


Western Cape Government
Economic Development and Tourism

PRESENTATION TO THE PUBLIC PRIVATE HEALTH FORUM

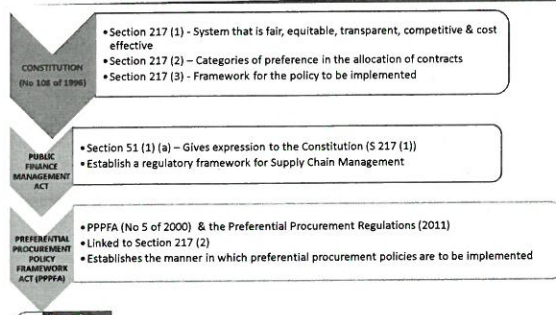
21 AUGUST 2015

INTRODUCTION


- Public Procurement refers to governments' activities of purchasing goods and services necessary to carry out their functions. The process spans the whole cycle from identification of needs through to the end of a services contract.
- It is intended to benefit the general public and the goods and services procured are generally provided by private enterprises.
- South Africa is a signatory to the World Trade Organisation. There are, however, exceptions applicable to developing countries in relation to preferential procurement for example.
- South Africa has a procurement regime in place which is comparable with international standards [i.e. internationally accepted objectives and principles applicable to public procurement].
- Procurement focus:
 - (i) Instrument to achieve its socio-economic policies
 - (ii) Proper and responsible financial management of public monies



LEGISLATION REGULATING PROCUREMENT




- CONSTITUTION (No 108 of 1996)**
 - Section 217 (1) - System that is fair, equitable, transparent, competitive & cost effective
 - Section 217 (2) - Categories of preference in the allocation of contracts
 - Section 217 (3) - Framework for the policy to be implemented
- PUBLIC FINANCE MANAGEMENT ACT**
 - Section 51 (1) (a) - Gives expression to the Constitution (S 217 (1))
 - Establish a regulatory framework for Supply Chain Management
- PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT (PPPFA)**
 - PPPFA (No 5 of 2000) & the Preferential Procurement Regulations (2011)
 - Linked to Section 217 (2)
 - Establishes the manner in which preferential procurement policies are to be implemented



THE FIVE PILLARS OF PROCUREMENT

1. **FAIRNESS** - Ethics and Fair Dealing (impartial and no bias)
2. **EQUITY** - Advance the development of SMMEs, Black people (designated groups), local products, local enterprises
3. **TRANSPARENCY** - Accountability and Reporting
4. **COMPETITIVENESS** - Open and Effective Competition (cost effectiveness and best value outcomes)
5. **COST EFFECTIVENESS** - Value for Money (quality, time, price)





GENERIC PROCUREMENT METHODS IN USE IN WCG

Method	Conditions
Petty cash (R0-R2000)	<ul style="list-style-type: none"> Accounting Officers must establish own procedures
Informal Quotations (R2001-R10000)	<ul style="list-style-type: none"> Three quotations from suppliers on database Ensure tax compliance if supplier not on database Reasons to be recorded if less than 3 quotes
Formal Quotations (R10001-R500000)	<ul style="list-style-type: none"> Use of the e-Procurement system If system down use the "3 quote system" Use of quotation committee if so needed
Competitive Bidding (Above R500000)	<ul style="list-style-type: none"> Detailed specifications and/or terms of reference Advertise in government tender bulletin Use of three committee system

GENERIC PROCUREMENT METHODS IN USE IN WCG

Method	Conditions
Limited Bidding (Unlimited in value)	<ul style="list-style-type: none"> Competitive bidding must be impractical (sole, single or multisource) Supported by business case identifying the rationale for limited bidding
Emergency procurement (Unlimited in value)	<ul style="list-style-type: none"> Emergency procurement policy to be in place Procure via quotations
Transversal contracts	<ul style="list-style-type: none"> Making use of national or provincial transversal contracts in place
Contracts arranged by other state organs	<ul style="list-style-type: none"> Departments can make use of contracts arranged by other departments and state institutions subject to certain conditions

- ### STANDARD BIDDING DOCUMENTS
- **WCBD 4 – Completed annually and housed on the WCSD**
 - Declaration of past performance
 - Declaration pertaining to bid rigging and collusive practices
 - Conflict of interest
 - **WCBD 6.1(a) & WCBD 6.1(b) - Completed annually and housed on the WCSD**
 - BBEE status in terms of 80/20 and 90/10 preference points respectively
 - **WCBD 7 – Contract form for goods and services**
 - **OTHER BIDDING DOCUMENTS:**
 - WCBD 1** – Invitation to Bid
 - WCBD 2** – Tax Clearance Certificate Requirements
 - WCBD 3.1** – Pricing Schedule – Firm prices (Purchases)
 - WCBD 3.2** – Pricing Schedule – Non-Firm Prices (Purchases)
 - WCBD 3.3** – Pricing Schedule (Professional Services)
 - WCBD 5** – National Industrial Participation Programme
 - WCBD 7.2** – Sale of Goods

SUPPLY CHAIN MANAGEMENT UNITS – INSTITUTIONAL ARRANGEMENTS

- **SUPPLY CHAIN MANAGEMENT SYSTEM TO BE IN LINE WITH THE LEGISLATIVE FRAMEWORK**
- **ESTABLISHMENT OF SUPPLY CHAIN MANAGEMENT COMMITTEES**
 - ❑ Bid Specifications Committee
 - ❑ Bid Evaluation Committee
 - ❑ Bid Adjudication Committee
- **COMPETENT AND CAPACITATED MEMBERS TO FULFIL THEIR RESPONSIBILITIES**
- **DECLARATION OF INTEREST – PROVINCIAL GOVERNMENT WESTERN CAPE EMPLOYEES**
- **RESPONSIBILITY OF PROVIDER OR PROSPECTIVE PROVIDER (REWARD/GIFT)**



TWO-STAGE EVALUATION PROCESS



DELIVERY

- **Only deliver on receipt of an official government order form**
- **The product or service being delivered must conform to the specification**
- **Delivery dates are crucial - 'time is of the essence'**
- **Any issues should be communicated to the buyer as soon as possible**
- **Delivering the wrong product or service, or delivering without an official order will affect payment**



UNSOLICITED BIDS

- **Unsolicited bids is clarified in WCPT Instructions 16A (Sec 5.2.1.7.)**
- **They tend to undermine competitive supply chain processes**
- **The Accounting Officer is not obliged to consider unsolicited proposals especially if it relates to institutional requirements that can be acquired via conventional competitive bidding methods**
- **DOH – Unsolicited bids has to be reviewed by SCM at head office and not via institutions**
- **Departmental processes that has to be followed in considering unsolicited bids (Assess existing contracts, suitable environment, pilot site & testing)**
- **Accounting Officer to notify Provincial Treasury within 10 working days**



CONCLUSION

- To reap the full benefits of this system it needs to be constantly measured, adapted to changing circumstances, and managed and implemented by a professional staff cadre.
- Many of the problems encountered in public procurement in South Africa probably relates to the implementation of the system rather than the system itself.
- It can be expected that there will always be a degree of tension between obtaining value for money and the promotion of socio-economic policies in public procurement.
- There are regular reviews to deal with the underlying problems with the procurement laws.



Thank you