

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Standard Bidding Document (SBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2011, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

1. General Conditions

- 1.1. Preferential Procurement Regulations, 2011 (Regulation 9) makes provision for the promotion of local production and content.
- 1.2. Regulation 9.(1) prescribes that in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with the specific bidding condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Where necessary, for bids referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

x is the imported content in Rand

y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid as indicated in paragraph 4.1 below.

The SABS approved technical specification number SATS 1286:2011 is accessible on [http://www.thedti.gov.za/industrial development/ip.jsp](http://www.thedti.gov.za/industrial%20development/ip.jsp) at no cost.

1.6 A bid may be disqualified if –

- (a) this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation; and
- (b) the bidder fails to declare that the Local Content Declaration Templates (Annex C, D and E) have been audited and certified as correct.

2. Definitions

2.1. **“bid”** includes written price quotations, advertised competitive bids or proposals;

2.2. **“bid price”** price offered by the bidder, excluding value added tax (VAT);

2.3. **“contract”** means the agreement that results from the acceptance of a bid by an organ of state;

2.4. **“designated sector”** means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;

2.5. **“duly sign”** means a Declaration Certificate for Local Content that has been signed by the Chief Financial Officer or other legally responsible person nominated in writing by the Chief Executive, or senior member / person with management responsibility (close corporation, partnership or individual).

2.6. **“imported content”** means that portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad (this includes labour or intellectual property costs), plus freight and other direct importation costs, such as landing costs, dock duties, import duty, sales duty or other similar tax or duty at the South African port of entry;

2.7. **“local content”** means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;

2.8. **“stipulated minimum threshold”** means that portion of local production and content as determined by the Department of Trade and Industry; and

2.9. **“sub-contract”** means the primary contractor’s assigning, leasing, making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

3. **The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:**

Description of services, works or goods

Stipulated minimum threshold

3.1 School furniture

100%

4. Does any portion of the services, works or goods offered have any imported content?

(Tick applicable box)

| | | | |
|-----|--------------------------|----|--------------------------|
| YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|-----|--------------------------|----|--------------------------|

- 4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency at 12:00 on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on www.reservebank.co.za.

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

| Currency | Rates of exchange |
|----------------|-------------------|
| US Dollar | |
| Pound Sterling | |
| Euro | |
| Yen | |
| Other | |

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

5. Were the Local Content Declaration Templates (Annex C, D and E) audited and certified as correct?

(Tick applicable box)

| | | | |
|-----|--|----|--|
| YES | | NO | |
|-----|--|----|--|

5.1. If yes, provide the following particulars:

- (a) Full name of auditor:
- (b) Practice number:
- (c) Telephone and cell number:
- (d) Email address:

(Documentary proof regarding the declaration will, when required, be submitted to the satisfaction of the Accounting Officer / Accounting Authority)

6. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the AO/AA provide directives in this regard.

LOCAL CONTENT DECLARATION
(REFER TO ANNEX B OF SATS 1286:2011)

LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)

IN RESPECT OF BID NO.

ISSUED BY: (Procurement Authority / Name of Institution):

.....

NB

1 The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.

2 Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on <http://www.thdti.gov.za/industrialdevelopment/ip.jsp>. Bidders should first complete Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information

on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, (full names),
do hereby declare, in my capacity as
of(name of bidder
entity), the following:

(a) The facts contained herein are within my own personal knowledge.

(b) I have satisfied myself that:

- (i) the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011; and
- (ii) the declaration templates have been audited and certified to be correct.

(c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

| | |
|--|---|
| Bid price, excluding VAT (y) | R |
| Imported content (x), as calculated in terms of SATS 1286:2011 | R |
| Stipulated minimum threshold for local content (paragraph 3 above) | |
| Local content %, as calculated in terms of SATS 1286:2011 | |

If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above.

The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.

(d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.

(e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 13 of the Preferential Procurement Regulations, 2011 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____

DATE: _____

WITNESS No. 1 _____

DATE: _____

WITNESS No. 2 _____

DATE: _____

Industrial Procurement

The revised Preferential Procurement Policy Framework Act (PPPFA) regulations which came into effect on the 7 December 2011 empower the Department of Trade and Industry (**the dti**) to designate industries, sectors and sub-sectors for local production at a specified level of local content.

