



Supply Chain Management

2022/23

Procurement Disclosure Report



Western Cape
Government
FOR YOU

Authored by:
Provincial Treasury
Provincial Government
Supply Chain Management

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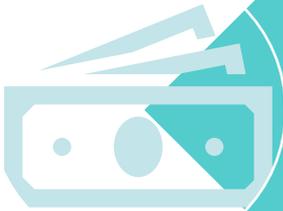
ABBREVIATIONS

B-BBEE	Broad Based-Black Economic Empowerment
bn	Billion
CSD	Central Supplier Database
ePS	Electronic Procurement Solution
FAQs	Frequently Asked Questions
GTB	Government Tender Bulletin
IPS	Integrated Procurement Solution
MTEF	Medium-term expenditure framework
NT	National Treasury
PCC	Procurement Client Centre
PPPFA	Preferential Procurement Policy Framework Act
PPPFR	Preferential Procurement Policy Framework Regulations
PT	Provincial Treasury
PTIs	Provincial Treasury Instructions
RDP	Reconstruction and Development Programme
RFQ	Request for Quotations
TBEC	Transversal Bid Evaluation Committee
TBAC	Transversal Bid Adjudication Committee
WCG	Western cape Government
WCBD	Western Cape Bid Document
WCSEB	Western Cape Supplier Evidence Bank

EXECUTIVE SUMMARY



This report presents the **Western Cape Government's fourth procurement disclosure for 2022/23**, focusing on financial and non-financial performance. This government prioritizes fairness, transparency, and cost-effectiveness in procurement, supporting socio-economic development through preferential policies.



The total procurement expenditure for the province for 2022/23 is R20.46 billion. The report emphasizes the government's commitment to efficient procurement practices and support for local businesses. Black-owned companies, SMMEs and suppliers situated in the Western Cape benefitted from the procurement spend. 41.42 % of the expenditure benefitted SMMEs, 62.81 % benefitted black owned companies and 31.75 % of the expenditure benefitted black owned SMMEs. 39.76 % was expenditure to suppliers situated in the Western Cape and 33.29 % was to suppliers situated within the City of Cape Town.



Automated procurement planning tools enhance efficiency, and electronic solutions ensure transparency. During the 2022/23 financial year, a total of 2,259 planned procurement opportunities were successfully awarded to suppliers. The e-Procurement solution played a significant role in the procurement process, as it facilitated the advertisement of 42,422 opportunities across 1,417 distinct commodities. Additionally, 1 584 formal tenders were awarded via both the WCG tender mechanism and the e-tender portal.



Goods and services constituted a substantial 74.49% of the total procurement expenditure. Top goods and services procured include Property Payments (R3.2 billion), medical supplies (R1.85 billion), computer services (R1.4 billion), agency support (R1.3 billion), and contractors (R1.17 billion). The procurement strategy focusses on value for money and strategic supply chain management.



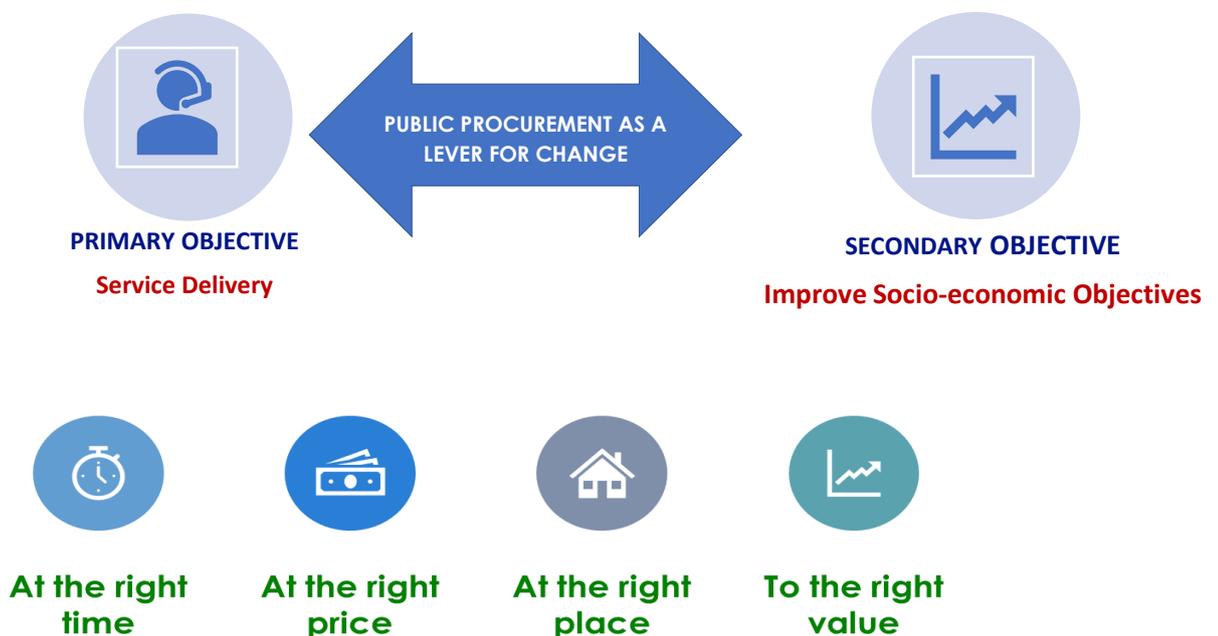
The new Preferential Procurement Regulations, 2022, aligns constitutional requirements and the Preferential Procurement Policy Framework Act. This has created regulatory volatility on the backdrop of the Constitutional Court Judgment. The WCG is in the process of doing a technical review to reposition its SCM requirements to enable a better alignment to the Constitutional principles under section 217 of the Constitution that has a more meaningful impact on service delivery and empowerment.

1. INTRODUCTION

This is Western Cape Government's (WCG) fourth iteration of the procurement disclosure reporting post COVID-19. This report focuses on financial and non-financial procurement performance for 2022/23 financial year), noting regulatory changes and initiatives focused on to improve procurement processes in the WCG.

2. CONTEXT AND INTENT OF PUBLIC PROCUREMENT

Public procurement is the function whereby government organizations acquire goods, services and works from suppliers in the local and international market, subject to the general principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness. These principles are the primary focus of all government procurement as encapsulated in Section 217(1) of the Constitution, and which collectively seek to ensure that government acquires goods, services, and works at the right time, at the right price, at the right place and to the right value to enable service delivery. The secondary focus in terms of section 217(2) and (3) of the Constitution is to enable socio-economic development through preferential procurement, as further guided by the Constitution and subsidiary national legislation.



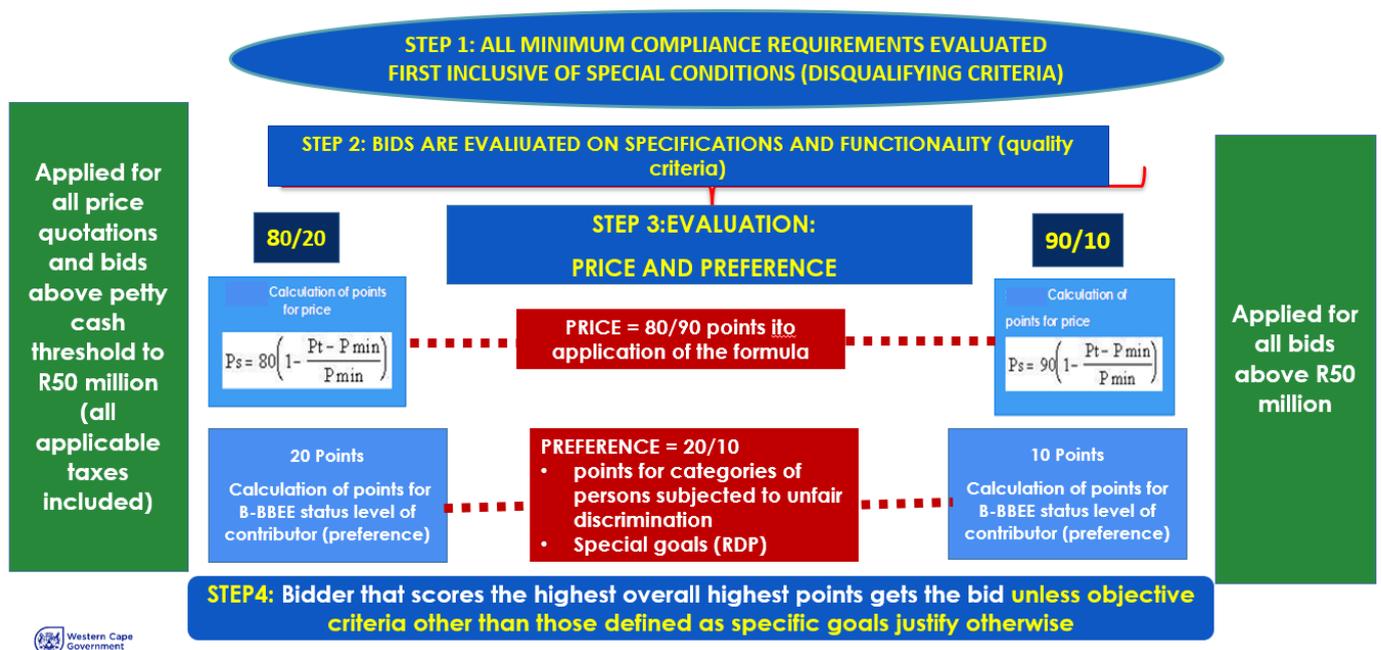
Price alone is not the only factor considered when awarding bids or request for quotations (RFQs). The terms and conditions of the bid/RFQ must also be considered, which may result in a supplier being disqualified. Bids are required to be responsive to ALL requirements contained in the bid documents or RFQ. Bids that are judged as non-responsive do not move into the next stage of bid evaluation which deals with evaluation criteria including functionality, pricing, or empowerment. Non-responsive bids, irrespective of their merits, are excluded from the bid process. Hence, a supplier may be cheaper in price and still be disqualified from the process if the supplier is non-compliant with other stipulated clauses within the bid/RFQ.

Organs of state are required to draft specifications and evaluation criteria in a manner that allows all potential suppliers who are able to meet the requirements, an opportunity to offer their goods and services. All suppliers interested in the tender must comply with specified bid conditions and criteria when submitting their offer(s). The duty remains on the bidder to familiarize themselves with these bid conditions and criteria before submitting an offer.

When focusing on socio - economic empowerment through preferential procurement, government must in addition allocate preference points to companies or individuals that have been historically unfairly discriminated on, by giving them preference in tender processes. Bids are evaluated in terms of a point scoring system and are awarded to companies who score the highest points jointly for price and preference.

A depiction of the procurement process as envisaged by legislation is diagrammatically represented hereunder in Illustration 1:

ILLUSTRATION 1



3. PREFERENTIAL PROCUREMENT REGULATIONS, 2022

A set of revised Preferential Procurement Regulations, 2022 (PPFR) were issued via Government Gazette No. 47452 on 04 November 2022 with an effective date for implementation on 16 January 2023. These replace the 2017 Preferential Procurement Regulations, subsequent to a judgement of the Constitutional Court on 16 February 2022 that declared these regulations to be invalid in their totality.

The 2022 PPFRs were developed to comply with:

- Section 217 (3) of the Constitution;
- Section 5 (1) of the Preferential Procurement Policy Framework Act No. 5 of 2000 where the Minister may make regulations regarding any matter that may be necessary or expedient to prescribe in order to achieve the objects of the Preferential Procurement Policy Framework Act, 2000 (PPFA); and
- The Constitutional Court judgment of 16 February 2022, on the 2017 Regulations.

The 2022 Regulations, amongst other matters, requires that an organ of state must, in its tender documents, stipulate (a) applicable preference point system as envisaged in the regulations; and (b) the specific goals in the invitation to submit the tender for which points may be awarded, and proof of the claim of such goals.

Organs of state are required to determine their preferential procurement policies in terms of the framework prescribed in the PPFA when giving effect to specific goals for preferential procurement. Given that the 2022 Regulations have now in essence streamlined its focus to what is envisaged by the PPFA, specific goals will need to be dealt with within the boundaries of the 20 and 10 points for preference points within the 80/20- and 90/10-points scoring system as specified in the PPFA.

Specific goals in terms of Section 2 (1)(d) and (ii) of the PPFA may include, but are not limited to:

- contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination based on race, gender and disability; and

- b) the implementation of the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994 (RDP).

The Western Cape Government is committed to ensuring that its preferential procurement policy promotes the required value for money and suitable redress. Proper research and analysis needs to be done as well as international best practices be explored so that decisions made are evidence-based. Any new preferential procurement policy will be based on an executive policy directive and approved by Cabinet going forward.

