



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO: ACCOUNTING OFFICERS OF ALL NATIONAL DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS**

ACCOUNTING OFFICERS OF ALL MUNICIPALITIES AND MUNICIPAL ENTITIES

ACCOUNTING AUTHORITIES OF ALL SCHEDULE 2 AND 3 PUBLIC ENTITIES

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017.

**INVITATION AND EVALUATION OF BIDS BASED ON A STIPULATED MINIMUM THRESHOLD
OF CONVERSION PROCESSES FOR LOCAL PRODUCTION AND CONTENT FOR STEEL
PRODUCTS AND COMPONENTS FOR CONSTRUCTION.**

1. PURPOSE

- 1.1 The purpose of this instruction note is to regulate the environment within which accounting officers (AOs) and accounting authorities (AAs) may procure steel products and components for construction which have been designated as a sector for local production and content.

2. BACKGROUND

- 2.1 The Preferential Procurement Regulations, 2011 ("the regulations") issued in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000) which came into effect on the 7 December 2011, make provision for the Department of Trade and Industry (**the dti**) to designate sectors in line with the national development and industrial policies for local production.
- 2.2 Regulation 9 (1) of the Regulations prescribes that, in the case of designated sectors, wherein the award of bids for 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.
- 2.3 **the dti** has designated and determined the stipulated minimum threshold for steel products and components for construction for the state procurement for local production and content.

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

3. PRODUCT DESIGNATION

- 3.1 In this instruction note, steel products and components for construction have been recommended for designation
- 3.2 Steel products and components for construction refer to:
- 3.2.1 **Fabricated structural steel** which includes a wide range of free standing shapes, cross sections and sizes of steel metal pieces produced through a variety of operations according to a specific design, certain standards of chemical composition and mechanical properties. The fabricated components are produced from various primary and downstream steel products, including: channels (parallel and taper flanges); I-beams and H-beams; angles (equal and unequal); bars (flat; square and round); reinforcing bar and fasteners. The fabrication comprises of detailing (cutting, rolling, drilling, bending, grinding and machining), fitting, welding and/or, fastening, surface preparation (cleaning) and surface protection (coating) of steel components for application in an assortment structures.
- 3.2.2 In addition to the processes in 3.2.1; **joining components** such as gussets, cleats, stiffeners, splices, plates, cranks, kinks, doglegs, holes, girders, spacers, tabs, brackets, fasteners (bolts, nuts, rivets and nails) are used for connection and assembly of structures.
- 3.2.3 **Frames** refer to all rigid structures that surround doors, windows, patio, showers and built-in-cupboards made of steel.
- 3.2.4 **Roof Cladding** refers to a layer of covering applied to a roof in order to provide both weather protection and aesthetic appeal which consist of large sheets of material, or many small, overlapping units made of steel.
- 3.2.4.1 **Vertical cladding** refers to the protective or insulating layer fixed to the outside of a building or another structure for aesthetic appeal made of steel.
- 3.2.5 **Wire Products** refers to all downstream wire products manufactured from hot-rolled ferrous wire rod coils, including drawn wire – carbon/alloy steel (galvanised or plain), articles of wire – forged, wire rope/strand, fabric reinforcing, all fencing wire (barbed, welded mesh, hexagonal wire netting, diamond mesh), welding electrodes nails/tacks, chains, gabions, springs and screws.
- 3.2.6 **Fasteners** refer to hardware products that mechanically join or affix two or more steel components.
- 3.2.7 **Ducting and Structural Pipework** refers to non-conveyance tubing fabricated from steel sheeting and plate with structural supports.
- 3.2.8 **Gutters, downpipes & launders** refers to drainage systems made from sheeting associated with roofing
- 3.2.9 **Primary steel products** which includes flat and long products which are converted into value-added steel products in 3.2.1 to 3.2.8 as well as for reinforcement of buildings and structures.