The following industries, sectors and sub-sectors have so far been designated for local production with minimum local content thresholds.

| Industry/sector/sub-sector | Minimum threshold for local content |
|---|-------------------------------------|
| Buses (Bus Body) | 80% |
| Textile, Clothing, Leather and Footwear | 100% |
| Steel Power Pylons, Monopole Pylons, Steel Substation Structures, Powerline Hardware, Street Light Steel Poles, Steel Lattice Towers | 100% |
| Canned / Processed Vegetables | 80% |
| Pharmaceutical Products: | |
| • OSD Tender | • 70% (volumes) |
| • Family Planning Tender | • 50% value |
| Rail Rolling Stock | 65% |
| Set Top Boxes (STB) | 30% |
| Furniture Products: | |
| • Office Furniture | • 85% |
| • School Furniture | • 100% |
| • Base and Mattress | • 90% |
| Solar Water Heater Components | 70% |
| Electrical and telecom cables | 90% |
| Valves products and actuators | 70% |
| Residential Electricity Meter : | |
| • Prepaid Electricity Meters | • 70% |
| • Post Paid Electricity Meters | • 70% |
| • SMART Meters | • 50% |
| Working Vessels/Boats (All types): | 60% |
| • Components | • 10% - 100% |
| Conveyance Pipes | 80% - 100% |
| Transformers and Shunt Reactors: | |

- | | |
|--|--------------|
| • Class 0 | • 90% |
| • Class 1 | • 70% |
| • Class 2 | • 70% |
| • Class 3 | • 45% |
| • Class 4 | • 10% |
| | |
| • Components and conversion activities | • 50% - 100% |

Solar PV Components:

- | | |
|------------------------|-------|
| • Laminated PV Modules | • 15% |
| • Module Frame | • 65% |
| • DC Combiner Boxes | • 65% |
| • Mounting Structure | • 90% |
| • Inverter | • 40% |

Two Way Radio Terminals and Associated Equipment:

- | | |
|------------------|--------------|
| • Portable Radio | • 60% |
| • Mobile Radio | • 60% |
| • Repeater | • 60% |
| | |
| • Components | • 20% - 100% |

Rail Signaling:

- | | |
|--------------|--------------|
| • Components | • 40% - 100% |
|--------------|--------------|

Wheely Bins:

100%

Fire Fighting Vehicle

30%

- | | |
|-------------------|--------|
| • Crew Cabin | • 100% |
| • Super Structure | • 100% |
| • Assembly | • 100% |

Steel Products and Component for Construction

Steel Value-added Products

- | | |
|-----------------------------------|--------|
| • Fabricated Structural Steel | • 100% |
| • Joining/Connecting Components | • 100% |
| • Frames | • 100% |
| • Roof and Cladding | • 100% |
| • Fasteners | • 100% |
| • Wire Products | • 100% |
| • Ducting and Structural pipework | • 100% |
| • Gutters, downpipes & lauders | • 100% |

Steel Value-added Products

- | | |
|--------------------------------------|--------|
| • Plates | • 100% |
| • Sheets | • 100% |
| • Galvanised and Colour Coated Coils | • 100% |
| • Wire Rod and Drawn Wire | • 100% |
| • Sections | • 100% |
| • Reinforcing bars | • 100% |

Pumps, Medium Voltage (MV) Motor and Associated Accessories 70%

- | | |
|--|--------|
| • Casting or Frame Fabrication | • 100% |
| • Fabrication and winding of the Rotor Core | • 100% |
| • Accessories | • 100% |
| • Assembly and testing of the fully-built unit | • 100% |

Rail Permanent Way 90%

- | | |
|--|--------|
| • Rails and rail joints | • 100% |
| • Ballasts | • 100% |
| • Ballastless | • 100% |
| • Turnouts/switches and crossings | • 100% |
| • Railway sleepers | • 100% |
| • Rail fastening and accessories | • 100% |
| • Railway maintenance of way plant & equipment | • 70% |
| • Assembly and testing of fully build unitst | • 100% |

Plastic Pipes 100%

- | | |
|--|--------|
| • Polyvinyl chloride (PVC) pipes | • 100% |
| • High density polyethylene (HDPE) pipes | • 100% |
| • Polypropylene (PP) pipes | • 100% |
| • Glass reinforced plastic (GRP) pipes | • 100% |

To access the practice notes to the above designated sectors, please go to www.treasury.gov.za

Other industries, sectors and sub-sectors are still being considered for designation. Once a thorough research and consultations have been concluded a decision to designate will be communicated to the public.

Please note that the Minister of Finance has approved the attached instructions relating to the amendment of:

- Declaration Certificates for Local Production and Content for designated sectors (SBD 6.2 and MBD6.2); and
- National Treasury Instruction on: Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content for Valve Products and Actuators

These instructions will be effective from the date of issue and can be accessed on the [National Treasury website](#).