The Provincial Cabinet, in noting that organs of state may develop their own preferential procurement policies in terms of section 5 of the PPPFA, and in providing executive guidance on the WCG's way forward in response to the PPR 2022 approved via Cabinet Minute 544 of 2022 on 14 December 2022 that:

- The WCG will maintain the *status quo* of the current procurement system post 16 January 2023, until the executive policy directives and technical reviews have been concluded, as an interim arrangement and as already applied in the province taking into consideration the Constitutional Court judgment;
- The Provincial Treasury will advise and guide provincial departments and public entities on this process; and
- A technical review will be undertaken on the current procurement system including the benchmarking of international best practices in defining a legal way forward in the province that focuses on value for money, appropriate redress and reforming the current procurement system over time, informed by an executive policy direction.

The WCG is currently conducting a technical review to define a way forward in terms of PPR, 2022 implementation that focus on value for money, redress, and reforming of current procurement system. This research will amongst others include the following processes:

- a legal review to ensure Constitutional alignment with the provisions as encapsulated in the preferential procurement framework and the supporting regulations as well as certainty on how the forthcoming audit/s will be dealt with from a compliance perspective;
- review best practice evidence to establish and develop an appropriate policy response that enables growth, provides appropriate redress, accounts for value for money and enables the desired impact;
- a review on the current Supply Chain Management System which includes revision of the Provincial Treasury Instructions, Accounting Officer Systems and departmental SCM policies;
- the Provincial Treasury will further consult with the Western Cape Supply Chain Management Forum, the Chief Financial Officers Forum, the SCM Problem Driven Iterative Adaptation (PDIA) working group and the SCM Policy Focus Group as well as external engagement and collaboration; and
- Change Management Strategy which will include training, workshops, videos, support and information management for provincial departments and suppliers.

4. METHODS OF PROCUREMENT

The following procurement methods as regulated have been utilized in government, and will continue to be, followed in the WCG:

Competitive Price Quotations:
threshold between R2 001 and up to R1 000 000.00* via the eProcurement Solution

Competitive Bidding
for procurement requirements above R1 000 000.00

Limited Bidding
single source/specific group/category of possible supplier/s; service provider/s or contractor/s

Emergency Procurement
ordinary emergencies (not procurement) dealt with via emergency procurement policies and delegations

In addition, the following methods of procurement are also available for utilization by procuring institutions:

Participating in Contracts
procured by other organs of state

Procurement from national or provincial transversal contracts

Honouring of existing departmental contracts

Procurement requirements as issued by NT/PT/Municipalities
(Dependent on declaration and classification)

**It must be noted that the ePS is used for procurement from R10 000 up to R1million, whilst utilisation of the system between R2 001 to R10 000 is discretionary and will be articulated in the accounting officer's system of each procuring entity.*

5. PROCUREMENT PLANNING

Procurement plans are an essential part of the WCG's procurement activities for a financial year. This ensures that procurement activities are aligned to service delivery objectives and budgets. Illustration 2 hereunder depicts the thinking.

ILLUSTRATION 2: PROCUREMENT PLANNING RATIONALE



The WCG has implemented an automated procurement planning toolkit in the 2021/22 financial year. All departments have transitioned to the automated procurement planning toolkit and hence the Provincial Treasury is able to produce a provincial procurement plan as well as view progress on departmental plans when the information becomes available on a quarterly basis.

The advertised procurement plans for all 13 of our provincial departments may be viewed via this link here: <https://www.westerncape.gov.za/provincial-treasury/procurement-disclosure-report>.

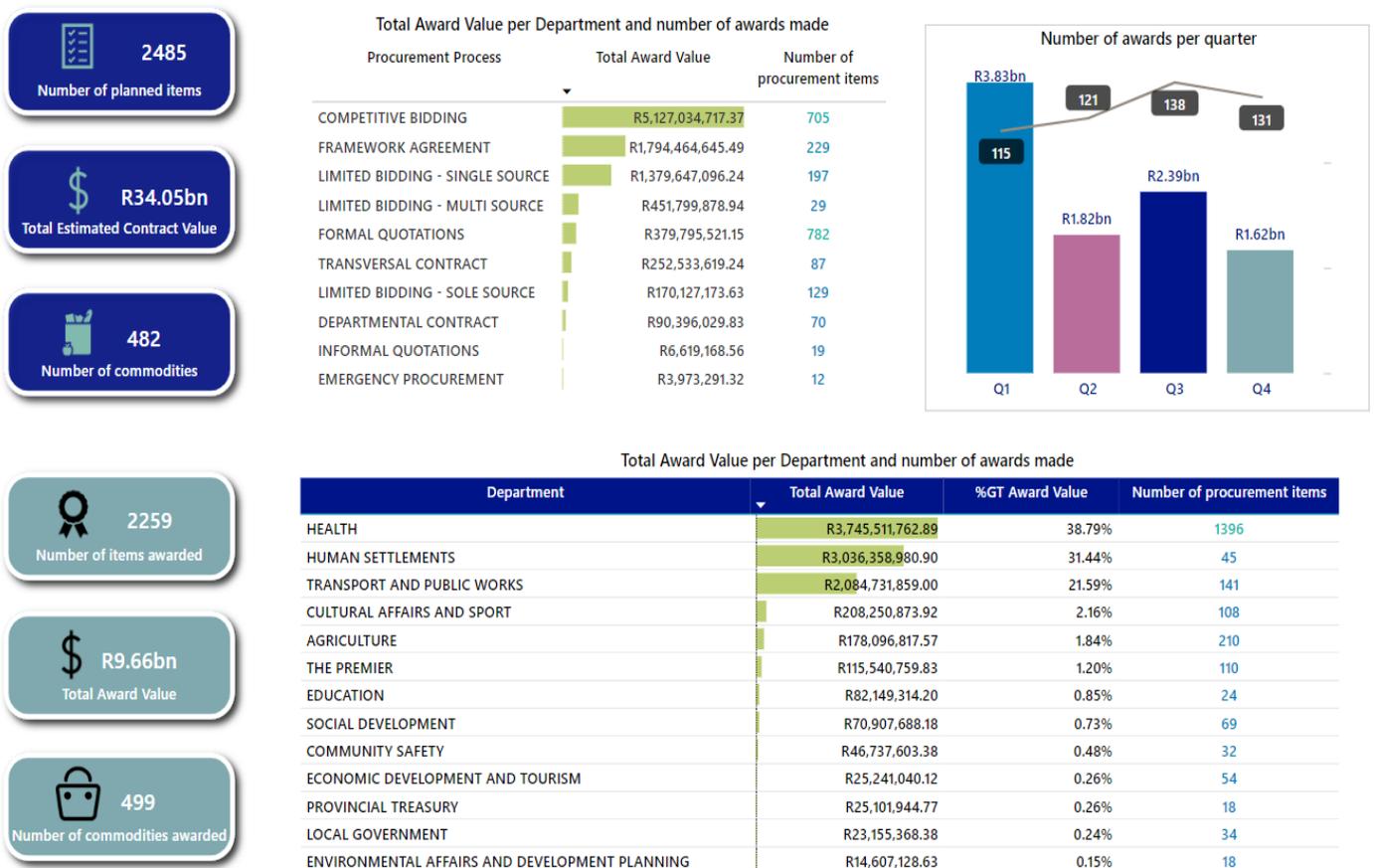
The Illustrations hereunder depict the potential opportunities that were available to suppliers via the envisaged departmental procurement processes as well as the awards made during the 2022/23 financial year:

5.1 PLANNED TENDER OPPORTUNITIES



5.2 PROCUREMENT OPPORTUNITIES AND AWARDS FOR 2022/23

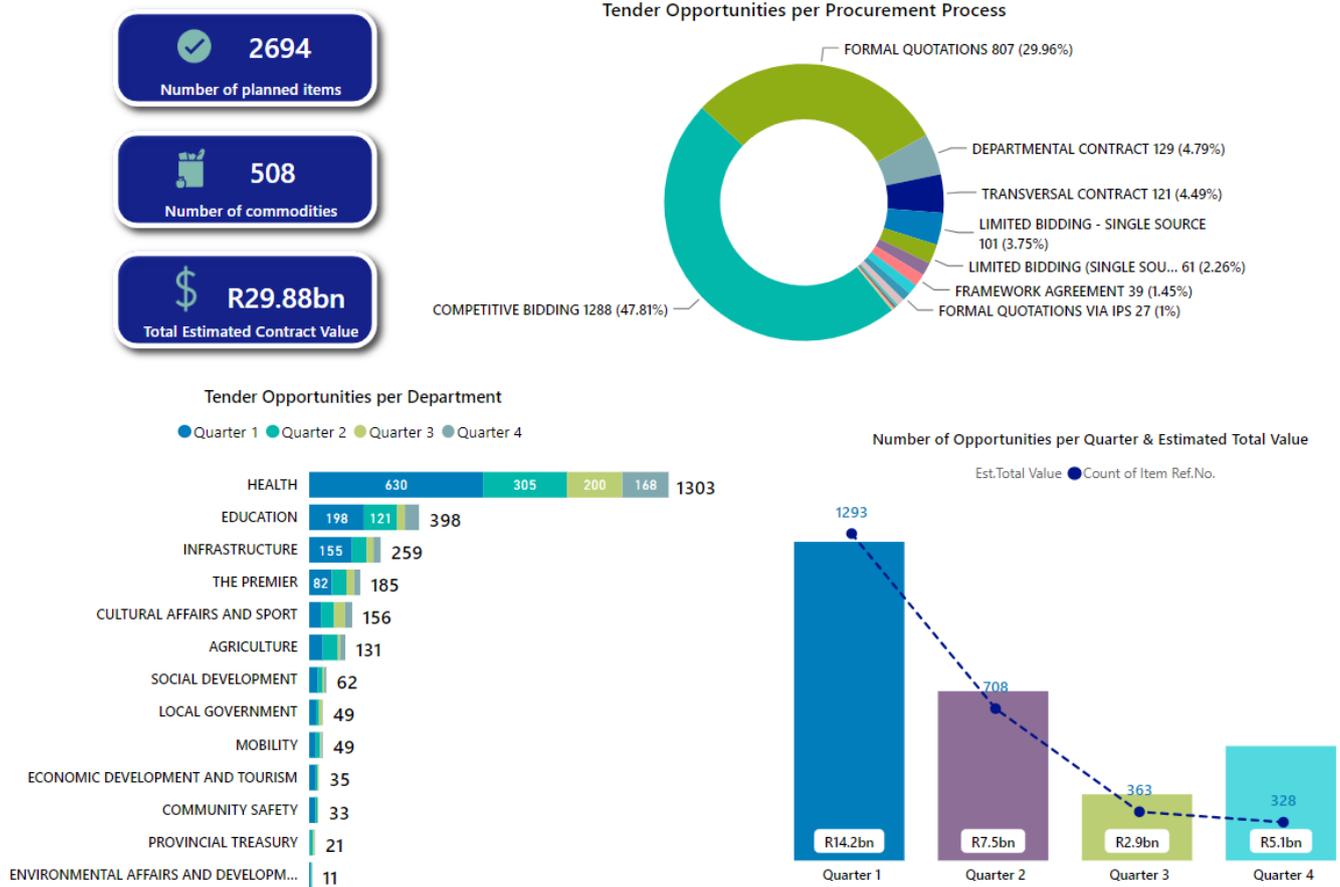
ILLUSTRATION 3: PROCUREMENT OPPORTUNITIES 2022/2023



- To date **2 259** tender opportunities have been recorded as awarded to the composite value of **R9.66 billion** against the planned 2 485 opportunities that were envisaged in the procurement plans of departments for the 2022/23 financial year.
- Opportunities to the value of R5.13 billion was awarded via a competitive bidding process.
- The Department of Health awarded 1396 opportunities to the value of R3.75 billion which account to 38.70% of the total award value for all provincial departments.

The Illustration hereunder depicts the potential opportunities that are available to suppliers via the envisaged departmental procurement processes for the 2023/24 financial year:

ILLUSTRATION 4: PROCUREMENT OPPORTUNITIES 2023/2024



Tender opportunities will decline as the year progresses; hence it is critical for suppliers to ready themselves for these opportunities. Further detail of the procurement plans can be found on the Procurement Dashboard here: <https://www.westerncape.gov.za/provincial-treasury/procurement-disclosure-report>.

Note: The procurement plans are signed off by the Provincial Departments on 31 March 2023, however, are subject to change as the year progresses due to various factors such as budgetary constraints; refocused strategic indicators; and intended procurement is no longer a need; or there is a postponement of the need. Hence this information is purely indicative of the planned procurement only.

6. e-PROCUREMENT SOLUTION AND THE WESTERN CAPE SUPPLIER EVIDENCE BANK

The WCG has since 1999 implemented an electronic platform for bid invitation inclusive of a supplier database. The National Treasury has since 2016 implemented a Central Supplier Database (CSD) which must be utilised by all provinces and suppliers who wish to conduct business with government.

