MAKHADO MUNICIPALITY

QUOTE NO. MAK08/2014/2015

QUOTATION: SUPPLY AND DELIVERY OF PROTECTIVE MATERIAL

All interested service providers are hereby invited to submit written quotations for the **supply and delivery of protective material**

SPECIFICATION OF THE EPWP PERSONAL PROTECTIVE EQUIPMENT

Items	Quantity
Overalls (Two pieces): Orange in colour with reflector belt, EPWP	320 pairs
logo (80x30mm) on the top front left handside of the jacket and the	Size 30 x 14
municipality logo on the top front right hand side of the jacket. The	Size 32 x 28
letter EPWP at the back of the jacket, size 210 x 297mm, and the	Size 34 x 38
name of the project (Nakisani Vhupo Hashu), these letters and logo	Size 36 x 40
must be stitched.	Size 38 x 50
	Size 40 x 28
	Size 42 x 34
	Size 44 x 40
	Size 46 x 14
	Size 48 x 10
	Size 50 x 8
	Size 52 x 12
	Size 60 x 4
Safety shoes	160 pairs
	Size 4 x 5
	Size 5 x 30
	Size 6 x 31
	Size 7 x 49
	Size 8 x 30
	Size 9 x 8
	Size 10 x 5
	Size 11 x 2
Reflector Jackets	200
Hand gloves	1000 pairs
Respiratory Musk	2000
Crickets hats: khakhi in colour with Nakisani Vhupo Logo in front.	300
Rain coats: Orange in colour	160
Brush Cutter Nylon Liner	40 Rims

NB: Kindly check attached document as contains the following

- 1. Declaration certificate for local production and content (annexure C, D and E)
- 2. Invitation and evaluation of Bids Based on a stipulated minimum threshold for local production and content for the textile, clothing, leather and footwear sector.

Any enquiries in respect of local production and content . Please contact DTI

Mr. Tebogo Makube (chief director: industrial procurement)

Tel: 012 394 3927 fax 012 394 4927 e-mail: TMakube@thedti.gov.za

Requirements

- Valid Original Tax Clearance Certificate
- · Copy of company registration certificate
- Certified copy/copies of company owner(s) ID Books
- BBBEE certificate
- Declaration certificate for local production and content (annexure C, D and E)
- Invitation and evaluation of Bids Based on a stipulated minimum threshold for local production and content for the textile, clothing, leather and footwear sector.

Quotations must be as follows:

- 1. be signed by an authorized person of the supplier
- 2. be on an original letter head of the company/enterprise
- 3. be valid for a period of sixty (60) days from the closing date
- 4. clearly indicate the price charged vat inclusive
- 5. be accompanied by an original valid SARS Tax Clearance Certificate.
- 6. be accompanied by fully completed MBD 6.1 and MBD 4 obtainable from the municipality or can be downloaded from municipal website www.makhado.gov.za.

Fully priced and signed quotations must be sealed in an envelope clearly marked quote number

"MAK08/2014-2015" & description "supply and delivery of protective material

" and be deposited in the tender box at the foyer of the Civic Centre at the physical address reflected below by no later than 12H00 of 01 AUGUST 2014

Quotations received will be assessed in accordance with the Municipal Supply Chain Management Regulations, 2005 read with Council's Supply Chain Management Policy and 80/20 points scoring will be used. Preference points will be allocated according to BBBEE rating.

Please Note:

- No quotation by facsimile or by e-mail will be accepted.
- Enquiries in this regard must be directed to Mr Nndwakhulu NP at telephone number 015519 3183 during office hours.
- Council reserves the right not to accept lowest or any quotation or to accept part of a quotation only.
- 4. Admin enquiries can be directed to Ms Masete A.H or Mr Ramabulana M at 015 519 3129/3179

Civic Centre 83 Krogh Street LOUIS TRICHARDT 0920

Notice no: 116/2014 File no: 8/3/2/1 IP MUTSHINYALI MUNICIPAL MANAGER

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT

This Municipal Bidding Document (MBD) 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 and the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x.

