parties involved.
- **Dispute-resolution mechanisms:** It discusses alternative dispute resolution methods such as adjudication and arbitration, which are increasingly favoured in the construction industry for their efficiency and effectiveness in resolving conflicts without resorting to lengthy court proceedings.

- Legal framework: The chapter examines applicable legislation that governs remedies in construction procurement, including the CIDB Act and other related laws. It highlights how those laws provide a structured approach to addressing grievances in the procurement process.
- Challenges in enforcement: The chapter also addresses common challenges faced by contractors in enforcing their rights, such as delays in payment and bureaucratic hurdles. It suggests potential reforms to enhance the effectiveness of the remedies regime.

Overall, chapter 8 underscores the critical role of effective remedies in maintaining fairness and accountability within construction procurement, ensuring that all parties can seek redress when contractual obligations are not met.

Throughout the book, Anthony uses case law effectively to illustrate the various legal principles and their application in the construction-procurement context. By referring to applicable curial decisions, she demonstrates how judicial interpretation shapes procurement practices and clarifies ambiguities in legislation. For instance, she discusses cases that highlight the consequences of flawed procurement processes and the legal obligations of contractors, reinforcing the importance of compliance with constitutional standards. This integration of case law not only enriches the narrative but also provides practical insights for practitioners navigating the complexities of construction procurement law.

Anthony poses thought-provoking questions, particularly in relation to the legal framework of construction procurement in South Africa. For instance, she asks whether the new rules introduced by the CIDB and National Treasury address effectively the difficulties in procurement law and whether these rules are lawful in the context of the Constitution. She also explores the necessity of distinguishing construction procurement from general procurement practices, questioning if current categorizations adequately reflect the unique nature of construction projects. These inquiries encourage readers to assess critically the effectiveness and implications of existing regulations and reforms in the construction sector.