Technology enablement within government, especially within the procurement space, is critical to optimize business efficiencies, reduce red tape in the long term for suppliers, and ensure accountability and transparency within the procurement process. The utilisation of automated systems allows us as government to do this given the scale and enormity of financial implications and transactions required.

6.1 THE IN-HOUSE DEVELOPED e-PROCUREMENT SOLUTION (ePS)

The WCG has since 1999 utilised an e-Procurement Solution to facilitate the procurement of goods, services and works up to the value of R500 000. Since 1 December 2021, the WCG has fully implemented an in-house developed ePS that facilitates the procurement of goods, services, and works up to the value of R1 million.

6.2 VALUE AND BENEFITS OF AN ELECTRONIC PROCUREMENT SOLUTION (ePS)

The ePS includes the Western Cape Supplier Evidence Bank (WCSEB) that serves as a central repository of governance documentation for utilisation when procuring via the ePS:

For suppliers:

providing procurement opportunities to a wider spectrum of suppliers; stimulating competition; automating manual processes (streamlining of procurement processes); ensuring ease of doing business with WCG; affording better transparency and accountability and helping and supporting suppliers to tender.

For departments:

easier compliance with legislation, improved productivity, reducing paperwork and telephone costs, etc.); working with the latest and verified suppliers - information held centrally; fairness and transparency, curbs opportunities for irregularities, fraud and collusion between suppliers and officials; and provides for accurate management of information and audit trail of all transactions.

- The WCSEB uses the national Central Supplier Database (CSD) as the master database of information that feeds into the WCSEB; which houses compulsory governance documents and serves as a central document store.
- Registration on the WCSEB for procurement via ePS is a policy decision made by the WCG to ensure that compulsory tender requirements are met and the WCSEB constitutes a single central store of governance documentation i.e.,

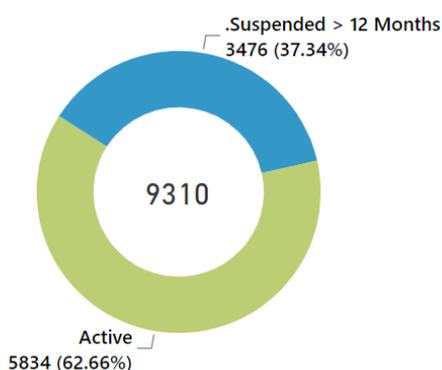
WCBD 4 Declaration of interest; Bidders Past SCM Practices & Independent Bid Determination); WCBD 6.1 (Preference Points Claim and B-BBEE certification required in the procurement process, by all provincial government departments.

- An actively registered supplier is a supplier who has a valid WCBD 4 on the WCSEB. The WCBD 4 is valid for a year. Should this WCBD 4 expire, the supplier will become suspended on the WCSEB and will not be eligible to receive opportunities via the ePS.

6.3 WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB)

There are 9 310 suppliers registered on the WCSEB of which 62.66% are active and 37.34% are suspended. These suppliers will therefore not be eligible to receive opportunities advertised via the ePS. Suppliers are requested to check their status on the WCSEB and uplift the suspension by submitting a duly completed Western Cape Bidding Document 4 (WCBD 4) to the Procurement Client Centre (PCC) - (detail of which can be found at the end of this report).

ILLUSTRATION 5: WCSEB



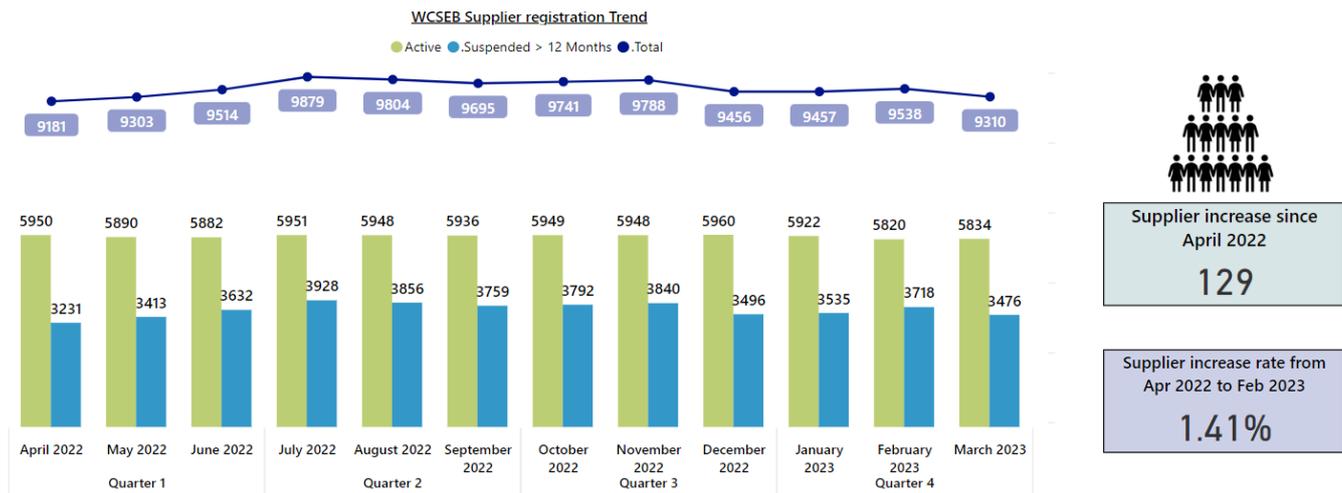
The visual presents the total number of suppliers (Active and Suspended < 12 months) registered on the WCSEB as at 31 March 2023.

Since April 2022, **129** additional suppliers registered on the WCSEB which is indicative of a **1.41%** composite growth in the supplier database.

Note that the registration status of suppliers changes continuously as suppliers maintain their profile from a suspended status to an active status. As the WCBD 4 expires these suppliers will become suspended. Illustration 6 hereunder reflects the trends.

It is incumbent on suppliers to ensure that their WCBD4 documents are current and that all their information is updated as required to avoid suspension and also to enable them to continue tendering with the Western Cape Government.

ILLUSTRATION 6: WCSEB GROWTH TREND



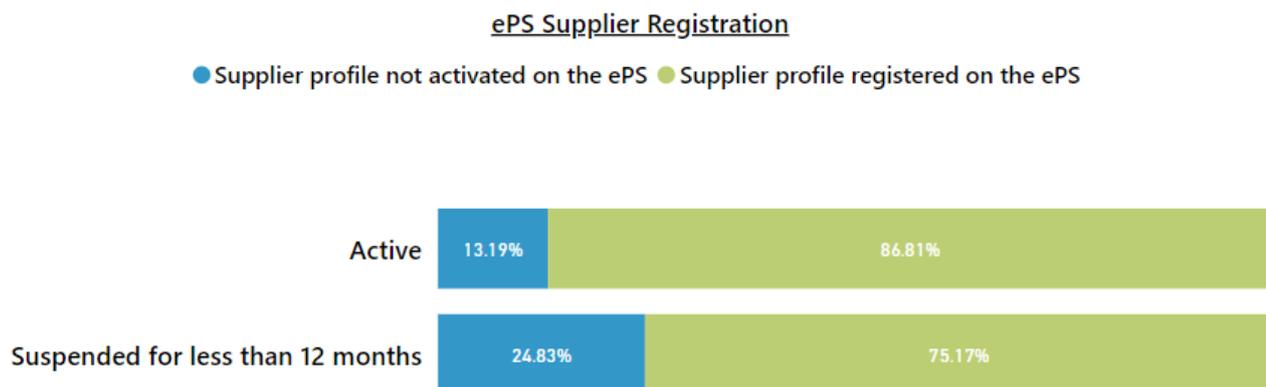
When the province moved to the new system, suppliers registered on the WCSEB were assisted with the activation of their profiles on the ePS. Once these profiles have been activated, the system generates an email with brief instructions and a link to access the ePS. A Video Tutorial can be accessed on the WCG web page: <https://www.westerncape.gov.za/provincial-treasury/tenders/eprocurement-solution>.

6.4 ePS SUPPLIER REGISTRATION

13.19% of the active supplier base have not yet activated their profiles on the ePS and hence these suppliers will not be eligible to receive opportunities via the ePS even though the supplier is actively registered on the WCSEB.

75.17% of the suspended suppliers have a profile registered on the ePS but will not receive opportunities because the suppliers are suspended on the WCSEB (due to an expired WCBD 4). It is important for suppliers to understand and know its status on the ePS to appropriately attend to its profile.

ILLUSTRATION 7: WCSEB STATS VS e-PS REGISTRATION



The Provincial Treasury has developed an in-house eProcurement Solution as required by paragraph 5.3.1 (a) of the PTIs which came into effect 1 December 2021 with the phasing out of the previous Integrated Procurement Solution (IPS). This Dashboard provides an overview in terms of the onboarding of suppliers to the ePS which took place on 7 September 2021.

Supplier support for the ePS is provided through various interventions as articulated in Chapter 10 and on pages 29 - 30 of this document.

7. BUSINESS OPPORTUNITIES

Goods or services between the value of R2 001 and up to R1 million, tax inclusive, must be invited from at least three or more service providers. It must be noted that the ePS is used for procurement from R10 000 up to R1 million, whilst utilisation of the system between R2 000 to R10 000 is discretionary and will be articulated in the accounting officer's system of each procuring entity. Should the ePS not be utilised for procurement between R2 000 to R10 000, a manual quotation system is used by departments.

7.1 QUOTATIONS ADVERTISED VIA THE EPS FOR 2022/2023



**42 422 opportunities published via the ePS
across 1417 commodities**

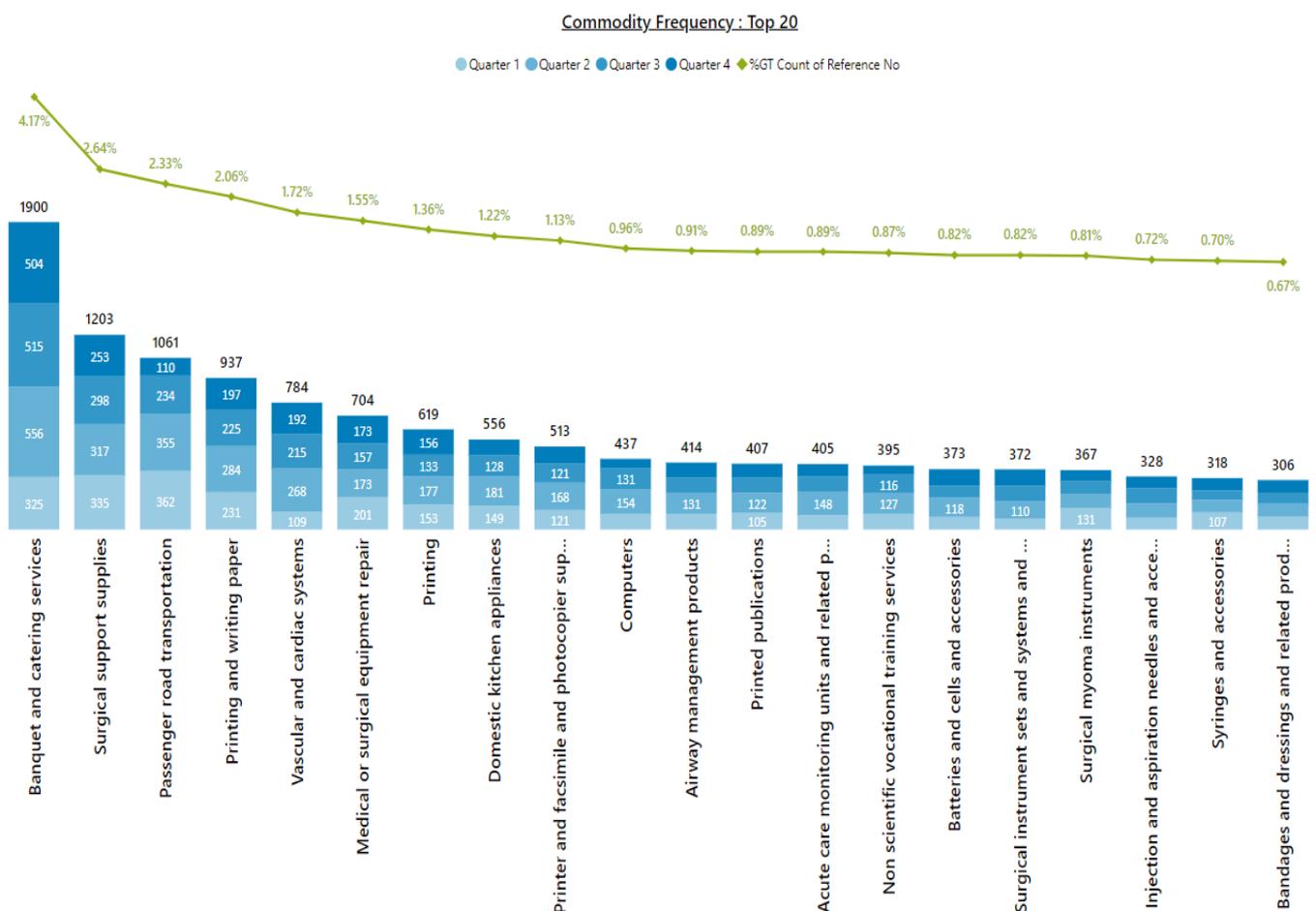


Top 3 commodities advertised:

- 1 900 - Banquet and catering services;
- 1 203- Surgical Support Supplies;
- 1 061- Passenger Road Transportation

7.2 ePS REFLECTIONS

ILLUSTRATION 8: TOP COMMODITIES ADVERTISED VIA THE ePS



Banquet and catering services was the top advertised commodity, 1900 RFQs and accounts for 4.17 percent of the RFQ's advertised during 2022/2023 followed by surgical support supplies, 1203 RFQs (2.64%) and passenger road transport, 1061 RFQs (2.33%).