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

- 3.3 Table 1 provides the stipulated minimum threshold for local content and production for steel products and components for construction (as described in 3.2)

Table 1a: Minimum local content for Steel Value-added Products

Steel Construction Materials	Components	Local Content Threshold
Fabricated Structural Steel	Latticed steelwork, reinforcement steel, columns, beams, plate girders, rafters, bracing, cladding supports, stair stringers & treads, ladders, steel flooring, floor grating, handrailing and balustrading, scaffolding, ducting, gutters, launders, downpipes and trusses	100%
Joining/Connecting Components	Gussets, cleats, stiffeners, splices, cranks, kinks, doglegs, spacers, tabs, brackets	100%
Frames	Doors and Windows	100%
Roof and Cladding	Bare steel cladding, galvanised steel cladding, colour coated cladding	100%
Fasteners	Bolts, nuts, rivets and nails	100%
Wire Products	All fencing products: all barbed wire and mesh fencing, fabric/mesh reinforcing, gabions, wire rope/strand and chains, welding electrodes, nails/tacks, springs and screws	100%
Ducting and Structural Pipework	Non-conveyance tubing fabricated from steel sheeting and plate with structural supports	100%
Gutters, downpipes & launders	Fabricated materials made from sheeting associated with roof drainage systems	100%

Table 1b: Minimum local content for Primary Steel Products

Steel Construction Materials	Local Content Threshold
Plates (>4.5mm thick and supplied in flat pieces)	100%
Sheets (<4.5mm thick and supplied in coils)	100%
Galvanised and Colour Coated Coils	100%
Wire Rod and Drawn Wire	100%
Sections (Channels; Angles, I-Beams and H-Beams)	100%
Reinforcing bars	100%

- 3.4 In the designation, imported inputs raw materials (i.e. zinc and additives in the surface preparation and protection processes (cleaning and coating/galvanising)) used in the production of steel products and components for construction are deemed as locally manufactured input materials.
- 3.5 The imported input raw materials, as specified in 3.4, used in the manufacture and production of steel products and components for construction will be deemed to have been sourced locally for the purposes of calculating local content.

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

The application of this instruction note is applicable where an organ of state purchases directly from the manufacturer, in a case of turnkey projects (design, build, operate and/or transfer) and/or on purchases for maintenance and repairs where a contract is awarded for a project which the designated products are part of the bill of quantities or materials to be utilised in the entire project.

- 3.6 Organs of state may contact **the dti** in instances where the stipulated minimum threshold for local content cannot be met in order for **the dti** to verify and in consultation with the AO/AA provide directives in this regard.
- 3.7 For further information, bidders and procuring state organs may contact the following units with **the dti**: Metals Fabrication, Capital and Rail Transport Equipment at telephone 012 394 1356 or email Thandi Phele at TPhele@thedti.gov.za and Primary Minerals processing & Construction at telephone 012 394 5157 or email Tapiwa Samanga at TSamanga@thedti.gov.za.
- 3.8 Bid specifications for the designated products in this instruction note may be done in collaboration with **the dti**.

4. INVITATION OF BIDS FOR STEEL PRODUCTS AND COMPONENTS

- 4.1 Bids in respect of steel products and components for construction must contain a specific bidding condition which states that:
- 4.1.1. Only locally produced or locally manufactured steel products and components for construction with a stipulated minimum threshold for local production and content will be considered.
- 4.1.2. If the quantity of steel products and components for construction required cannot be wholly sourced from South African (SA) based manufacturers and/or at the designated local content threshold stipulated in paragraph 3.3 at any particular time, bidders and the procuring entities should obtain written exemption from **the dti**. **the dti**, in consultation with the procuring organ of state and the local industry, will consider the exemption applications on a case-by-case basis and will consider the following:
- required volumes in the particular bid;
 - available collective SA industry manufacturing capacity at that time;
 - delivery times;
 - availability of input materials and components;
 - technical considerations including operating conditions;
 - materials of construction; and
 - security of supply
- 4.1.3. Bidders must clearly indicate in their bids the quantities to be supplied and the level of local content for each product.
- 4.2 AOs/AAs must stipulate in bid invitations that:

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

- 4.2.1. the exchange rate to be used for the calculation of local production and content must be the exchange rate published by the South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid; and
- 4.2.2. only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 must be used to calculate local content

- 4.3 The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the following formula which must be disclosed in the bid documentation:

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

Where

x is the imported content in Rand

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

(in the case of turnkey products/projects x and y will only refer to the value of steel products and components in the project)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date of advertisement of the bid.