1. General Conditions

- 1.1. Preferential Procurement Regulations, 2011 (Regulation 9.(1) and 9.(3) make 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. Regulation 9.(3) prescribes that where there is no designated sector, a specific bidding condition may be included, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- 1.4. Where necessary, for bids referred to in paragraphs 1.2 and 1.3 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.
- 1.5. A person awarded a contract in relation to a designated sector, may not subcontract 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.
- 1.6. The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as follows:

$$LC = 1 - \left(\frac{\mathcal{X}}{\mathcal{X}}\right) \times 100$$

Where

x imported content

y bid price 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 South African Reserve Bank (SARB) at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid as required in paragraph 4.1 below.

1.7. A bid will be disqualified if:

• the bidder fails to achieve the stipulated minimum threshold for local production and content indicated in paragraph 3 below; and.

- this declaration certificate is not submitted as part of the bid documentation.
- 2. Definitions
- 2.1. "bid" includes advertised competitive bids, written price quotations 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, 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 for this bid is/are as follows:

Description of service	es, works or goods	Stipulated minimum threshold
Overall	100%	
Safety shoes	100%	
Rain suits	100%	
cricket hats	100%	

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

YES / NO

4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.6 of the general conditions must be the rate(s) published by the SARB for the specific currency at 12:00 on the date, one week (7 calendar days) prior to the closing date 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:

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	

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

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. 34/2014 ISSUED BY: (MAKHADO LOCAL MUNICIPALITY):	
NB The obligation to complete, duly sign and subtransferred to an external authorized representative, audion behalf of the bidder.	
I, the undersigned, do hereby declare, in my capacity as of	
entity), the following: (a) The facts contained herein are within my own person.	al knowledge

- (b) I have satisfied myself that 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.
- (c) The local content has been calculated using the formula given in clause 3 of SATS 1286, the rates of exchange indicated in paragraph 4.1 above and the following figures:

Bid price, excluding VAT (y)	R
Imported content (x)	R
Stipulated minimum threshold for Local content (paragraph 3 above)	

Local content % as calculated in terms of SATS 128	Local	content	% as	calculated	in terms	of SATS	1286
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If the bid is for more than one product, a schedule of the local content by product shall be attached.

- (d) I accept that the Procurement Authority / Municipality / Municipal Entity has the right to request that the local content be verified in terms of the requirements of SATS 1286.
- (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, may result in the Procurement Authority / Municipal / Municipal Entity imposing any or all of the remedies as provided for in Regulation 13 of the Preferential Procurement Regulations, 2011 promulgated under the Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE:	DATE:
WITNESS No. 1	DATE:
WITNESS No. 2	DATE:

			Loca	Content D	eclaration	- Summar	y Schedule	HE TOTAL		30.33	
Tender No. Tender descriptior Designated produc Tender Authority: Tendering Entity n	at(s)						7			Note: VAT to be exc calculations	luded from all
ender Exchange F pecified local con		Pula	EU		GBP		J				
			e vyga siy	Calculation of I	ocal content	MARK ALL	MOV 69-25		Tend	ler 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)	Tender Qty	Total tender value	Total exempted imported content	Total Importe content
(C8)	(C9)	(C10)	(C11)	(C12)	(C13)	(C14)	(C15)	(C16)	(C17)	(C18)	(C19)
		100									
						3 M 74					
						15.4	(C20) Total te				
ignature of tende	rer from Annex B					(C22) Total			ot imported content ot imported content	R O	
						(C22) Total	relider value i	iet of exemp		al Imported content	R
										Total local content	R