ILLUSTRATION 9: TOP COMMODITIES ADVERTISED AND AWARDED VIA THE ePS

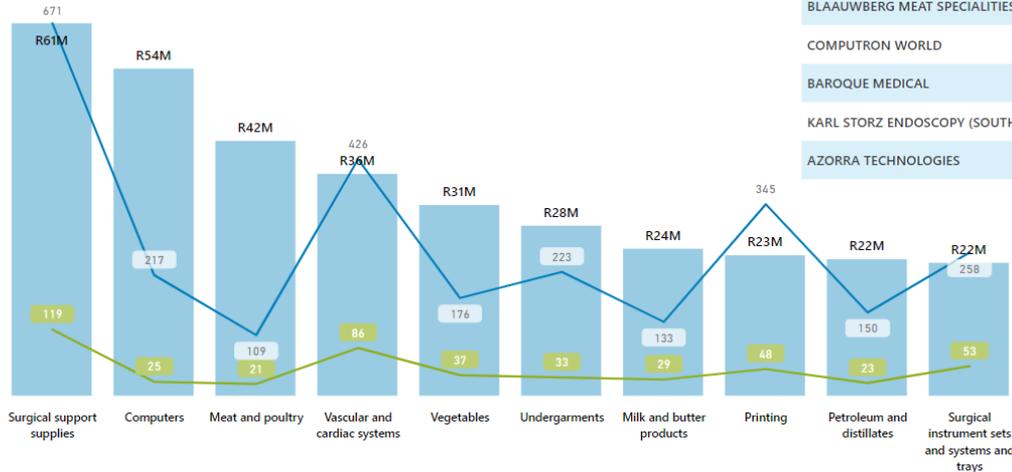


Top 15 Supplier Awards

Registered Name	RFQ Award Value	%GT RFQ Award Value
1 MEDTRONIC (AFRICA)	R52,353,938.00	3.23%
2 SSEM MTHEMBU MEDICAL	R31,234,846.00	1.93%
3 MEDHOLD MEDICAL	R27,412,236.00	1.69%
RESPIRATORY CARE AFRICA	R22,928,301.00	1.41%
TRIPLE PEAKS COMMODITIES	R22,343,500.00	1.38%
BLAAUWBERG MEAT SPECIALITIES	R22,190,930.00	1.37%
COMPUTRON WORLD	R21,656,664.00	1.34%
BAROQUE MEDICAL	R20,647,428.00	1.27%
KARL STORZ ENDOSCOPY (SOUTH AFRICA)	R20,457,488.00	1.26%
AZORRA TECHNOLOGIES	R16,851,723.00	1.04%

Commodity Frequency: Top 10

RFQ Award Value Count of Successful Supplier (Number) Count of ReferenceNo



23 043 RFQs was awarded to 1769 suppliers with a total award value of R1.62 billion.

Surgical Support supplies was the commodity with the highest award value of R61 million followed by Computer for R54 million and Meat and poultry for R42 million.

7.3 PROCUREMENT METHODS UTILISED VIA THE ePS in 2022/2023



83.46% opportunities published via quotations with a threshold value of R10 000 to R1 million

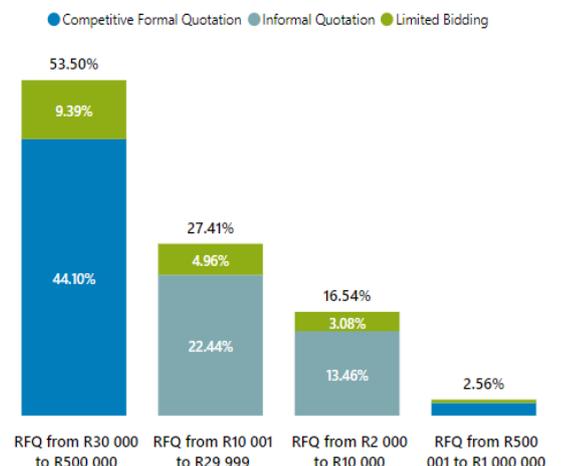


16.54% opportunities published via quotations with a threshold value of R2 000 to R10 000



14.89% opportunities published via limited bidding with a threshold value of R10 000 to R1 million

Procurement Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Competitive Bidding	20.31%	24.24%	19.81%	17.67%	82.03%
RFQ from R10 001 to R29 999	6.63%	6.95%	5.21%	3.65%	22.44%
RFQ from R2 000 to R10 000	3.30%	4.02%	3.35%	2.79%	13.46%
RFQ from R30 000 to R500 000	10.01%	12.77%	10.79%	10.53%	44.10%
RFQ from R500 001 to R1 000 000	0.36%	0.50%	0.47%	0.69%	2.02%
Limited Bidding	4.61%	5.07%	4.20%	4.09%	17.97%
RFQ from R10 001 to R29 999	1.44%	1.37%	1.15%	1.01%	4.96%
RFQ from R2 000 to R10 000	0.86%	0.80%	0.62%	0.79%	3.08%
RFQ from R30 000 to R500 000	2.21%	2.75%	2.28%	2.16%	9.39%
RFQ from R500 001 to R1 000 000	0.10%	0.15%	0.15%	0.13%	0.53%
Total	24.92%	29.31%	24.01%	21.76%	100.00%



7.4 FORMAL TENDERS ADVERTISED VIA WCG TENDER ADVERTISEMENT MECHANISM

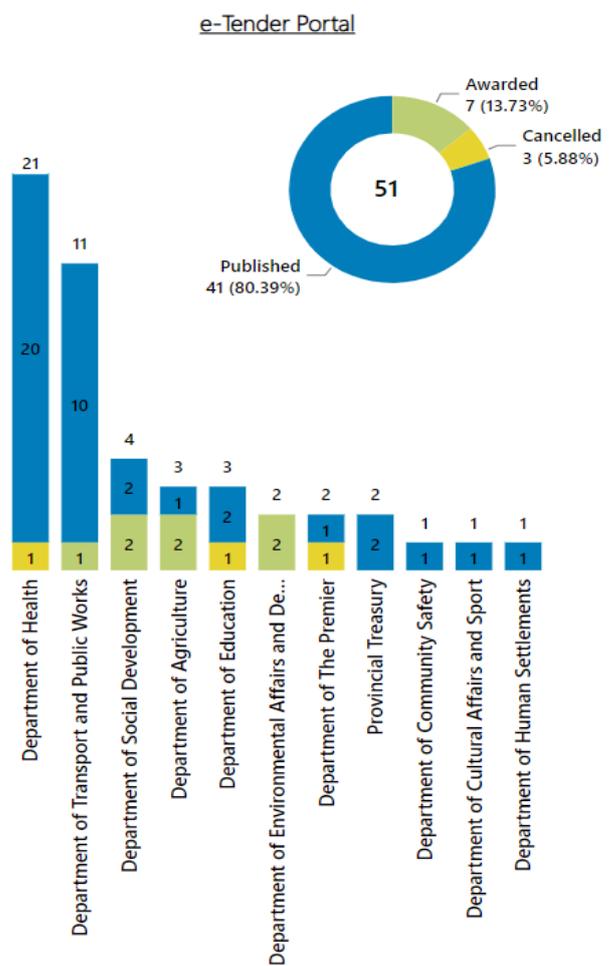
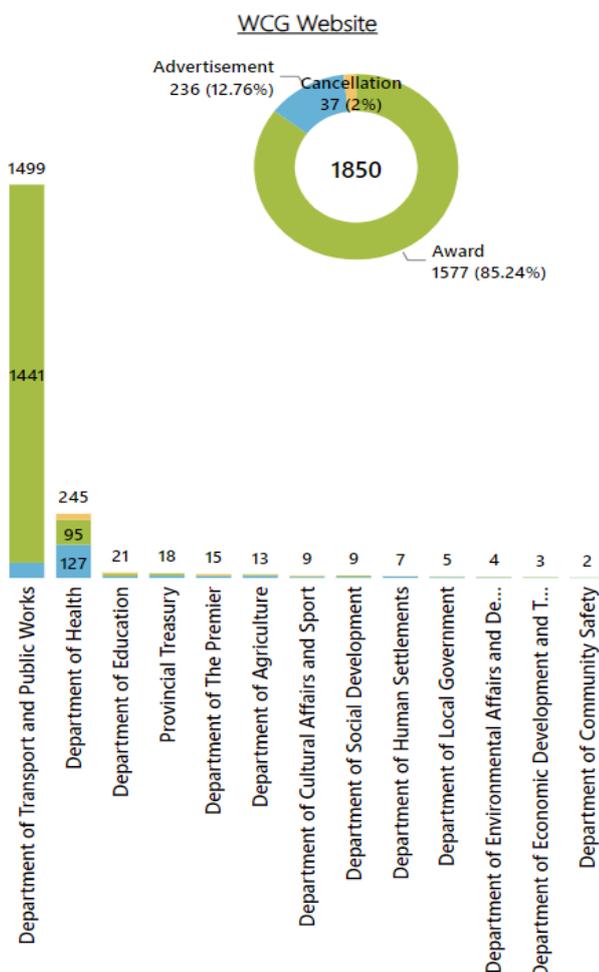
On 4 February 2021 and 5 March 2021, the Government Tender Bulletin (GTB) and e-Tender portal were reported to be offline. These mechanisms are in the norm used to advertise and publish tender invitations, awards, and cancellations for procurement above R1 million. The National Treasury advised procuring institutions to use other acceptable media during this period to comply with advertisement requirements.

The Provincial Treasury established an interim process, to be utilised by WCG procuring entities, that mirrors the GTB processes. This was centrally coordinated by the Provincial Treasury and advertisements were published on the WCG website for departments and provincial public entities.

The illustration 10 hereunder depicts that in total 277 bids were advertised; 1 584 awards were published, and 40 cancellations were published via the WCG website and e-Tender Portal.

7.5 TENDERS ADVERTISED FOR NEW BID INVITATIONS; AWARDS AND CANCELLATIONS VIA WCG WEBPAGE AND THE NATIONAL TREASURY E-TENDER PORTAL

ILLUSTRATION 10: WCG TENDERS



The National Treasury has made provision for bids to be advertised on the e-Tender Portal as a compulsory requirement with effect from 02 January 2023, all procuring institutions are utilising the e-Tender Portal for the mandatory publication of opportunities, bid awards and any bid related notifications.

8. EXPENDITURE ANALYSIS 2022/23

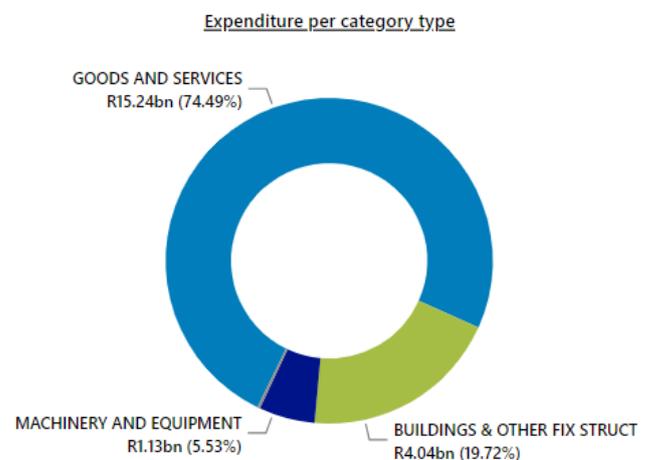
The analysis below provides an overarching view of the Western Cape Government Departments' financial and non-financial performance for the 2022/2023 financial year. This information is unaudited at this stage and must still undergo a full internal and external audit processes. While all efforts have been made to ensure the correctness of the data, some changes to the data will occur in-year as transactions are reconciled and validated.

