

DEPARTMENT OF PUBLIC WORKS

NO. R. 505

18 MAY 2018

**TENDER VALUE LIMIT ADJUSTMENTS IN TERMS OF THE CONSTRUCTION
INDUSTRY DEVELOPMENT REGULATIONS, 2004**

The Minister of Public Works, in terms of Regulation 17(A) of the Construction Industry Development Regulations, 2004, as amended, after consultation with the Construction Industry Development Board, intends to revise the range of tender values for purposes of determining the values of contracts that contractors are considered capable of undertaking and a method for the calculation of the range of tender values.

Interested persons are invited to submit their written comments on the proposed revisions to tender value limits to the Director- General of the Department of Public Works within **30 days** of the date of publication of this notice by-

- (a) Posting it to : Department of Public Works, Private Bag X65, Pretoria, 0001; or
- (b) Delivering it by hand at: Central Government Offices Building, Corner Madiba Drive and Bosman Streets, Pretoria, 0001; or
- (c) Emailing it to: gugu.mgwebi@dpw.gov.za

Comments must be marked for the attention of Ms. Gugu Mgwebi.

Comments received after the closing date may not be considered.

MR T W NXESI, MP
MINISTER OF PUBLIC WORKS

DEPARTMENT OF PUBLIC WORKS

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I, Thembelani Waltermade Nxesi, Minister of Public Works, in terms of Regulation 17(A) of the Construction Industry Development Regulations, 2004, as amended, intends to adjust the tender value limits as proposed in the Schedule below.

MR T W NXESI, MP
MINISTER OF PUBLIC WORKS

SCHEDULE

1. Proposed Tender Value Limit Adjustments

The proposed adjustment to tender value limits are set out in Table 1 below:

Table 1: Proposed Tender Value Limit (TVL) Adjustments

Grade	Current (TVL)	Proposed (TVL)	% inc.
1	200 000	300 000	50 %
2	850 000	1 000 000	54 %
3	2 000 000	3 000 000	50 %
4	4 000 000	6 000 000	50 %
5	6 500 000	10 000 000	54 %
6	13 000 000	20 000 000	54 %
7	40 000 000	60 000 000	50 %
8	130 000 000	200 000 000	54 %
9	No Limit	N/A	N/A

2. Method of Calculation

The proposed tender value limits are adjusted using Producer Price Index (PPI) Final Manufactured Goods.

The different index options were considered, these include Consumer Price Index (CPI), PPI Final Manufactured Goods, PPI Building & Construction and Contract Price Adjustment Provisions (CPAP). These indexes were tested for appropriateness, volatility and reliability.

The PPI represents a family of indexes that measures the average change over time in the selling price received by domestic producers of goods and services.

PPI Final Manufactured Goods index is considered most appropriate as it includes some materials, machinery and equipment used in the different construction classes of works. The tender value limits based on PPI Final Manufactured Goods over the full period since the previous last adjustments in 2008 results in an increase of 56% in the tender value limits.