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CA	TC	1	200	20	1

			Imported Co	ntent Declaration	- Suppor	ting Sched	ule to Ann	ex C		No. of the last	AND TOLLIN	
			ported co	intent Deciaration	- эаррог	ture actied	ale to Ailli					
Tender No. Tender description								Note: VAT to be e	xcluded from			
Designated Produc								all calculations				
Tender Authority:							1 139					
endering Entity n ender Exchange F		Pula		EU	R 9.00	GBP	R 12.00					
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A. Exempted	l imported cor	itent			Forlgn		Calculation of	imported conter	CONTRACTOR OF	MINERAL SE		Summary
Tender Item no's	Description of im	ported content	Local supplier	Overseas Supplier	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 Imp value
(07)	(08	3)	(D9)	(010)	(D11)	(012)	(D13)	(D14)	(015)	(D16)	(D17)	(D18)
										10.00		
		100					- No. of		(D15) Total exempt in	mported value	
											This total mi	ust correspond nex C - C 21
B. Imported	directly by the	e Tenderer					Calculation of	imported conte	nt			Summary
Tender Item no's	Description of Im	ported 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 importe
(D20)	(D2	(1)	(D22)	(D23)	(D24)	(D25)	(026)	(027)	(D28)	(D29)	(D30)	(D31)
						-			-			
								I and a second	(0331*	atal Imported	lua bu tanda	
						121/4			AL NO	otal imported val	lue by tenderer	
C. Imported	by a 3rd part	y and supplied	to the Tend	erer	Forign		Calculation o	f imported conte	nt	otal imported va	lue by tenderer	Summary
	by a 3rd party	y and supplied	I to the Tend	erer Overseas Supplier	Forign currency value as per Commercial invoice	Tender Rate of Exchange	Local value of		nt All locally	Total landed	Quantity imported	Summary
Description of			1 1 7 7 8		currency value as per Commercial		Local value of	Freight costs to	All locally Incurred landing costs	Total landed	Quantity	Summary Total Import
Description of	Imported content	Unit of measure	Local supplier	Overseas Supplier	currency value as per Commercial Invoice	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	Summary Total Importe
Description of	Imported content	Unit of measure	Local supplier	Overseas Supplier	currency value as per Commercial Invoice	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	Summary Total Import
Description of	Imported content	Unit of measure	Local supplier	Overseas Supplier	currency value as per Commercial Invoice	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	Summary Total Importe
Description of	Imported content	Unit of measure	Local supplier	Overseas Supplier	currency value as per Commercial Invoice	of Exchange	Local value of imports	Freight costs to port of entry	All locally Incurred landing costs & duties (D41)	Total landed cost excl VAT	Quantity imported (043)	Summary Total importe (D44)
Description of	Imported content	Unit of measure	Local supplier	Overseas Supplier (D36) Calculation of forei	currency value as per Commercial Invoice (D37)	of Exchange	Local value of imports	Freight costs to port of entry	All locally Incurred landing costs & duties (D41)	Total landed cost excl VAT	Quantity imported (043)	Total Imported (D44)
Description of	Imported content	Unit of measure (034) payments Local supplier making the	Local supplier (035) Overseas	Overseas Supplier (036) Calculation of foreign ayment	currency value as per Commercial Invoice (037)	of Exchange	Local value of imports	Freight costs to port of entry	All locally Incurred landing costs & duties (D41)	Total landed cost excl VAT	Quantity imported (043)	Total imported (1044), Summar payme Local val
Description of (D. Other for	Imported content (033)	Unit of measure (D34) payments Local supplier	Local supplier (035)	Overseas Supplier (D36) Calculation of foreignsyment	currency value as per Commercial Invoice (037)	of Exchange	Local value of imports	Freight costs to port of entry	All locally Incurred landing costs & duties (D41)	Total landed cost excl VAT	Quantity imported (043)	Total imported (D44) Summar paymed Local vali paymed
Description of (D. Other for	Imported content (033) reign currency	Unit of measure (034) payments Local supplier making the payment	(035) Overseas beneficiary	Calculation of foreign payment Foreign currency value paid	currency value as per Commercial Invoice (D37) gn currency s Tender Rate of Exchange	of Exchange	Local value of imports	Freight costs to port of entry	All locally Incurred landing costs & duties (D41)	Total landed cost excl VAT	Quantity imported (043)	Total imported (D44) Summar payme Local val payme
Description of (D. Other for	Imported content (033) reign currency	Unit of measure (034) payments Local supplier making the payment	(035) Overseas beneficiary	Calculation of foreign payment Foreign currency value paid	currency value as per Commercial Invoice (D37) gn currency s Tender Rate of Exchange	of Exchange	Local value of imports	Freight costs to port of entry	All locally Incurred landing costs & duties (D41)	Total landed cost excl VAT	Quantity imported (043)	Total imported (D44) Summar payme Local val payme
Description of (D. Other for	Imported content (033) reign currency	Unit of measure (034) payments Local supplier making the payment	(035) Overseas beneficiary	Calculation of foreign payment Foreign currency value paid	currency value as per Commercial Invoice (D37) gn currency s Tender Rate of Exchange	of Exchange	Local value of imports (039)	Freight costs to port of entry	All locally incurred landing costs & duties (041)	Total landed cost excl VAT (D42) cost all imported val	Quantity imported (043)	Summary Total importe (044) Summar payme Local val payme (051)
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D. Other for	reign currency of payment (046)	Unit of measure (034) payments Local supplier making the payment	(035) Overseas beneficiary	Calculation of foreign payment Foreign currency value paid	currency value as per Commercial Invoice (D37) gn currency s Tender Rate of Exchange	of Exchange	Local value of imports (039)	Freight costs to port of entry	All locally incurred landing costs & duties (D41)	Total landed cost excl VAT (042) tal Imported val	Quantity imported (D43) Use by 3rd party	Total imports (D44) Summar payme Local val payme (D51)
D. Other for	reign currency of payment (046)	Unit of measure (034) payments Local supplier making the payment	(035) Overseas beneficiary	Calculation of foreign payment Foreign currency value paid	currency value as per Commercial Invoice (D37) gn currency s Tender Rate of Exchange	of Exchange	Local value of imports (039)	Freight costs to port of entry (040)	All locally incurred landing costs & duties (D41)	Total landed cost excl VAT (042) tal Imported val	Quantity imported (D43) Use by 3rd party und/or 3rd party (O52) abov This total r	Summary Total importe (O44) Summar paymer Local vali paymer (D51)