8.1 CONSOLIDATED PROCUREMENT SPEND FOR THE PROVINCE

ILLUSTRATION 11: PROCUREMENT SPEND



Year-to Year difference on Expenditure			
Fiscal Year	Year-to-Year Difference %	Year-to-Year Difference	Payment Total
Year Ending 2020	↑ 2.65%	R457,503,279.96	R17,715,388,317.39
Year Ending 2021	↑ 2.87%	R508,141,390.77	R18,223,529,708.16
Year Ending 2022	↑ 3.27%	R596,799,513.22	R18,820,329,221.38
Year Ending 2023	↑ 8.73%	R1,643,034,857.84	R20,463,364,079.22



WCSEB vs CSD Department	Other Suppliers (CSD)		Supplier registered on the WCSEB		Total	
	Total Payment	%GT	Total Payment	%GT	Total Payment	%GT
Health	R3,072,324,931.83	15.01%	R5,655,016,924.38	27.63%	R8,727,341,856.21	42.65%
Transport and Public Works	R3,199,850,783.59	15.64%	R2,052,539,794.79	10.03%	R5,252,390,578.38	25.67%
Education	R1,275,629,473.90	6.23%	R3,098,620,094.77	15.14%	R4,374,249,568.67	21.38%
The Premier	R691,143,221.71	3.38%	R441,719,938.31	2.16%	R1,132,863,160.02	5.54%
Social Development	R109,079,397.15	0.53%	R137,962,606.77	0.67%	R247,042,003.92	1.21%
Agriculture	R82,561,564.78	0.40%	R112,926,840.41	0.55%	R195,488,405.19	0.96%
Cultural Affairs and Sport	R25,648,492.42	0.13%	R128,771,507.60	0.63%	R154,420,000.02	0.75%
Community Safety	R22,935,395.31	0.11%	R85,794,377.29	0.42%	R108,729,772.60	0.53%
Human Settlements	R50,263,656.86	0.25%	R19,655,623.58	0.10%	R69,919,280.44	0.34%
Provincial Treasury	R39,743,112.39	0.19%	R22,383,150.86	0.11%	R62,126,263.25	0.30%
Economic Development and Tourism	R27,257,641.07	0.13%	R32,305,608.70	0.16%	R59,563,249.77	0.29%
Local Government	R14,192,638.97	0.07%	R39,037,919.39	0.19%	R53,230,558.36	0.26%
Environmental Affairs and Development Planning	R12,895,610.28	0.06%	R13,103,772.11	0.06%	R25,999,382.39	0.13%
Total	R8,623,525,920.26	42.14%	R11,839,838,158.96	57.86%	R20,463,364,079.22	100.00%

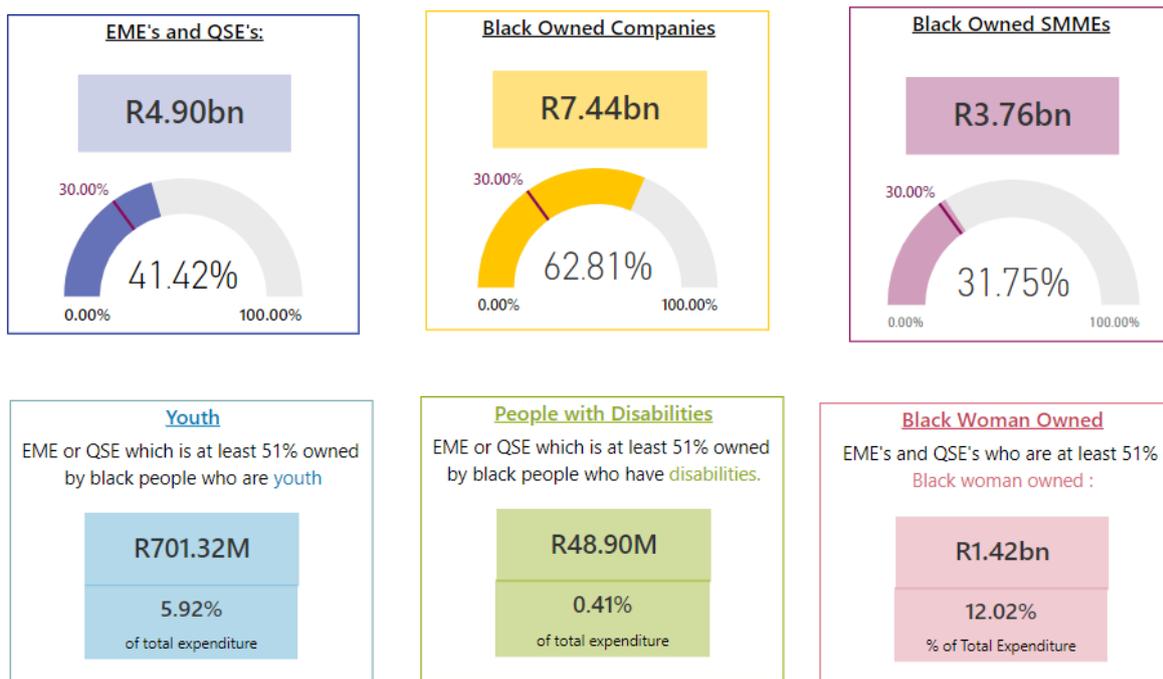
Total procurement spend for the province for 2022/2023 is **R20.46 billion** of which:

- R11.84 billion was expenditure to suppliers registered on the WCSEB; and
- R8.62 billion was expenditure to other suppliers. This includes supplier that are registered on the CSD but not registered on the WCSEB.
- Department of Health had the biggest expenditure of R8.73 billion, followed by the Department of Transport and Public Works, R5.25 billion; and Education, R4.37 billion.
- R15.24 billion was expenditure for goods and services and account for 74.49 per cent of the total procurement spend for the year.

8.2 EXPENDITURE TO SMME's

The analysis is based on payments to suppliers registered on the WCSEB per designated categories in terms of suppliers' B-BBEE scorecards as defined in the 2017 PPPFR. It must be noted that while this analysis is relevant to 2022/2023 a new set of revised Preferential Procurement Regulations, 2022 (PPPFR) were issued via Government Gazette No. 47452 on 4 November 2022 with an effective date for implementation on 16 January 2023. The WCG will maintain the status quo of the current procurement system post 16 January 2023 until the executive policy directives and technical reviews have been concluded, as an interim arrangement and as already applied in the province.

ILLUSTRATION 12: SPEND PER CATEGORIES OF PERSONS HISTORICALLY UNFAIRLY DISCRIMINATED AGAINST AND AS ALIGNED TO RDP GOALS

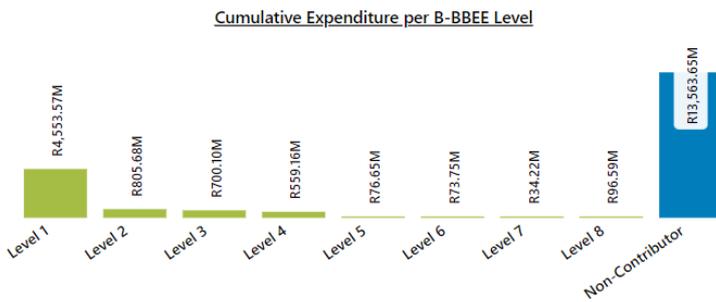


*Analysis is based on suppliers registered on the WCSEB as at 8 May 2023. Supplier information on the WCSEB are continuously changing and therefore snapshot data may vary slightly.

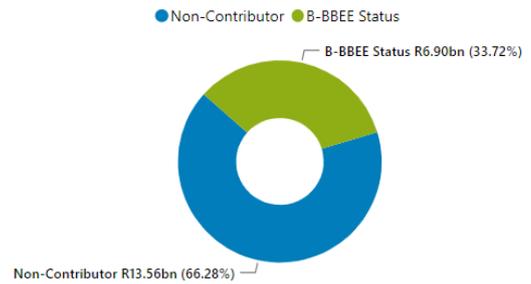
- 41.42 % of the expenditure benefitted SMMEs; which exceeds the 30% target previously set by the National Treasury; and
- 62.81% benefitted black owned companies; and 31.75% of the expenditure benefitted black owned SMMEs.

8.3 EXPENDITURE ANALYSIS PER B-BBEE LEVEL

ILLUSTRATION 13: SPEND PER B-BBEE LEVEL



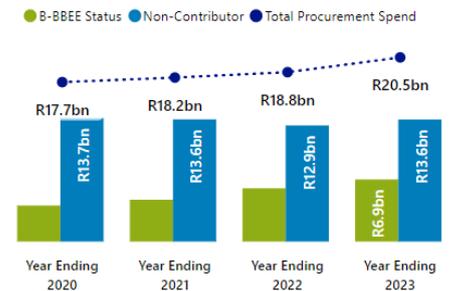
B-BBEE expenditure vs Non-Contributors expenditure



Percentage of Expenditure per B-BBEE Level (%)

WCSEB vs CSD BEE Status Level	Other Suppliers (CSD)		Supplier registered on the WCSEB		Total	
	Payment Total	%GT	Payment Total	%GT	Payment Total	%GT
B-BBEE Status			R6,899,717,257.21	33.72%	R6,899,717,257.21	33.72%
Level 1			R4,553,570,682.49	22.25%	R4,553,570,682.49	22.25%
Level 2			R805,681,068.38	3.94%	R805,681,068.38	3.94%
Level 3			R700,101,905.82	3.42%	R700,101,905.82	3.42%
Level 4			R559,161,304.39	2.73%	R559,161,304.39	2.73%
Level 5			R76,651,585.39	0.37%	R76,651,585.39	0.37%
Level 6			R73,746,361.59	0.36%	R73,746,361.59	0.36%
Level 7			R34,215,201.87	0.17%	R34,215,201.87	0.17%
Level 8			R96,589,147.28	0.47%	R96,589,147.28	0.47%
Non-Contributor	R8,623,525,920.26	42.14%	R4,940,120,901.75	24.14%	R13,563,646,822.01	66.28%
Total	R8,623,525,920.26	42.14%	R11,839,838,158.96	57.86%	R20,463,364,079.22	100.00%

B-BBEE expenditure vs Non-Contributors expenditure



Of the total expenditure to suppliers registered on the WCSEB 33.72% of expenditure was spent on companies with a B-BBEE status level which is in line with government's objectives to advance this category of suppliers. 66.28% of the expenditure went to non-B-BBEE contributor companies. It is therefore evident that the province has contributed towards improved socio-economic objectives within the 2022/2023 financial year.

- B-BBEE contributor means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment claimed via a B-BBEE status level certificate or affidavit in the procurement process.
- B-BBEE non-contributor means bidders who have not submitted a B-BBEE status level certificate or affidavit in the procurement process to claim preference points.
- B-BBEE information was extracted from the WCSEB as at 8 May 2023 and does not necessarily reflect the B-BBEE level on award.

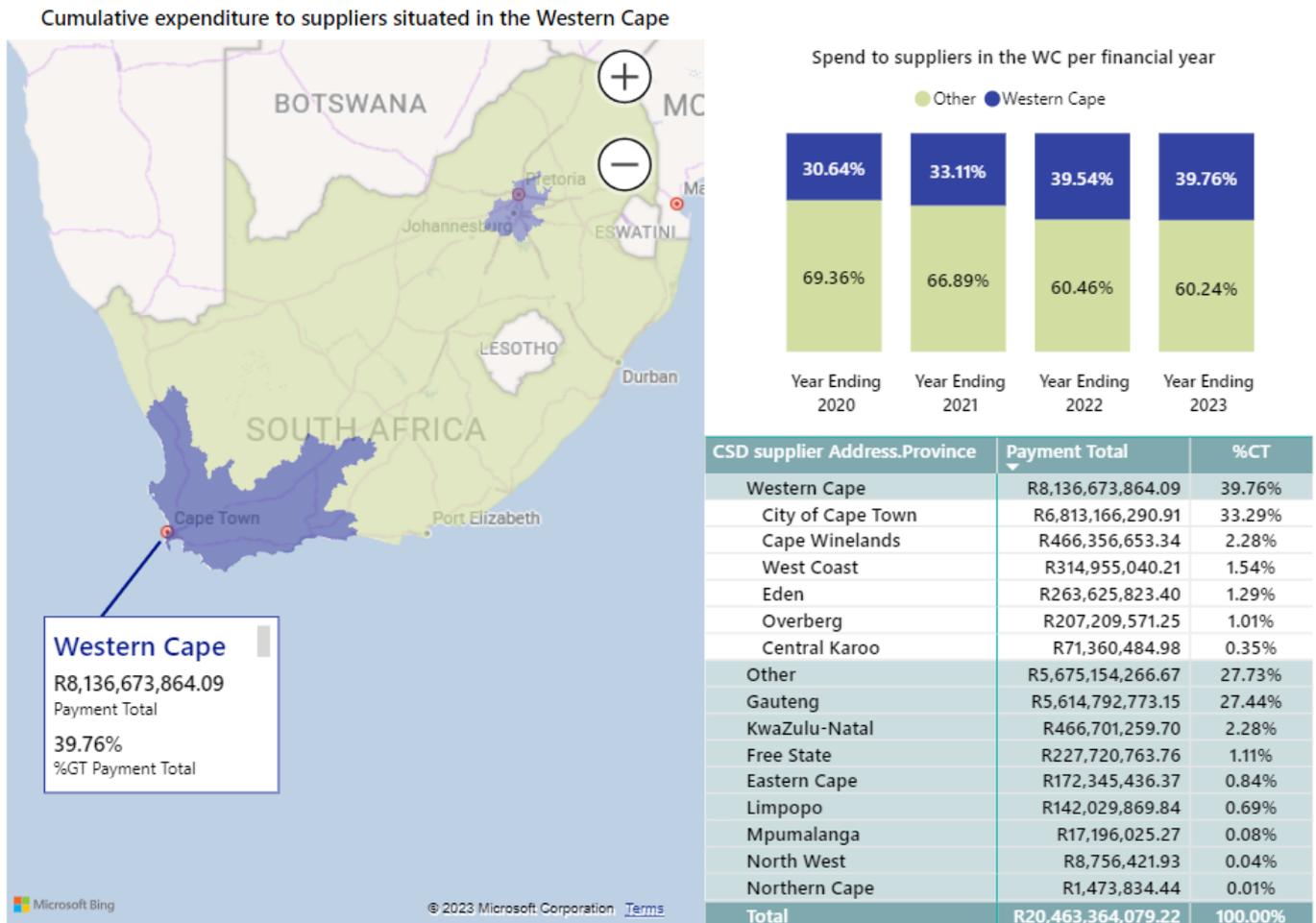
Note: All B-BBEE level credentials depicted have been confirmed by supporting evidence via the WCSEB. In instances where this could not be done is where suppliers are only registered on the CSD and not on the WCSEB. In these instances the expenditure has been added to the B-BBEE non-contributor status due to the manual exercise required to match each supplier not registered on WCSEB to claims for B-BBEE representation on CSD without the supporting evidence to match the claims made for B-BBEE.

