



REFERENCE: T16/P

ENQUIRIES: NADIA EBRAHIM

TREASURY CIRCULAR MUN NO 45/2011

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THE MAYOR, WEST COAST DISTRICT
THE MAYOR, MATZIKAMA MUNICIPALITY
THE MAYOR, CEDERBERG MUNICIPALITY
THE MAYOR, BERGRIVIER MUNICIPALITY
THE MAYOR, SALDANHA BAY MUNICIPALITY
THE MAYOR, SWARTLAND MUNICIPALITY
THE MAYOR, CAPE WINELANDS DISTRICT
THE MAYOR, WITZENBERG MUNICIPALITY
THE MAYOR, DRAKENSTEIN MUNICIPALITY
THE MAYOR, STELLENBOSCH MUNICIPALITY
THE MAYOR, BREEDE VALLEY MUNICIPALITY
THE MAYOR, BREEDE RIVER/WINELANDS MUNICIPALITY
THE MAYOR, OVERBERG DISTRICT
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY
THE MAYOR, OVERSTRAND MUNICIPALITY
THE MAYOR, CAPE AGULHAS MUNICIPALITY
THE MAYOR, SWELLENDAM MUNICIPALITY
THE MAYOR, EDEN DISTRICT
THE MAYOR, KANNALAND MUNICIPALITY
THE MAYOR, HESSEQUA MUNICIPALITY
THE MAYOR, MOSSEL BAY MUNICIPALITY
THE MAYOR, GEORGE MUNICIPALITY
THE MAYOR, OUDTSHOORN MUNICIPALITY
THE MAYOR, BITOU MUNICIPALITY
THE MAYOR, KNYSNA MUNICIPALITY
THE MAYOR, CENTRAL KAROO DISTRICT
THE MAYOR, LAINGSBURG MUNICIPALITY
THE MAYOR, PRINCE ALBERT MUNICIPALITY
THE MAYOR, BEAUFORT WEST MUNICIPALITY

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THE HEAD OF SCM, BEAUFORT WEST MUNICIPALITY: MS SA POTHSBERG

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THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
THE HEAD: ASSET MANAGEMENT (MR TC ARENDSE) (PRO TEM)
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THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MR T MADONDILE/MS M FORTUIN) (ACTING)
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THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR E JOHANNES) (ACTING)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)

THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS A SMIT)

THE PROVINCIAL AUDITOR
MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT
THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

**RE: ISSUING OF AMENDED MUNICIPAL BIDDING DOCUMENTS AND NATIONAL
TREASURY IMPLEMENTATION GUIDE FOR PREFERENTIAL PROCUREMENT
REGULATIONS, 2011**

1. BACKGROUND

- 1.1 With effect from **7 December 2011** the requirements of the Preferential Procurement Regulations, 2011 come into effect and accounting officers and accounting authorities are required to invite, evaluate and award bids in terms thereof.
- 1.2 The National Treasury has, to this end issued municipal bidding documents that give effect to the requirements of the regulatory regime together with a Guide to assist institutions to implement these regulations.
- 1.3 As cited in paragraphs 2.5 and 2.6 of National Treasury's Circular dated 01 December 2011 and attached herewith, the above-mention documentation must be read and utilised together with other relevant SCM related prescripts, instructions, circulars and guidelines. It is also highlighted that the Guide is not a substitute for legislation and should not be utilised for legal interpretation.
- 1.4 National Treasury Circular dated 01 December 2011 and the Implementation Guide is attached herewith for your attention.
- 1.5 Please see also attached for your attention the following municipal bidding documents (MBDs):
 - (a) MBD 1: Invitation to bid;
 - (b) MBD 2: Tax clearance requirements;
 - (c) MBD 3.1, 3.2 and 3.3: Pricing schedule for firm prices (purchases), non-firm prices (purchases) and professional services respectively;
 - (d) MBD 4: Declaration of interest;

- (e) MBD 5: Declaration of Procurement above R10 million;
- (f) **MBD 6.1: Preference points claim form in terms of the Preferential Procurement Regulations 2011** which serves as a claim form for preference points for BBBEE requirements in terms of the 80/20 and 90/10 preference points respectively;
- (g) **MBD 6.2: Declaration certificate for local production and content;**
- (h) MBD 7.1, 7.2 and 7.3: Contract form for the rendering of services, purchases of goods/works and sale of goods/works respectively;
- (i) MBD 8: Declaration of bidder's past SCM practices; and
- (j) MBD 9: certificate of independent bid determination.

1.6 Municipalities must note that the amended MBD 6.1 and 6.2 bidding documents come into operation on **7 December 2011**, and are applicable to all bids advertised from this date forward.

2. IMPLEMENTATION GUIDE: PREFERENTIAL PROCUREMENT REGULATIONS, 2011

- 2.1 Paragraph 3.2.1 of the Guide indicates that the 80/20 point system will apply to bids equal to or above the R30 000.00 and up to a Rand Value of R1 million.
- 2.2 The threshold for the application of the 80/20 points system must not be confused with the threshold for formal written quotations/informal bidding up to R200 000. This threshold remains as prescribed by the Municipal SCM Regulations.
- 2.3 It must however be noted that it is the responsibility of municipal SCM units to educate its users on the SCM processes associated herewith.
- 2.4 Given that the National Treasury and the DTI is in the process of developing guidelines and instructions to give effect to the requirements in respect of local content, it is recommended that queries in this regard be addressed with the National Treasury.
- 2.5 In terms of Paragraph 21.2 of the Guide, the validity period of a bid must not be extended where a bid was invited in terms of the 2001 regulations. Municipalities must finalise/award bids advertised in terms of the 2001 regulations as expeditiously as is reasonably possible before the expiry of the bid validity period.

2.6 Accounting officers of municipalities and municipal entities must ensure that the content of this circular and the attached guide are brought to the attention of all supply chain management officials.

2.7 Any queries in respect of the content of this circular may be addressed to:

The Acting Head: Asset Management

Nadia Ebrahim

Tel: (021) 483 4748

Email: Nadia.ebrahim@pgwc.gov.za



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MS NADIA EBRAHIM

HEAD: ASSET MANAGEMENT (Acting)

DATE: 7 December 2011