SATS 1286.2011

Tender No. Tender description: Designated products: Tender Authority: 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 proc	ducts (Goods, Services and Works)	RO
(E10) Manpower costs (Te	inderer's manpower cost)		RO
(E11) Factory overheads (Re	ntal, depreciation & amortisation, utility cost	ts, consumables etc.)	RO
(E12) Administration overheads	and mark-up (Marketing, insurance, fin	ancing, interest etc.)	R C
		(E13) Total local content	RC
		This total must correspond wi	th Annex C - C2
Signature of tenderer from Annex B			



Private Bag X115, Pretoria, 0001

Enquiries: Jeyrel Soobramanian Tel: (012) 315 5336 Fax: (012) 315 5343 E- mail: jeyrel.soobramanian@treasury.gov.za

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

INVITATION AND EVALUATION OF BIDS BASED ON A STIPULATED MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT FOR THE TEXTILE, CLOTHING, LEATHER AND FOOTWEAR SECTOR

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 Textiles, Clothing, Leather and Footwear which have been designated as a sector for local production and content.

2. BACKGROUND

- 2.1 The Preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act No 5 of 2000 which came into effect on 7 December 2011 make provision for the dti to designate sectors in line with national development and industrial policies for local production.
- 2.2 Regulation 9(1) of the Regulations 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.
- 2.3 To this end, the dti has designated and determined the stipulated minimum threshold for the Textiles, Clothing, Leather and Footwear sector for local production and content.

3. SECTOR DESIGNATION

3.1 The stipulated minimum threshold percentages for local production and content for the Textiles, Clothing, Leather and Footwear sector is 100%.