Hence B-BBEE non-contributor totals are overstated for non-contributor per cent and value. Actual B-BBEE status levels are however verified within departmental procurement processes at the time of award, and within internal and external audit processes.

8.4 CONTRIBUTIONS TOWARDS THE LOCAL ECONOMY

Illustration 12 hereunder depicts the expenditure that went to each provincial and/local region. Regional information is extracted from the CSD and WCSEB and is an indication of where the suppliers' head offices are situated. For some suppliers the head office might be situated in other provinces

ILLUSTRATION 14: SPEND PER REGION



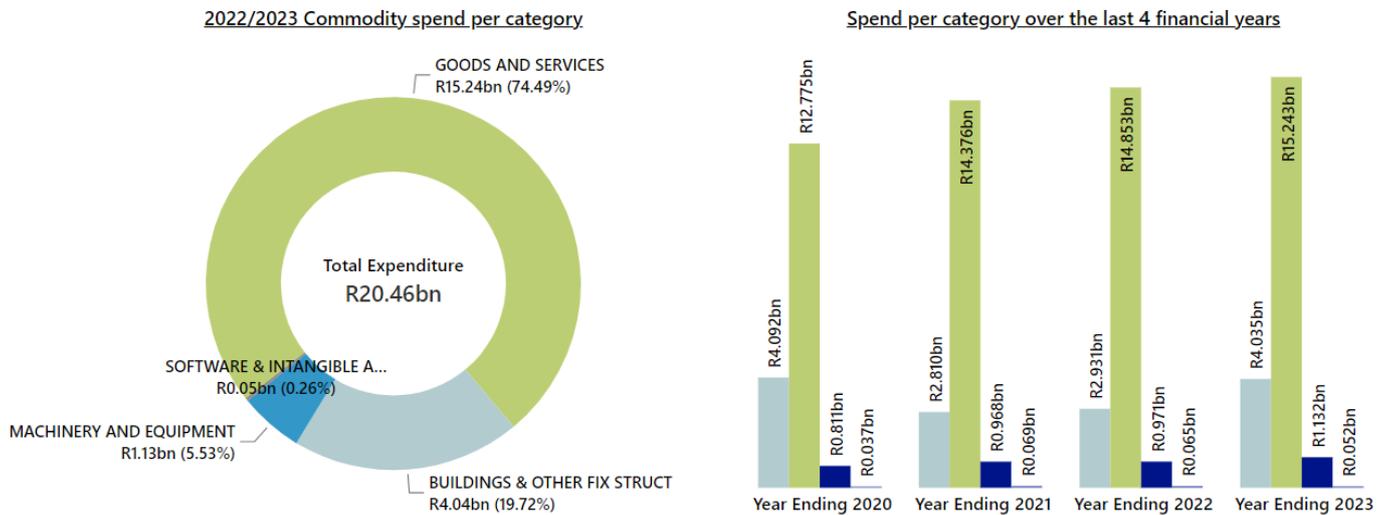
- R8.14 billion of the expenditure was to suppliers situated in the Western Cape (39.76%).
- R6.81 billion of the expenditure was to suppliers situated in the City of Cape Town (33.29%).
- R12.3 billion (60.24%) was spent within other provinces.

* Note: further that for medical supplies a significant number of suppliers are situated in Gauteng in terms of their principle place of business. "Other" also refers to suppliers registered on the national supplier database but not registered on the WCSEB as well as beneficiaries and suppliers with incomplete address information on the CSD where the information could not be reconciled to the Western Cape Region.

8.5 COMMODITY ANALYSIS

Illustration 15 hereunder depicts the expenditure per commodity category as well as the trend over the last four financial years for each category.

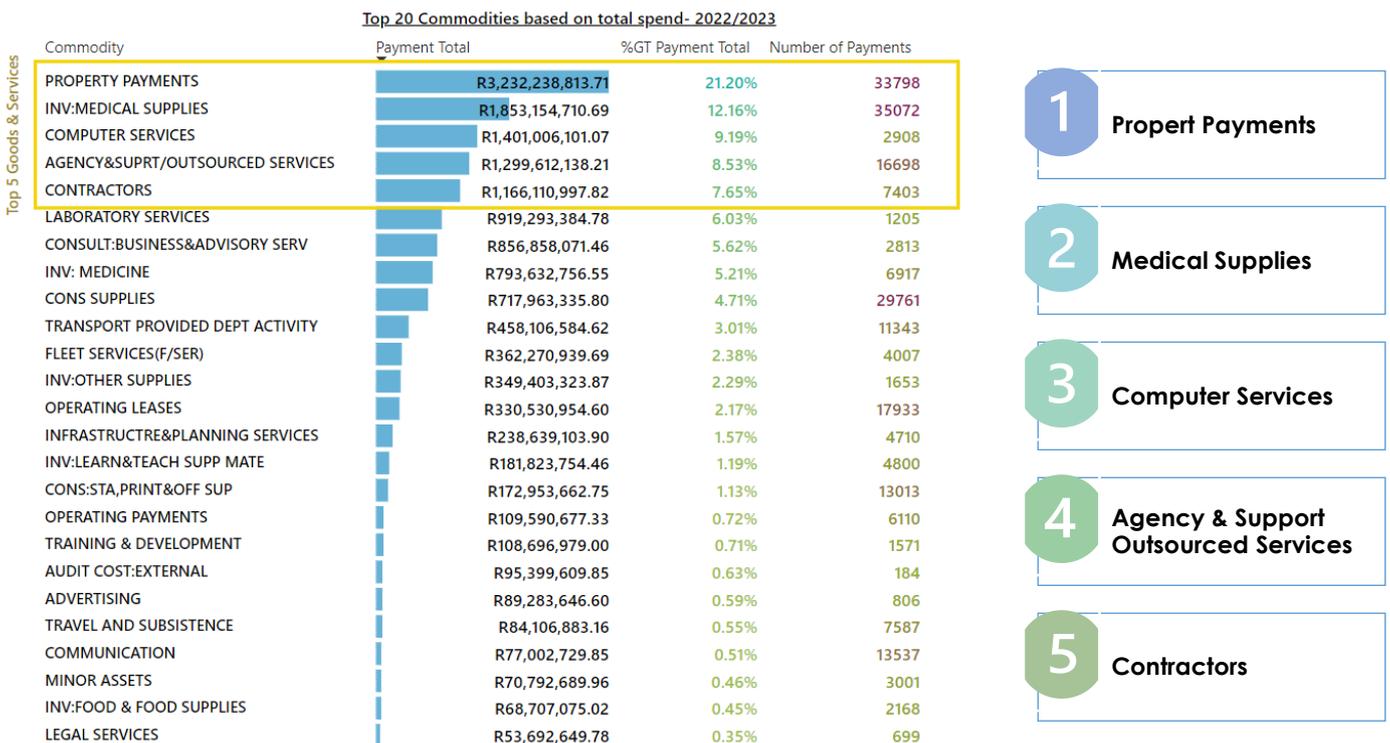
ILLUSTRATION 15: SPEND PER COMMODITY CATEGORY



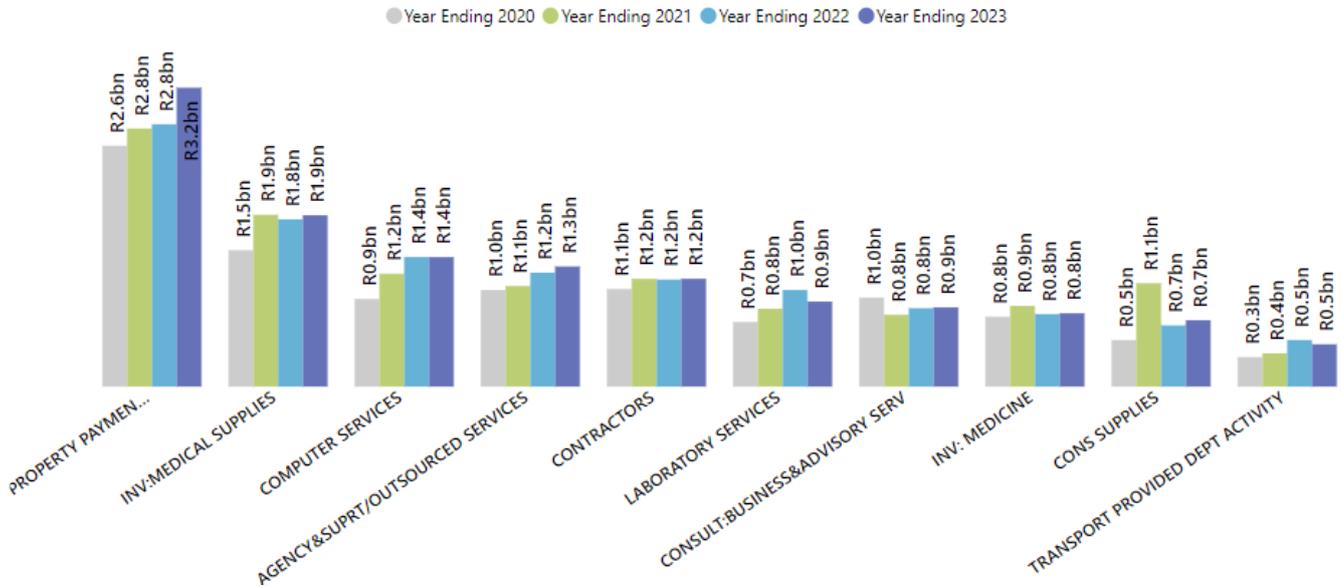
Total procurement spend for the province for 2022/2023 is **R20.46 billion** of which:

- R15.24 billion was spent on goods and services;
- R4.04 billion was spend on Buildings & Other fix structures;
- R1.13 billion was spent on machinery and equipment; and
- R0.05 billion was spent on software & intangible assets.