- 4.4 **AOs/AAs must clearly stipulate in the bid documentation that the SABS approved technical specification number SATS 1286:2011 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)] are accessible to all potential bidders on the dti's official website <http://www.thedti.gov.za/industrialdevelopment/ip.jsp> at no cost.**
- 4.5 For the purpose of paragraphs 4.1, 4.2 and 4.3 above, the attached Declaration Certificates for Local Production and Content (SBD/MBD 6.2) must form part of the bid documentation. The SBD 6.2 is for use by all national and provincial departments, constitutional institutions and public entities listed in schedules 2, 3A, 3B, 3C and 3D to the Public Finance Management Act whilst the MBD 6.2 is for use by all municipalities and municipal entities to which the Municipal Finance Management Act (MFMA) apply.
- 4.6 AOs/AAs must stipulate in the bid documentation that:
- (a) the Declaration Certificate for Local Production and Content (SBD / MBD 6.2) together with the Annex C (Local Content Declaration: Summary Schedule) must be completed, duly signed and submitted by the bidder at the closing date and time of the bid;
 - (b) bidders must submit a certificate from a registered auditor confirming that the Local Content Declaration Templates have been audited and certified as correct. (See paragraph 5 of the Declaration Certificate); and
 - (c) the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate will be verified for accuracy.

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

4.7 Benchmark / market related prices

4.7.1. AOs/AAs are required to ensure that reasonable or market related prices are secured for steel products and components for construction being procured taking into account factors such as benchmark prices, value for money and economies of scale.

4.7.2. For this purpose, AOs/AAs may approach **the dti** for assistance, where possible, with benchmark prices for steel products and components for construction that have been designated for local production and content. **The dti** will be in a position to provide price references for the different products that have been designated for local production and content.

4.8 Bid specifications for the sub-sectors referred to in paragraph 3 above and the price benchmarking referred to in paragraph 4.7 above must be done in collaboration with the dti. Contact information in this regard is provided in paragraph 8 below.

5. EVALUATION OF BIDS FOR STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

5.1 A two stage evaluation process may be followed to evaluate the bids received.

5.1.1. First stage: Evaluation in terms of the stipulated minimum threshold for local production and content

5.1.1.1 Bids must be evaluated in terms of the minimum threshold stipulated in the bid documents.

5.1.1.2 The declaration made by the bidder in the Declaration Certificate for Local Content (SBD / MBD 6.2) and Annex C (Local Content Declaration: Summary Schedule) must be used for this purpose. If the bid is for more than one product, the local content percentages for each product contained in Declaration C must be used.

5.1.1.3 The amendment of the stipulated minimum threshold for local production and content is not allowed.

5.1.1.4 A bid may be disqualified if:

- The bidder fails to achieve the stipulated minimum threshold for local production and content unless written exemption has been granted to the bidder by **the dti** to bid at a lower local content level; and
- The Declaration Certificate for Local Content (SBD / MBD 6.2), the Annex C (Local Content Declaration: Summary Schedule) and the registered auditors' certificate referred to in paragraphs 4.6 (a) and (b) are not submitted as part of the bid documentation.

5.1.1.5 AOs / AAs must verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate for Local Content (SBD / MBD 6.2)

5.1.2 Second stage: Evaluation in terms of the 80/20 or 90/10 preference point systems

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

- 5.1.2.1 Only bids that achieve the minimum stipulated threshold for local production and content may be evaluated further. Unless otherwise exempted by the Minister of Finance, the evaluation must be done in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations, 2011.
- 5.1.2.2 AOs/AAs must ensure that contracts for steel products and components are awarded at prices that are market related taking into account, among others, the dti's pre-determined benchmark prices, value for money and economies of scale.
- 5.1.2.3 Where appropriate, prices may be negotiated with short listed or preferred bidders. Such negotiations must not prejudice any other bidders.

6. EVALUATION OF BIDS BASED ON FUNCTIONALITY

- 6.1 Whenever it is deemed necessary to evaluate bids on the basis of functionality, the prescripts contained in regulation 4 of the Preferential Procurement Regulations, 2011 and paragraphs 6 and 11 of the Implementation Guide must be followed.

7. POST AWARD AND REPORTING REQUIREMENTS

- 7.1 Once bids are awarded, **the dti** must be:
 - (i) notified of all the successful bidders and the estimated value of the contracts; and
 - (ii) provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the Declaration C submitted by the successful bidders.
- 7.2 The purpose of the requirements of paragraph 7.1 above is for **the dti** to among others conduct compliance audits with a view to monitor the implementation of the industrial development strategies.
- 7.3 Contractors may not be allowed to sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the minimum threshold as stipulated in regulation 9 of the Preferential Procurement Regulations, 2011.

8. CONTACT INFORMATION

- 8.1 **Any enquiries in respect of Local Production and Content and all documents to be submitted to the dti must be directed as follows:**

The Department of Trade and Industry
Private Bag X84
Pretoria
0001

For Attention:

Dr Tebogo Makube
Chief Director: Industrial Procurement
Tel: (012) 394 3927

NATIONAL TREASURY DESIGNATED SECTORS INSTRUCTION NUMBER 15 OF 2016/2017: STEEL PRODUCTS AND COMPONENTS FOR CONSTRUCTION

Fax: (012) 394 4927

EMAIL: TMakube@thedti.gov.za

9. APPLICABILITY

- 9.1 This instruction applies to all National and Provincial Departments, Constitutional Institutions; Public Entities listed in schedules 2 and 3 to the PFMA, and, Municipalities and Municipal Entities to which the MFMA apply.

10. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION NOTE

- 10.1 Heads of Provincial Treasuries are requested to bring the contents of this Instruction to the attention of accounting officers and supply chain management officials of their respective provincial departments.
- 10.2 Accounting Officers of National and Provincial Departments are requested to bring the contents of this Instruction to the attention of Accounting Authorities and the supply chain management officials of Schedule 3A and 3C Public Entities reporting to their respective Executive Authorities.
- 10.3 Accounting Officers of Municipalities and Municipal Entities are requested to bring the contents of this Instruction to the attention of the supply chain management officials of their Municipalities and Municipal entities.
- 10.4 Accounting Authorities of Schedule 2, 3B and 3D Public Entities are requested to bring the contents of this Instruction to the attention of the supply chain management officials of their Public Entities.

11. NOTIFICATION TO THE AUDITOR-GENERAL

- 11.1 A copy of this Instruction Note will be forwarded to the Auditor-General for notification.

12. AUTHORITY FOR THIS INSTRUCTION NOTE AND EFFECTIVE DATE

- 12.1 This Instruction is issued in terms of Regulation 9(2) of the Preferential Procurement Regulations, 2011 and takes effect on the date of issuance.
- 12.2 This Instruction takes effect on 1 February 2017.



SCHALK HUMAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: 13.01.2017



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**PPPFA DESIGNATED SECTOR CIRCULAR
NO. 01 OF 2021/2022**

**PREFERENTIAL PROCUREMENT POLICY
FRAMEWORK ACT
(ACT 5 OF 2000)**

**INVITATION AND EVALUATION OF BIDS BASED ON A STIPULATED MINIMUM THRESHOLD
FOR LOCAL PRODUCTION AND CONTENT FOR THE CEMENT SECTOR**

TO ALL:

ACCOUNTING OFFICERS OF DEPARTMENTS
ACCOUNTING OFFICERS OF CONSTITUTIONAL INSTITUTIONS
ACCOUNTING AUTHORITIES OF SCHEDULE 2 AND 3 PUBLIC ENTITIES
HEAD OFFICIALS OF PROVINCIAL TREASURIES
ACCOUNTING OFFICERS OF MUNICIPALITIES AND MUNICIPAL ENTITIES

1. PURPOSE

- 1.1 The purpose of this Circular is to provide information to accounting officers (AOs) and accounting authorities (AAs) in terms of which they may procure the aforementioned products which have been designated as a sector for local production and content.

2. BACKGROUND

- 2.1 The Preferential Procurement Regulations, 2017 ('the regulations'), made in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000), which came into effect on 01 April 2017, make provision for the Department of Trade and Industry (**the dti**), now the Department of Trade, Industry and Competition (**the dtic**), to designate sectors in line with national development and industrial policies for local production.
- 2.2 Regulation 8(2) of the regulations prescribes that in the case of a designated sector, an organ of state must advertise the invitation to tender with a specific condition that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- 2.3 To this end, **the dtic** has designated and determined the stipulated minimum threshold for the Cement sector for local production and content.
- 2.4 The designation is applicable to all purchases regardless of the procurement method followed and there is no financial threshold.

3. SECTOR DESIGNATION

- 3.1 The stipulated minimum threshold percentages for local production and content in respect of bagged and bulk cement produced using locally produced raw materials are as follows:

Cement type	Description	Application	Stipulated Minimum Threshold
Cem I	Pure portland cement with a 95-100% clinker.	All civil and building construction as appropriate	100%
Cem II	Portland cement containing varying additions of secondary materials, i.e. fly ash, pozzolana, slag, silica fume, or limestone	All civil and building construction as appropriate	100%
Cem III	blast furnace cement, 50% OPC, 50% blast furnace slag	All civil and building construction as appropriate	100%
Cem IV	pozzolanic cement, OPC and fly ash	All civil and building construction as appropriate	100%
Cem V	composite cement: slag and ash cement. Blended cements with more than one blending material	All civil and building construction as appropriate	100%
Masonry cement	Mixture of Portland cement and plasticizing materials such as limestone to improve setting time	use in mortar, brick, block, and stone masonry construction	100%

- 3.2 In the designation, all the cement types contained in the above table must be manufactured using locally produced clinker and locally sourced secondary materials (eg gypsum, fly ash, ground granulated blast furnace slag, limestone and silica fume).
- 3.3 In terms of bagged cement, the imported component of the packaging bag used in the manufacture and packaging of cement will be deemed to have been sourced locally. These inputs should be imported in raw material form for further fabrication in South Africa. The imported input raw materials (paper), as specified above, used in the packaging of cement will be deemed to have been sourced locally for the purposes of calculating local content.
- 3.4 All the cement types in the above table must comply with the requirements of SANS 50197 or SANS 50413 and are required to have a Letter of Authority (LoA) issued by the National Regulator for Compulsory Standards (NRCS).

4. INVITATION OF BIDS FOR CEMENT

- 4.1 Bids in respect of Cement must contain a specific bidding condition that only locally produced or locally manufactured cement with a stipulated minimum threshold for local production and content will be considered.
- 4.1.1 Bids in respect of cement must further contain a specific bidding condition which states that: If the quantity of materials and/or products required cannot be wholly sourced from South African based manufacturers and/or at the designated local content threshold at any particular time, bidders should obtain written approval from **the dtic** to supply the remaining portion at a lower local content threshold. **the dtic**, in consultation with the procuring organ of state, will grant such approval on a case-by-case basis and will consider the following:
- required volumes in the particular bid;
 - available collective South African industry manufacturing capacity at that time;
 - delivery times;
 - availability of input materials and components;
 - technical considerations including operating conditions;
 - materials of construction; and
 - Security of supply and emergencies.
- 4.1.2 Bidders must clearly indicate in their bids the quantities of material and products to be supplied and the level of local content for each product.
- 4.1.3 The turn-around time for processing of authorisation requests is 5 working days from the date of receipt. Therefore, such applications should reach **the dtic** at least five days before closing date and time of bid.
- 4.1.4 The approval process that **the dtic** follows is that if there is a particular designated product and the minimum threshold for local content cannot be met for various reasons, bidders must apply for approval or authorisation (when the tender is still open, before closing date). After checking with the industry, **the dtic** will then decide whether or not to grant an authorisation. This is per bid.
- 4.1.5 The tender information / relevant information must be provided on the tenderer's / supplier's letterhead when requesting an authorisation letter:
- Procuring entity/government department/state owned company,
 - Tender/bid number,
 - Closing date,
 - Item(s) for which the approval is being requested for,
 - Detailed specifications issued by the procuring entity,
 - Local content that can be met,
 - Reason(s) for the request,
 - Supporting letters from local manufacturers/sub-suppliers.

- 4.1.6 Organs of state may contact **the dtic** in instances where the stipulated minimum threshold for local content cannot be met in order for **the dtic** to verify and in consultation with the AO/AA provide directives in this regard.
- 4.1.7 For further information, bidders and procuring state organs may contact the Primary Minerals Processing & Construction Sector Desk within **the dtic** at telephone 012 394 5318/1792 or email localcontent@thedtic.gov.za
- 4.1.8 Bid specifications for the Cement referred to above may be done in collaboration with **the dtic**.

4.2 AOs/AAs must stipulate in bid invitations that:

- 4.2.1 The exchange rate to be used for the calculation of local production and content must be the exchange rate published by the South African Reserve Bank (SARB) on the date of the advertisement of the bid.
- 4.2.2 Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 must be used to calculate local content.
- 4.3 The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the following formula which must be disclosed in the bid documentation:

$$LC = (1 - x/y) * 100$$

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 the SARB on the date of advertisement of the bid.

- 4.4 AOs/AAs must clearly stipulate in the bid documentation that the SABS approved technical specification number SATS 1286:2011 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)] are accessible to all potential bidders on **the dtic's** official website http://www.thedti.gov.za/industrial_development/ip.jsp at no cost.
- 4.5 For the purpose of paragraphs 4.1, 4.2 and 4.3 above, the Declaration Certificates for Local Production and Content (SBD/MBD 6.2) must form part of the bid documentation. The SBD 6.2 is for use by all national and provincial departments, constitutional institutions and public entities listed in schedules 2, 3A, 3B, 3C and 3D to the Public Finance Management Act whilst the MBD 6.2 is for use by all municipalities and municipal entities to which the Municipal Finance Management Act (MFMA) applies.
- 4.6 AOs/AAs must stipulate in the bid documentation that:

- 4.6.1 the Declaration Certificate for Local Production and Content (SBD / MBD 6.2) together with the Annex C (Local Content Declaration: Summary Schedule) must be completed, duly signed and submitted by the bidder at the closing date and time of the bid; and
- 4.6.2 the rates of exchange quoted by the bidder in paragraph 4.3 of the Declaration Certificate will be verified for accuracy.

5. EVALUATION OF BIDS FOR CEMENT

- 5.1 An evaluation process in line with Preferential Procurement Regulations, 2017 must be followed.

6. EVALUATION OF BIDS BASED ON FUNCTIONALITY

- 6.1 Whenever it is deemed necessary to evaluate bids on the basis of functionality, the prescripts contained in PPR 2017 and paragraph 6 and 11 of the Implementation Guide must be followed.

7. POST AWARD AND REPORTING REQUIREMENTS

- 7.1. Once bids are awarded, **the dtic** must be:
 - (i) notified of all the successful bidders and the estimated value of the contracts; and
 - (ii) provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the Declaration C submitted by the successful bidders within 30 days of award.
- 7.2 The purpose of the requirements of paragraph 7.1 above is for **the dtic** to, among others, conduct compliance audits with a view to monitor the implementation of the industrial development strategies.
- 7.3 Contractors may not be allowed to sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the minimum threshold as stipulated in regulation 8 of the Preferential Procurement Regulations, 2017.

8. CONTACT INFORMATION

- 8.1 **Any enquiries in respect of Local Production and Content and all documents to be submitted to the dtic must be directed as follows:**

The Department of Trade and Industry
Private Bag X84
Pretoria
0001

For Attention:

Chief Director: Industrial Procurement
Tel: (012) 394 1435
Fax: (012) 394 1535
EMAIL: localcontent@thedti.gov.za

9. APPLICABILITY

- 9.1 This Circular applies to all national and provincial departments, constitutional institutions; public entities listed in schedules 2 and 3 to the PFMA, and municipalities and municipal entities to which the MFMA applies.

10. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

- 10.1 Heads of provincial treasuries are requested to bring the contents of this Circular to the attention of accounting officers and supply chain management officials of their respective provincial departments.
- 10.2 Accounting officers of national and provincial departments are requested to bring the contents of this Circular to the attention of accounting authorities and the supply chain management officials of Schedule 3A and 3C public entities reporting to their respective executive authorities.
- 10.3 Accounting officers of municipalities and municipal entities are requested to bring the contents of this Circular to the attention of the supply chain management officials of their municipalities and municipal entities.
- 10.4 Accounting authorities of Schedule 2, 3B and 3D public entities are requested to bring the contents of this Circular to the attention of the supply chain management officials of their public entities.

11. NOTIFICATION TO THE AUDITOR-GENERAL

- 11.1 A copy of this Circular will be forwarded to the Auditor-General for notification.

12. AUTHORITY FOR THIS CIRCULAR AND EFFECTIVE DATE

- 12.1 This Circular is issued in terms of regulation 8(3) of the Preferential Procurement Regulations, 2017 and takes effect 04 November 2021.

Signed by: Molefe Isaac Fani
Signed at: 2021-10-04 12:38:33 +02:00
Reason: I approve this document



MR MOLEFE-ISAAC FANI
ACTING CHIEF PROCUREMENT OFFICER
DATE: 04/10/21

Annex C

Local Content Declaration - Summary Schedule

(C1) Tender No.