3.2. The Designation constitutes sub-sectors from the following (Standardised Industry Classifications) SIC Codes:

SIC	DESCRIPTION
31111	Preparatory activities in respect of animal fibres, including washing, combing
	and carding of wool.
31112	Prep activities for vegetable fibres
31113	Spin, weave and finishing of yarns and fabrics of wool
31114	Spin, weave and finishing of yarns and fabrics of vegetable fibres
31120	Finishing of textiles.
31210	Manufacture of made-up textiles articles, except apparel.
31211	Manufacture of blankets etc
31212	Manufacture of tents, tarpaulins, etc
31213	Manufacture of automotive textile goods
31214	Manufacture of made-up textiles articles and fibres except apparel.
31219	Manufacture of other textile articles
31220	Manufacture of carpets, rugs and mats.
31230	Manufacture of cordage, rope, twine and netting.
31231	Curtaining excluding where the core business of an enterprise is upholstery or furniture.
31290	Manufacture of other textiles.
31291	Manufacture of textiles, clothing, leather goods and other textiles.
31292	Fashion clothing, textiles and footwear manufacture and design.
31300	Manufacture of knitted and crocheted fabrics and articles.
31301	Garment & hosiery knitting mills
31309	Other knitting mills
31400	Manufacture of wearing apparel, except fur apparel.
31401	Manufacture of men's & boys' clothing
31402	Manufacture of women's & girls' clothing
31403	Bespoke tailoring
31404	Manufacture of hats etc
31500	Dressing and dyeing of fur; manufacture of artificial fur, fur apparel and other art.
31610	Tanning and dressing of leather.
31620	Manufacture of luggage, handbags and the like, saddlery and harness.
31621	Manufacture of travel goods

31629	Manufacture of other leather goods
31700	Manufacture of footwear.
31701	Manufacture of footwear from material other than leather.

4. INVITATION OF BIDS FOR THE TEXTILE, CLOTHING, LEATHER AND FOOTWEAR SECTOR

- 4.1 Bids in respect of Textiles, Clothing, Leather and Footwear must contain a specific bidding condition that:
 - only locally produced or locally manufactured Textiles, Clothing, Leather and Footwear from local raw material or input will be considered.
 - If the raw material or input to be used for a specific item is not available locally, bidders should obtain written authorisation from the dti should there be a need to import such raw material or input; and
 - A copy of the authorisation letter must be submitted together with the bid document at the closing date and time of the bid. For further information, bidders may contact the Clothing, Textile, Footwear and Leather Unit within the dti at telephone 012 394 3717/1390.
- 4.2 AOs/AAs must stipulate in bid invitations that:
 - (i) 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.
 - (ii) 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 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 /industrial development/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; and
 - (b) the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate will be verified for accuracy.

4.7 Benchmark / market related prices

- 4.7.1 AOs/AAs are required to ensure that reasonable or market related prices are secured for the Textiles, Clothing, Leather and Footwear, 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 to assist, where possible, with benchmark prices for the Textiles, Clothing, Leather and Footwear 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 sectors, sub-sectors or products 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 TEXTILES, CLOTHING, LEATHER AND FOOTWEAR
- 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 AOs / AAs must ensure that the Declaration Certificate for Local Content (SBD / MBD 6.2) and the Annex C (Local Content Declaration: Summary Schedule) referred to in paragraphs 4.6 (a) and (b) are submitted as part of the bid documentation.
- 5.1.1.5 The dti has the right to, as and when necessary, request for auditors certificates confirming the authenticity of the declarations made in respect of local content.
- 5.1.1.6 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
- 5.1.2.1 Only bids that achieve the minimum stipulated threshold for local production and content may be evaluated further. 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 Textiles, Clothing, Leather and Footwear are awarded at prices that are market related taking into account, among others, 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

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 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 must 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 stipulated minimum threshold.
- 7.4. Where, after the award of a bid, contractors experience challenges 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.

8. CONTACT INFORMATION

8.1 Any enquiries in respect of Local Production and Content and all documents to be submitted to the dti in respect of paragraph 7.1 above must be directed as follows:

The Department of Trade and Industry Private Bag X84 Pretoria 0001

For Attention:

Mr Tebogo Makube Chief Director: Industrial Procurement

Tel: (012) 394 3927 Fax: (012) 394 4927

EMAIL: TMakube@thedti.gov.za

APPLICABILITY

9.1 This instruction note 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 note 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 note 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 note 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 note 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 Note is issued in terms of regulation 9(2) of the Preferential Procurement Regulations, 2011 and takes effect on the date of issuance.

PRAVIN J GORDHAN
MINISTER OF FINANCE
DATE: 16 - 07 -2012