ILLUSTRATION 16: TOP 20 GOODS & SERVICES (SCoA LEVEL 4)

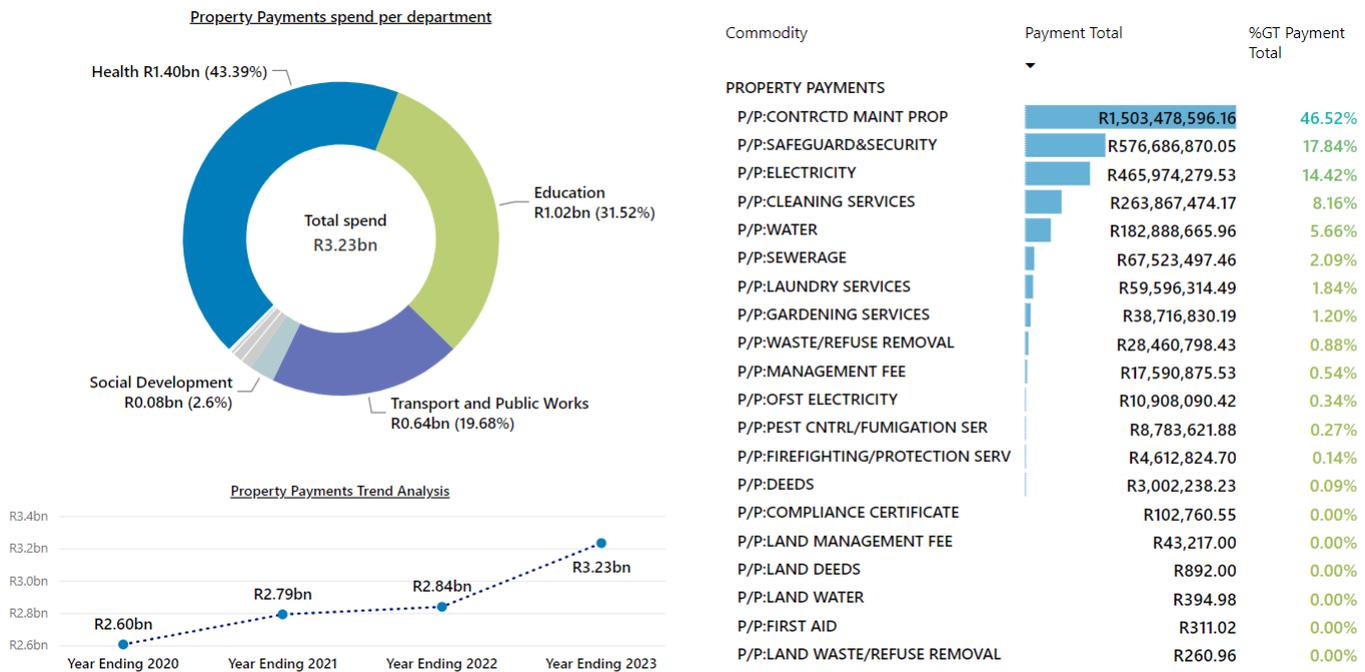


Top 10 Goods & Services, last 4 financial years



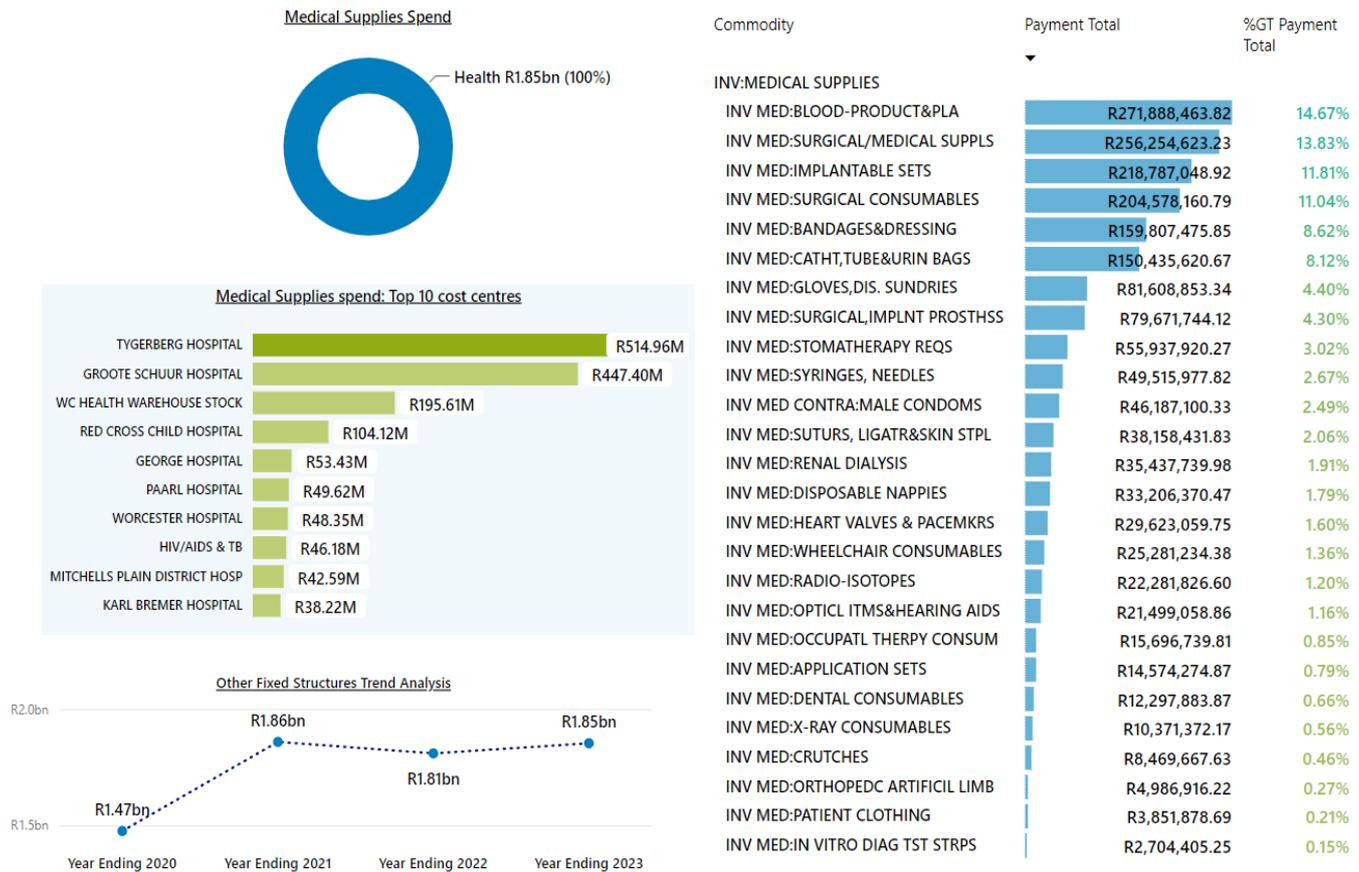
Property Payments, medical supplies, computer services, agency and support/outsourced services and contractors are the top 5 goods and services procured during the year. Illustration 17 to 21 is a deep dive analyses for the top five goods and service.

ILLUSTRATION 17: PROPERTY PAYMENTS



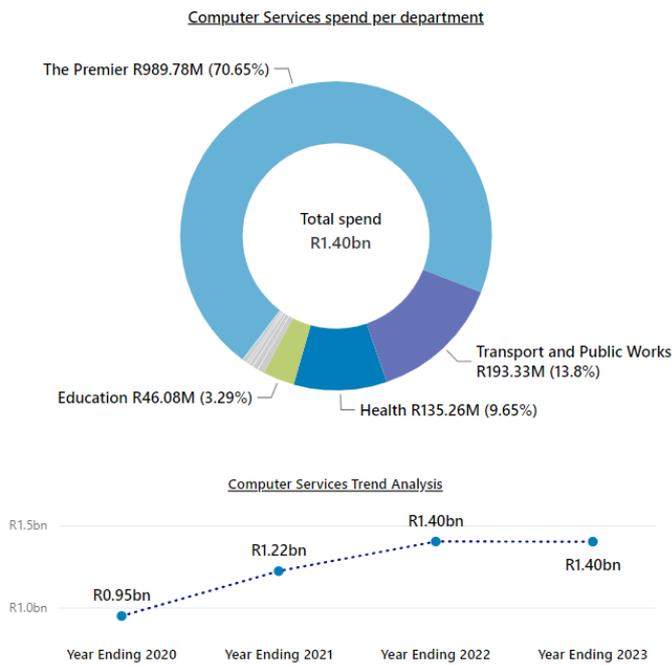
- R3.23 billion was spent on property payments mainly by the Department of Health, Department of Education and Department of Transport and Public Works for the maintenance of buildings and security services. This accounts for 21.20% of total expenditure for goods and services.
- R1.5 billion was expenditure related to contracted maintenance of properties; and
- R576.69 million was expenditure for safeguarding and security services.
- Property payments has increased with R0.39 billion over the 2022/2023 financial year.

ILLUSTRATION 18: MEDICAL SUPPLIES



- **R1.85 billion** was spent on medical supplies by the Department of Health. This accounts for **12.16%** of total expenditure for goods and services.
- Tygerberg hospital was the cost center with the highest expenditure value of R514.96 million, followed by Groote Schuur Hospital at R447.4 million and WC Health warehouse at R195.61 million.
- Top five items procured under medical suppliers are:
 - Blood products and plasma (R271,89 million);
 - Surgical and medical supplies (R256.25 million);
 - Implantable sets (R218.78 million);
 - Surgical consumables (R204.58 million); and
 - Bandages and dressing (R159.8 million).
- R271.88 million was paid to the Western Cape Blood Service for blood product and plasma and account for 14.67% of the spend.

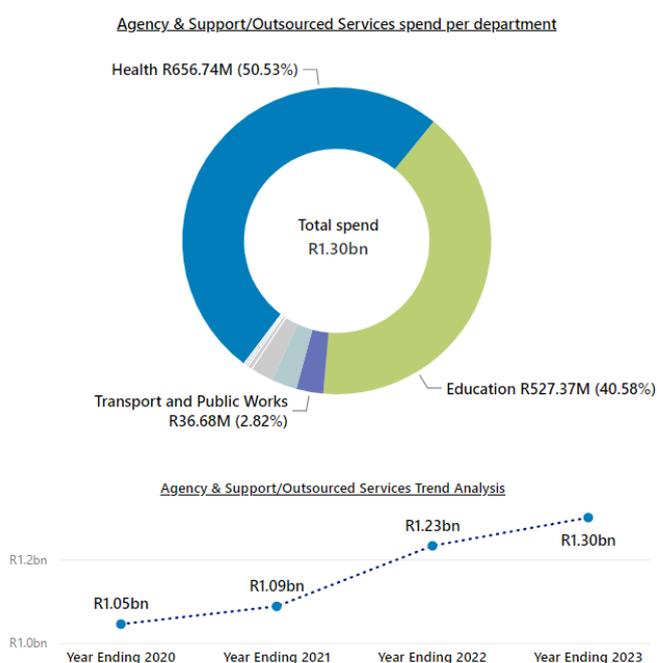
ILLUSTRATION 19: COMPUTER SERVICES



Commodity	Payment Total	%GT Payment Total
COMPUTER SERVICES		
EXT COMP SER:SPEC COMPR SERV	R696,641,002.60	49.72%
SITA SPECIALISE COMPT SER	R445,632,434.12	31.81%
EXT COMP SER:INFOR SERVICES	R118,272,206.56	8.44%
EXT COMP SER:SFT LCN:OPR SYS SFT	R51,280,807.76	3.66%
EXT COMP SER:INTERNET CHRGR	R29,886,931.13	2.13%
PERSAL MAINFRAME TIME	R13,206,313.01	0.94%
BAS MAINFRAME TIME	R11,779,260.98	0.84%
SITA DATA LINES	R5,714,444.70	0.41%
LOGIS MAINFRAME TIME	R5,481,402.88	0.39%
EXT COMP SER:SFT LCN:DEV SOFT	R4,774,621.79	0.34%
EXT COMP SER:WEB DESIGN & DEV	R3,488,510.21	0.25%
SITA PRINTING WORKS	R2,495,675.33	0.18%
EXT COMP SER:SYSTEM ADVISER	R2,310,867.79	0.16%
EXT C/S:SYS :MAINT. SYSTEM	R2,300,051.52	0.16%
EXAMS MAINFRAME TIME	R2,285,349.34	0.16%
SITA INFORMATION SERVS	R2,182,648.65	0.16%
EXT COMP SER:DATA LINES	R1,514,031.27	0.11%
EXT COMP SER:SFT LCN:OFF SUT SFT	R1,306,239.08	0.09%
EXT COMP SER:SFT LCN:SCURT SOFT	R185,317.50	0.01%
EXT COMP SER:SFT LCN:UTILITY SFT	R130,762.16	0.01%
EXT C/S:SYS :OPERAT SUPPRT	R125,601.85	0.01%
SITA ELECTRON DOC DEL SYS (EDD)	R7,375.84	0.00%
SITA INTERNET SERV CHRGS	R4,245.00	0.00%

- R1.40 billion was spent on computer services of which majority of the expenditure was by the Department of The Premier. This account for 9.19% of total expenditure for goods and services.
- R696.64 million (49.72%) was expenditure related to external specialized computer services. These computer services promote the effective utilisation of information technology to enhance the efficiency at all levels of the Public Service.
- R445.63 million (31.81%) was paid to State Information Technology Agency (SITA) for specialized computer services.

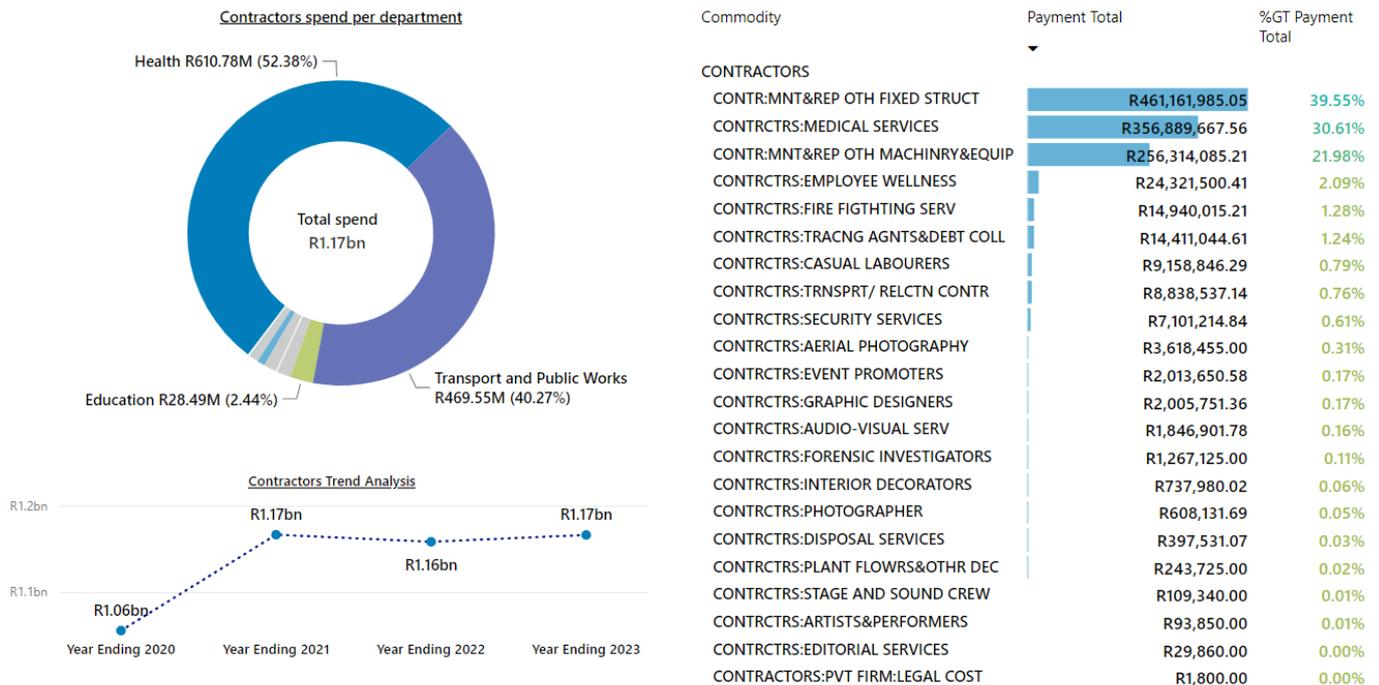
ILLUSTRATION 20: AGENCY & SUPPORT OUTSOURCED SERVICES



Commodity	Payment Total	%GT Payment Total
AGENCY&SUPRT/OUTSOURCED SERVICES		
A&S/O NUTRITION EDUCATIN FACILTS	R420,436,832.38	32.35%
A&S/O/S:NURSING STAFF	R280,998,225.94	21.62%
A&S/O/S:MEDICAL DOCTORS	R176,817,916.36	13.61%
A&S/O/S:ADMIN&SUPPRT STAFF	R132,921,912.72	10.23%
A&S/O/S:PERSONNEL&LABOUR	R61,405,266.36	4.72%
A&S/O NUTRITION SER:PATIENTS	R50,337,143.48	3.87%
A&S/O/S:MED & CHEM WASTE REM	R42,486,427.84	3.27%
A&S/O/S:HEALTH ALLIED PROFESSNLS	R38,509,745.49	2.96%
A&S/O/S:STEAM PROVISING	R24,163,086.38	1.86%
A&S/O/S:PHARMACY PROFESSIONALS	R20,116,710.54	1.55%
A&S/O NUTRITION SOC WLFRE FACILT	R16,881,452.58	1.30%
A&S/O/S:BURIAL SERVICES	R7,248,567.60	0.56%
A&S/O/S:EPWP WORKERS	R7,248,103.00	0.56%
A&S/O NUTRITION TRAINING COLLEGE	R7,122,329.51	0.55%
A&S/O/S:MEDICAL SERVICES	R4,532,568.65	0.35%
A&S/O/S:ADJUDICATORS	R3,160,249.12	0.24%
A&S/O/S:LECTURES/TEACHERS	R2,542,714.69	0.20%
A&S/O/S:SOCIAL CARE SERVICES	R2,152,755.93	0.17%
A&S/O/S:VETERINARY SERVICES	R323,988.24	0.02%
A&S/O/S:FACILITATORS	R129,051.27	0.01%
A&S/O/S:AGRICULTURE SERVICES	R66,968.55	0.01%
A&S/O/S:SECURITY SERVICES	R10,121.58	0.00%

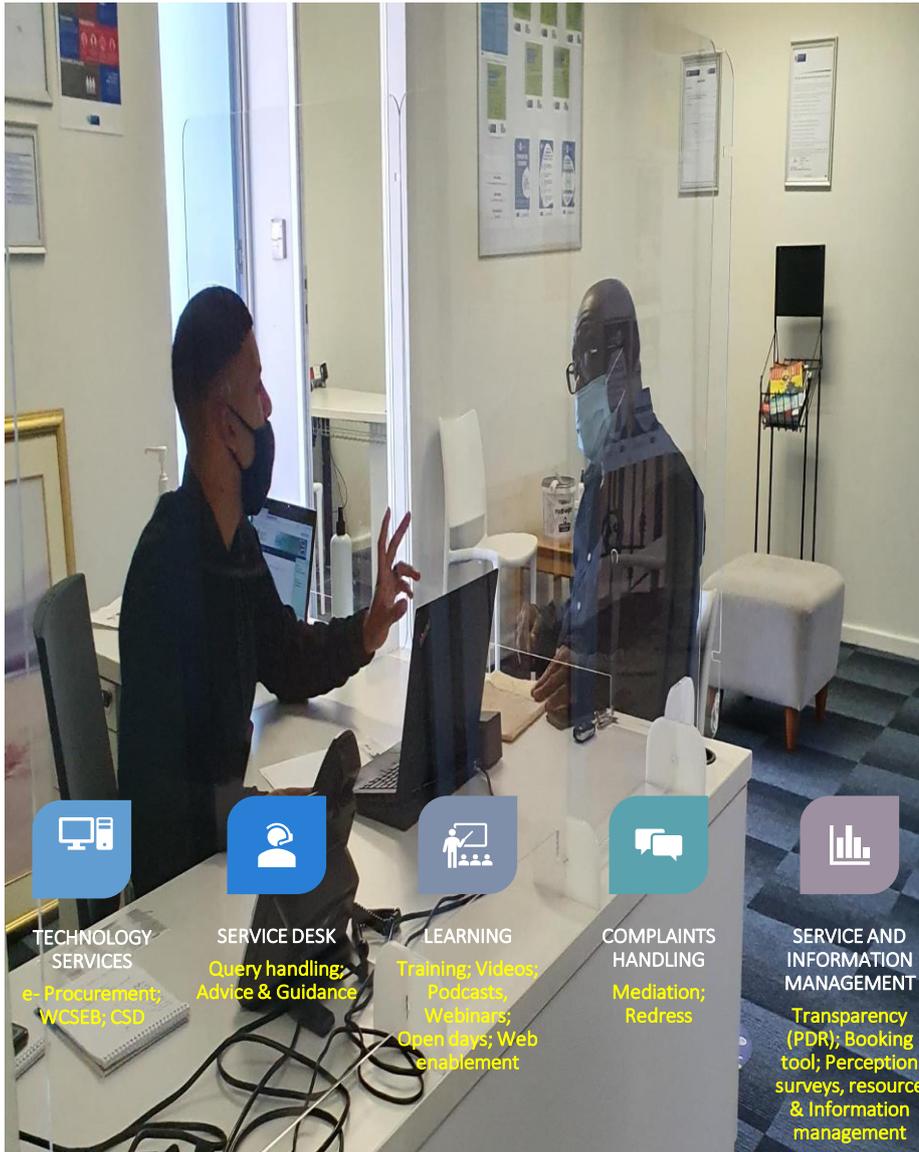
- R1.3 billion was expenditure on Agency and supports/Outsourced services mainly by the Department of Health and the Western Cape Education Department. Agency and supports/Outsourced services accounts for 8.53% of total expenditure for goods and services.
- R420.44 million (32.35%) was spend by the Western Cape Education Department for outsourced services related to nutritional services for the education facilities.
- R280.99 million (21.62%) was spend by the Department of Health for outsourced nursing staff at various hospitals and R176.81 million was for medical doctors. This is associated with the departments strategic focus of providing equitable access to quality health services.

ILLUSTRATION 21: CONTRACTORS



- R1.17 billion was spent on Contractors mainly by the Department of Health and the Department of Transport and Public Works and accounts for 7.65% of total expenditure for goods and services.
- R461.16 million (39.55%) was expenditure to contractors for maintenance and repairs of other fixed structures.
- R356.89 million (30.61%) was expenditure for medical contractors such as pharmacy services.

9. SUPPLIER SUPPORT



In 2019, the WCG, through its Provincial Treasury opened the Procurement Client Centre (PCC) to ensure in-person contact and support to WCG clients for any procurement related issues.

Its aim is reducing red tape and to assist businesses who are interested in becoming WCG suppliers with database registration support or advice and guidance. For now services include registration & maintenance of supplier profiles, and maintenance of a central repository of compulsory governance documents, and query handling.

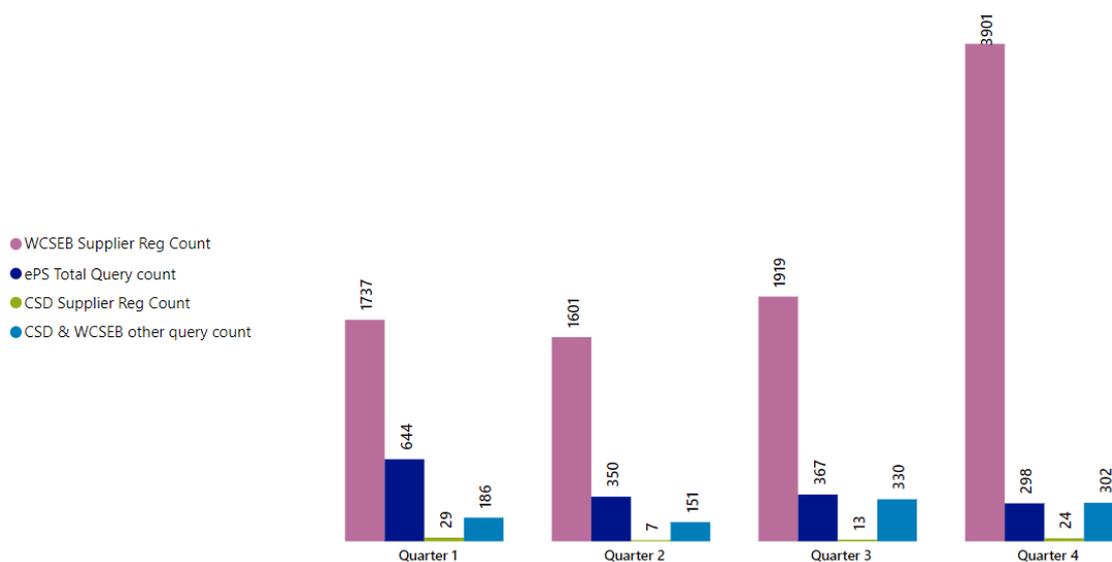
A key focus is to improve supplier experiences and facilitate the ease of doing business with the WCG and at the same time to improve bidding capabilities of suppliers, troubleshoot problem areas and in the long term it is to build the capacity and capability of suppliers to do business with government aimed at continuous improvement to service delivery.

The PCC offers a range of services to improve the ease of doing business with government, including providing procurement support and assistance to provincial departments, entities, municipalities and suppliers through an integrated helpdesk that guides our clients through tender processes, and suppliers to correctly register and maintain its profiles on the National Treasury's Central Supplier Database (CSD) and the Provincial Treasury's Western Cape Supplier Evidence Bank (WCSEB) as well as eProcurement Solution (ePS) support.

9.1 PROCUREMENT CLIENT CENTRE PERFORMANCE FOR 2022/2023:



Total Query Trend



In addition, “Frequently Asked Questions” (FAQs) related to:

- the National Treasury’s Central Supplier Database (CSD) and the Provincial Treasury’s Western Cape Supplier Evidence Bank (WCSEB) can be found on the following link <https://www.westerncape.gov.za/provincial-treasury/tenders/supplier-databases>; and
- FAQs and video tutorial related to the Provincial Treasury’s in-house ePS can be found on the following link <https://www.westerncape.gov.za/provincial-treasury/tenders/eprocurement-solution>

These FAQs are constantly refined and reviewed to ensure suppliers are kept abreast of the most recent developments relating to the databases and ePS.

10. CONTACT DETAILS

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WESGRO	Ms. S Gcwabe	sandiso@wesgro.co.za
Western Cape Liquor Authority (Acting CFO)	Mr. Selwyn Adams	Selwyn.Adams@wcla.gov.za
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