(C2) Tender description:

(C3) Designated product(s)

(C4) Tender Authority:

(C5) Tendering Entity name:

(C6) Tender Exchange Rate:

(C7) Specified local content %

Project Number and description

Pula

EU

GBP

Note: VAT to be excluded from all calculations

Calculation of local content								Tender summary			
Tender item no's	List of items	Tender price - each (excl VAT)	Exempted imported value	Tender value- net of exempted imported content	Imported value	Local value	Local content % (per item)	Commo dity Qty	Total Commodity value	Total exempted imported content	Total Imported content
(C20) Total tender value											
Signature of tenderer from Annex B								(C21) Total Exempt imported content			
								(C22) Total Tender value net of exempt imported content			
								(C23) Total Imported content			
								(C24) Total local content			
								(C25) Average local content % of tender			
Date:											

Local Content Declaration - Summary Schedule

(C1)	Tender No.					<div> <div>Note: VAT to be excluded from all calculations</div> </div>	
(C2)	Tender description:						
(C3)	Designated product(s)						
(C4)	Tender Authority:						
(C5)	Tendering Entity name:						
(C6)	Tender Exchange Rate:	Pula		EU		GBP	
(C7)	Specified local content %						

[illegible]

(C20) Total tender value

(C21) Total Exempt imported content

(C22) Total/ Tender value net of exempt imported content

(C23) Total Imported content

(C24) Total local content

(C25) Average local content % of tender

Signature of tenderer from Annex B

Date: _____

Imported Content Declaration - Supporting Schedule to Annex C

(D1) **Tender No.**

(D2) **Tender description:**

(D3) **Designated Products:**

(D4) **Tender Authority:**

(D5) **Tendering Entity name:**

(D6) **Tender Exchange Rate:**

Pula

EU

GBP

Note: VAT to be excluded from all calculations

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										R 0	
										This total must correspond with Annex C - C 21	

B. Imported directly by the Tenderer

				Calculation of imported content						Summary	
Tender item no's	Description of imported content	Unit of measure	Overseas Supplier	Forign currency value as per Commercial Invoice	Tender Rate of Exchange	Local value of imports	Freight costs to port of entry	All locally incurred landing costs & duties	Total landed cost excl VAT	Tender Qty	Total imported value
(D20)	(D21)	(D22)	(D23)	(D24)	(D25)	(D26)	(D27)	(D28)	(D29)	(D30)	(D31)
(D32) Total imported value by tenderer										R 0	

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

				Calculation of imported content						Summary	
Description of imported content	Unit of measure	Local supplier	Overseas Supplier	Foreign currency value as per Commercial Invoice	Tender Rate of Exchange	Local value of imports	Freight costs to port of entry	All locally incurred landing costs & duties	Total landed cost excl VAT	Quantity imported	Total imported value
(D33)	(D34)	(D35)	(D36)	(D37)	(D38)	(D39)	(D40)	(D41)	(D42)	(D43)	(D44)
(D45) Total imported value by 3rd party										R 0	

D. Other foreign currency payments

			Calculation of foreign currency payments			
Type of payment	Local supplier making the payment	Overseas beneficiary	Foreign currency value paid	Tender Rate of Exchange	Summary of payments	
(D46)	(D47)	(D48)	(D49)	(D50)	Local value of payments	
					(D51)	
(D52) Total of foreign currency payments declared by tenderer and/or 3rd party						

Signature of tenderer from Annex B

Date: _____

(D53) Total of imported content & foreign currency payments - (D32), (D45) & (D52) above R 0

This total must correspond with
Annex C - C 23

Annex E

Local Content Declaration - Supporting Schedule to Annex C

(E1)	Tender No.		Note: VAT to be excluded from all calculations
(E2)	Tender description:		
(E3)	Designated products:		
(E4)	Tender Authority:		
(E5)	Tendering Entity name:		

Local Products (Goods, Services and Works)	Description Raw Material items purchased	Local Supplier Name	Manufacturer Contact Details	Value
	<i>(E6)</i>	<i>(E7)</i>		<i>(E8)</i>
		S		
	<i>(E9) TotalRaw Materials (Goods, Services and Works)</i>			R

(E10)	Manpower costs	(Tenderer's manpower cost)		R
(E11)	Factory overheads	(Rental, depreciation & amortisation, utility costs, consumables etc.)		R
(E12)	Administration overheads and marketing	(Marketing, insurance, financing, interest etc.)		R
(E13) Total local content				R

This total must correspond with Annex C - C24

Signature of tenderer from Annex B

Date: