



**Western Cape
Government**

Provincial Treasury

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Reference: RCS/C.6

TREASURY CIRCULAR 35/2016

THE PREMIER

THE MINISTER OF ECONOMIC OPPORTUNITIES

THE MINISTER OF COMMUNITY SAFETY

THE MINISTER OF CULTURAL AFFAIRS AND SPORT

THE MINISTER OF EDUCATION

THE MINISTER OF FINANCE

THE MINISTER OF HEALTH

THE MINISTER OF HUMAN SETTLEMENTS

THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING

THE MINISTER OF SOCIAL DEVELOPMENT

THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT

THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

For information

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR Z HOOSAIN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR G MORRIS)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MS P VINJEVOLD)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR B ENGELBRECHT)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)
THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR T MGULI)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR P VAN ZYL)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS J GOOCH)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR S FOURIE)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS)
THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (MR G PAULSE)

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THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: HUMAN SETTLEMENTS (MR F DE WET)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)
THE CHIEF FINANCIAL OFFICER: VOTE 14: LOCAL GOVERNMENT (MS B SEWLALL-SINGH)

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THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (DR R OMAR)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR T HARRIS)
THE CHIEF EXECUTIVE OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MR D SOUTHGATE) (ACTING)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE HERITAGE (MS HM DU PREEZ) (ACTING)
THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR M BRINKHUIS)
THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR AUTHORITY (DR L MDUNYELWA)

THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR T SWART) (ACTING)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MR M BHAYAT)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR I BLACKIE)
 THE CHIEF FINANCIAL OFFICER: SALDANHA BAY IDZ LICENCING COMPANY (MR H BONESCHANS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMITTEE (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE (MS B RUTGERS)
 THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LIQUOR AUTHORITY (VACANT)
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 THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)
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 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN) (PRO TEM)
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 THE DIRECTOR: INFRASTRUCTURE (MR P CHANDAKA)
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 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR H MALILA) (PRO TEM)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR Z ZONYANE) (ACTING)
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE DEPUTY DIRECTOR GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

**REPEAL AND REPLACE PREVIOUSLY ISSUED NATIONAL TREASURY DESIGNATED SECTOR
 INSTRUCTION NOTES ON THE INVITATION AND EVALUATION OF BIDS BASED ON A STIPULATED
 MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT FOR:**

NUMBER 3 OF 2016-2017- SOLAR WATER HEATER COMPONENTS

NUMBER 4 OF 2016-2017- RAIL ROLLING STOCK SECTOR

NUMBER 5 OF 2016-2017 - ELECTRICAL CABLE PRODUCTS

NUMBER 6 OF 2016-2017 - FURNITURE PRODUCTS

**NUMBER 7 OF 2016-2017 - LARGE BORE SPIRAL SUBMERGED ARC WELDED STEEL
 CONVEYANCE PIPES**

NUMBER 8 OF 2016-2017- WORKING VESSELS (BOATS)

NUMBER 9 OF 2016-2017 - STEEL POWER PYLONS

NUMBER 11 OF 2016-2017-VALVE PRODUCTS AND ACTUATORS

NUMBER 12 OF 2016-2017- TRANSFORMERS, SHUNT REACTORS AND ASSOCIATED EQUIPMENT

1. PURPOSE

- 1.1 The purpose of this communicate is to disseminate the repeal and replacement of eight of the National Treasury's Instruction Notes (IN), which are aimed to regulate the environment within which an Accounting Officer or Accounting Authority procure for local production and content.
- 1.2 The following Instruction Notes (IN) are repealed and replaced (attached hereto marked Annexure A to I):

ANNEXURE	IN NO 2016/ 2017	DESCRIPTION	DATED	REPEAL OF IN DATED	TREASURY CIRCULAR REFERENCE
A	3	Solar water heater components	30/06/2016	17/06/2014	28 of 2014
B	4	Rail rolling stock	30/06/2016	12/06/2014	28 of 2014
C	5	Electrical cable products	30/06/2016	08/05/2013	36 of 2013
D	6	Furniture products	30/06/2016	15/11/2012	29 of 2012
E	7	Large bore spiral submerged arc welded steel conveyance pipes: 500mm to 3500mm (conveyance pipes)	30/06/2016	28/9/ 2015	04 of 2016

F	8	working vessels (boats)	30/06/2016	11/08/2014	33 of 2014
G	9	Steel power pylons, monopole pylons, steel substation structures, powerline hardware, street lighting steel poles; and steel lattice towers and masts	30/06/2016	28/09/2015	04 of 2016
H	11	Valves products and actuators	12/07/2016	06/02/2014	04 of 2016
I	12	Transformers, shunt reactors and associated equipment	29/07/2016	21/10/2015	04 of 2016

2. BACKGROUND

- 2.1 The Instruction Notes are issued in terms of Regulation 9(1) of the Preferential Procurement Regulations, 2011 and were issued on National Treasury's website on 1 July 2016 (Annexure A-H) and 29 July 2016 (Annexure I).
- 2.2 The Instruction Notes as mentioned in paragraph 1.2 (Annexure H) is merely a reissue as the National Treasury previously repealed and replaced the incorrect Instruction Note.

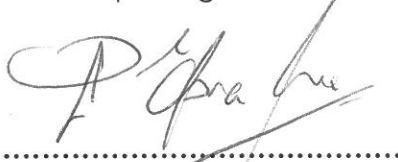
2.3 The Instruction Notes as mentioned in paragraph 1.2 (Annexure I) has been amended and includes additional tables.

2.4 The Instruction Notes as mentioned in paragraph 1.2 (Annexure A-G) previously allowed an institution to remove the imported steel which has been treated as local because of the import parity prices which has been charged to local users of steel. That benefit has been removed to protect the local steel industry which is under immense pressure because of the global decline in steel prices and demand. Raw steel is now deemed to be 100% local and the previous concession regarding imported steel has been revoked.

3. REQUEST

3.1 Accounting officers/ accounting authorities re requested to:

- a) Note the effective date of 27 July 2016 (Annexure A- G), 27 August 2016 (Annexure H) and utilise the annexed Instruction Notes when implementing the local production and content requirements.
- b) Ensure that the content of the Instruction Notes are brought to the attention of all relevant officials within their institution and schedule 3A and 3C public entities reporting to their executive authorities.



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MRS N EBRAHIM

DIRECTOR: PROVINCIAL GOVERNMENT: SUPPLY CHAIN MANAGEMENT

DATE: 26/08/2016