The standard bidding documents (SBD 6.2 or MBD 6.2) must be completed in line with the requirements of the SABS approved technical specification number [SATS 1286:2011](#) and the [Guidance Document for the Calculation of Local Content](#) together with the Local Content Declaration Templates

- [Annexure C: Local Content Declaration - Summary Schedule](#),
- [Annexure D: Imported Content Declaration - Supporting Schedule to Annexure C](#) and
- [Annexure E: Local Content Declaration - Supporting Schedule to Annexure C](#).

All these documents are important for the calculation, measurement and verification of local content.

- [SATS 1286:2011 Edition 1](#)
- [Guidance Document for the Calculation of Local Content](#)
 - [Annexures C, D and E - Download in \[PDF\] or \[XLS\] format](#).
 - [Examples of completed annexures](#)
 - [Buses](#)
 - [Canned vegetables](#)
- [Preferential Procurement Regulations, 2017](#)
- [Process when requesting exemption letters](#)

For local content related enquiries, please call the helpline on +27 (12) 394 1435.

For technical enquiries please contact Ms Cathrine Matidza:

Director: Fleet Procurement

Tel: +27 (12) 394 5598

E-mail: cmatidza@thedti.gov.za

For local content enquiries or complaints, please send an e-mail to localcontent@thedti.gov.za

Local Content Declaration - Summary Schedule

(C7) Specified local content %

Note: VAT to be excluded from all calculations

GBP

[illegible]

Signature of tenderer from Annex B

Date:

(C22) Total Tender value net of exempt imported content

(C23) Total Imported content

(C24) Total local content

(C25) Average local content % of tender

Annex D

Imported Content Declaration - Supporting Schedule to Annex C

[illegible]

A. Exempted imported content

| A. Exempted imported content | | | | Calculation of imported content | | | | | | Summary | |
|------------------------------|---------------------------------|----------------|-------------------|--|----------------------|------------------------|--------------------------------|---|-----------------------------------|------------|-------------------------|
| Tender item no's | Description of imported content | Local supplier | Overseas Supplier | Foreign currency value as per Commercial Invoice | Tender Exchange Rate | Local value of Imports | Freight costs to port of entry | All locally incurred landing costs & duties | Total landed cost excl VAT | Tender Qty | Exempted imported value |
| (D7) | (D8) | (D9) | (D10) | (D11) | (D12) | (D13) | (D14) | (D15) | (D16) | (D17) | (D18) |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | (D19) Total exempt imported value | | (E1) |

| | |
|-----------------------------------|-----|
| (D19) Total exempt imported value | 8 0 |
|-----------------------------------|-----|

This total must correspond to the total in the summary table in Annex C - C 71

B. Imported directly by the Tenderer

[illegible]

| | |
|--|-----|
| (D32) Total Imported value by tenderer | R 0 |
|--|-----|

C. Imported by a 3rd party and supplied to the Tenderer

[illegible]

| | |
|---|-----|
| (045) Total imported value by 3rd party | R 0 |
|---|-----|

D. Other foreign currency payments

| D. Other foreign currency payments | | | Calculation of foreign currency payments | | Summary of payments |
|------------------------------------|-----------------------------------|----------------------|--|-------------------------|-------------------------|
| Type of payment | Local supplier making the payment | Overseas beneficiary | Foreign currency value paid | Tender Rate of Exchange | Local value of payments |
| (D46) | (D47) | (D48) | (D49) | (D50) | (D51) |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

(D52) Total of foreign currency payments declared by tenderer and/or 3rd party

(D53) Total of imported content & foreign currency payments - (D32), (D45) & (D52) above R D

**This total must correspond with
Annex C - C 23**

Signature of tenderer from Annex B

Date:

Annex E

Local Content Declaration - Supporting Schedule to Annex C

| | | |
|------|------------------------|--|
| (E1) | Tender No. | |
| (E2) | Tender description: | |
| (E3) | Designated products: | |
| (E4) | Tender Authority: | |
| (E5) | Tendering Entity name: | |

Note: VAT to be excluded from all calculations

| Local Products (Goods, Services and Works) | Description of items purchased | Local suppliers | Value |
|---|--------------------------------|-----------------|-------|
| | (E6) | (E7) | (E8) |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| (E9) Total local products (Goods, Services and Works) | | | R 0 |

(E10) **Manpower costs** (Tenderer's manpower cost) R 0

(E11) **Factory overheads** (Rental, depreciation & amortisation, utility costs, consumables etc.) R 0

(E12) **Administration overheads and mark-up** (Marketing, insurance, financing, interest etc.) R 0

(E13) **Total local content** R 0

This total must correspond with Annex C - C24

Signature of tenderer from Annex B

Date: