



Reference number: RCS/C.6

Private Bag X9165
CAPE TOWN
8000

TREASURY CIRCULAR NO. 34 of 2019

THE PREMIER

THE MINISTER OF AGRICULTURE

THE MINISTER OF COMMUNITY SAFETY

THE MINISTER OF CULTURAL AFFAIRS AND SPORT

THE MINISTER OF EDUCATION

THE MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES

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

THE EXECUTIVE AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MINISTER D MAYNIER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)

THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER D MAYNIER)

THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER D MAYNIER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER IH MEYER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER A FRITZ)

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (MR H MALILA)

THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R ADAMS)

THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MS J GANTANA)

THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR G MORRIS)

THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR BK SCHREUDER)

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)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR D BASSON)

THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS N PETERSEN)

THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MS A SMIT)

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 S KAYE)

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 (ADV. C SMITH)

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)

For information

THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR D LAKAY)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (PROF. G MANEVELDT)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MR B FIGAJI)
 THE ACCOUNTING AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (DR J STEGMANN)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MS J MOLELEKI)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE HERITAGE (MR M DLAMUKA)
 THE ACCOUNTING AUTHORITY: CASIDRA (MR A MOOS)
 THE ACCOUNTING AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (ADV. T SIDAKI)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)
 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 (MS K BEUKES)
 THE CHIEF EXECUTIVE OFFICER: CASIDRA (MR A SEYMOUR)
 THE CHIEF EXECUTIVE OFFICER: WESTERN CAPE LIQUOR AUTHORITY (DR L MDUNYELWA)
 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MS Z SIWA)
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 THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MS K ZAMA)
 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 (MS M VOS) (ACTING)
 THE DIRECTOR: GOVERNMENT MOTOR TRANSPORT (MR R WIGGILL)
 THE HEAD OF SCM: VOTE 1: PREMIER (MR R HASSIEM) (ACTING)
 THE HEAD OF SCM: VOTE 3: PROVINCIAL TREASURY (MS T NDLAZI) (ACTING)
 THE HEAD OF SCM: VOTE 4: COMMUNITY SAFETY (MR R LAWRENCE)
 THE HEAD OF SCM: VOTE 5: EDUCATION (MRS R DE BRUYN)
 THE HEAD OF SCM: VOTE 6: HEALTH (MS E ISAACS)
 THE HEAD OF SCM: VOTE 7: SOCIAL DEVELOPMENT (MS P MABHOKWANA)
 THE HEAD OF SCM: VOTE 8: HUMAN SETTLEMENTS (MS L NEL)
 THE HEAD OF SCM: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR N RHAPALE) (ACTING)
 THE HEAD OF SCM: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J VAN RENSBURG)
 THE HEAD OF SCM: VOTE 11: AGRICULTURE (MR C STARLING)
 THE HEAD OF SCM: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR M HARTMAN)
 THE HEAD OF SCM: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS L SAWALL)
 THE HEAD OF SCM: VOTE 14: LOCAL GOVERNMENT (MR A SEALE)
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (MS J GANTANA) (ACTING)
 THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (MS A PICK) (ACTING)
 THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR IG SMITH) (ACTING)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS R SLINGER) (ACTING)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MR P PIENAAR) (ACTING)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR M SIGABI) (ACTING)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
 THE CHIEF FINANCIAL OFFICER (MS A SMIT)
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS C GREEN)
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR I BATCHELOR) (ACTING)
 THE DIRECTOR: FINANCIAL GOVERNANCE (MS M VAN NIEKERK)
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)
 THE DIRECTOR: INFRASTRUCTURE (MR K LANGENHOVEN)
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR L BRINDERS)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR M BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (VACANT)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI) (PRO TEM)
 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 T VAN DE RHEEDE) (ACTING)
 THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MR S ARNOLD) (ACTING)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS T RAKIEP) (ACTING)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A MAZOMBA)
 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

NATIONAL TREASURY DESIGNATED SECTORS CIRCULAR NUMBER 1 OF 2019/2020: INVITATION AND EVALUATION OF BIDS BASED ON A STIPULATED MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT FOR PLASTIC PIPES

1. PURPOSE

- 1.1 The purpose of this communicate is to disseminate the attached National Treasury (NT) designated sector circular number (no.) 1 of 2019/2020 (Annexure "A") which aims to regulate the environment within which an accounting officer or accounting authority procures in terms of the designated sectors as determined by the NT.

2. BACKGROUND

- 2.1 The Department of Trade and Industry (**the dti**) has via the NT issued designated sectors Circular No. 1 of 2019/2020 and determined the stipulated minimum threshold for plastic pipes which have been designated for local production and content.
- 2.2 The stipulated minimum threshold percentage for local production and content for plastic pipes is 100 per cent.

3. TO NOTE

- 3.1 The NT circular was signed on 16 August 2019 and took effect on 16 September 2019. The circular was however only uploaded on the NT's website a few days prior to implementation date and the NT did not formally issue the circular to PT via electronic mail. Since issuance the PT clarified this with the NT and **the dti**. The PT did however in the interim issue the circular to departments via email.
- 3.2 As agreed by **the dti**, before issuance of a local production and content designated circular **the dti** will consult departments via provincial treasuries, in this instance it did not materialise.
- 3.3 Without having to repeat all the content contained in NT designated sectors circular no. 1 of 2019/2020, there are four (4) classes of pipes designated with varying diameters that are used in water and sanitation infrastructure. Depending on the raw material used, plastic pipes are classified under the following types:
- (a) Polyvinyl chloride (PVC) pipes;
 - (b) High density polyethylene (HDPE) pipes;
 - (c) Polypropylene (PP) pipes and
 - (d) Glass reinforced plastic (GRP) pipes.
- 3.4 The purpose further divided into different diameter sizes ranging from 10 mm to 37 000 mm.

- 3.5 To ensure that local production and content is discharged on manufacturing activities, the following components must be included in bid invitations:

Product Types	Stipulated minimum threshold local content
Polyvinyl chloride (PVC) pipes	100%
High density polyethylene (HDPE) pipes;	100%
Polypropylene (PP) pipes	100%
Glass reinforced plastic (GRP) pipes	100%

- 3.6 If the materials cannot be wholly sourced from South African based manufactures and/or at the designated local content threshold at any particular time, bidders should obtain written approval from **the dti** to supply the remaining portion at a lower local content threshold. The approval application should be submitted and approval be obtained prior to the closure of the bid(s) concerned.
- 3.7 For further information, bidders and procuring organs of the state may contact the plastics unit within **the dti** at telephone 012 394 1406 or email: Thokozani Masilela on TMasilela@thedti.gov.za.
- 3.8 Full details in terms of the requirements are detailed in the attached circular (Annexure "A").

4. REQUEST

- 4.1 Accounting officers/accounting authorities are requested to ensure that the content of the circular is:
- (a) brought to the attention of all relevant officials within their institution and public entities reporting to their executive authorities; and
 - (b) applied from 1 November 2019.
- 4.2 Any enquiries relating to this circular may be directed to:

SCM Helpdesk: SupplyChainManagement.HDPFMA@westerncape.gov.za



MS TASNEEM RAKIEP
ACTING DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT
DATE: 30 OCTOBER 2019



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001

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

NATIONAL TREASURY DESIGNATED SECTORS CIRCULAR NUMBER 1 OF 2019/2020:

INVITATION AND EVALUATION OF BIDS BASED ON A STIPULATED MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT FOR PLASTIC PIPES

1. PURPOSE

- 1.1 The purpose of this circular is to provide information to accounting officers (AOs) and accounting authorities (AAs) in terms of which they may procure the Plastic Pipes which have been designated for local production and content.

2. BACKGROUND

- 2.1 The Preferential Procurement Regulations, 2017 ('the regulations') made in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000) which came into effect on 01 April 2017 make provision for The Department of Trade and Industry (**the dti**) to designate sectors in line with national development and industrial policies for local production.
- 2.2 Regulation 8 (2) of the regulations prescribes that in the case of a designated sector, an organ of state must advertise the invitation to tender with a specific condition that only locally produced services or goods 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 Plastic Pipes for local production and content.

3. SECTOR DESIGNATION

3.1 Plastic Conveyance Pipes Definition:

Pipes are hollow cylinders or tubes used to convey water, gas, oil, or other fluid-like substances. Pipes are made in many materials including ceramic, fiberglass, many metals, concrete and plastic. Plastic pipes have a variety of characteristics such as

flexibility, lightweight, endurance, corrosion-proof, etc. that allow plastic pipe systems to fulfil a wide variety of service requirements. They are therefore used in infrastructure applications, such as drinking water supply and distribution, gas transmission and distribution, land and underground drainage, sewerage disposal and underground cable protection, all of which may be divided as pressure and non-pressure pipelines. Plastic piping networks form an integral, expensive, long term and extremely important part of the infrastructure of this country.

3.2 Pipe types and diameters:

There are four (4) classes of pipes with varying diameters that are used in water and sanitation infrastructure. Depending on the raw material used, plastic pipes are classified under the following types:

- Polyvinyl chloride (PVC) pipes;
- High density polyethylene (HDPE) pipes;
- Polypropylene (PP) pipes and
- Glass reinforced plastic (GRP) pipes.

These are further divided into different diameter sizes ranging from **10 mm to 3700 mm**.

3.3 The stipulated minimum threshold percentages for local production and content for the Plastic Pipes is **100%**.

3.4 To ensure that local production and content is discharged on manufacturing activities, the following components must be included in bid invitations:

Product Types	Stipulated minimum threshold local content
Polyvinyl chloride (PVC) pipes	100%
High density polyethylene (HDPE) pipes;	100%
Polypropylene (PP) pipes	100%
Glass reinforced plastic (GRP) pipes	100%

4. INVITATION OF BIDS FOR PLASTIC PIPES

4.1 Bids in respect of Plastic Pipes must contain a specific bidding condition that only locally produced or locally manufactured Plastic Pipes with a stipulated minimum threshold for local production and content will be considered.

4.1.1 If the quantity of materials and/or products required cannot be wholly sourced from South African based manufacturers and/or at the designated local content threshold at any particular time, bidders should obtain written approval from **the dti** to supply the remaining portion at a lower local content threshold. Such approval applications should be submitted and approval be

obtained prior to the closure of the bid(s) concerned. **the dti**, in consultation with the procuring organ of state, will grant approval on a case-by-case basis and will consider the following:

- required volumes in the particular bid;
- available collective South African industry manufacturing capacity at that time;
- delivery times;
- availability of input materials and components;
- technical considerations including operating conditions;
- materials of construction; and
- security of supply and emergencies.

4.1.2 Bidders must clearly indicate in their bids the quantities of material and products to be supplied and the level of local content for each product.

4.1.3 Organs of state may contact **the dti** in instances where the stipulated minimum threshold for local content cannot be met in order for **the dti** to verify and in consultation with the AO/AA provide directives in this regard.

4.1.4 For further information, bidders and procuring state organs may contact the Plastics Unit within **the dti** at telephone 012 394 1406 or email **Thokozani Masilela**: TMasilela@thedti.gov.za

4.1.5 Bid specifications for Plastic Pipes referred to above may be done in collaboration with **the dti**.

4.2 AOs/AAs must stipulate in bid invitations that:

4.2.1 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) on the date of the advertisement of the bid.

4.2.2 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 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 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) applies.
- 4.6 AOs/AAs must stipulate in the bid documentation that:
- 4.6.1 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
- 4.6.2 the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate will be verified for accuracy.

5. EVALUATION OF BIDS FOR PLASTIC PIPES

- 5.1 An evaluation process in line with Preferential Procurement Regulations, 2017 must be followed.

6. EVALUATION OF BIDS BASED ON FUNCTIONALITY

- 6.1 Whenever it is deemed necessary to evaluate bids on the basis of functionality, the prescripts contained in PPR 2017 and 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 estimated 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 may 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 minimum threshold as stipulated in regulation 12 (2) of the Preferential Procurement Regulations, 2017.

8. CONTACT INFORMATION

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

The Department of Trade and Industry
Private Bag X84
Pretoria
0001

For Attention:

Dr Tebogo Makube
Chief Director: Industrial Procurement
Tel: (012) 394 3927
Fax: (012) 394 4927
EMAIL: TMakube@thedti.gov.za

9. APPLICABILITY

- 9.1 This Circular 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 applies.

10. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

- 10.1 Heads of provincial treasuries are requested to bring the contents of this Circular 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 Circular 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 Circular 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 Circular 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 Circular will be forwarded to the Auditor-General for notification.

12. AUTHORITY FOR THIS CIRCULAR AND EFFECTIVE DATE

12.1 This Circular is issued in terms of regulation 8(3) of the Preferential Procurement Regulations, 2017 and takes effect on **16 September 2019**.



WILLIE MATHEBULA

ACTING CHIEF PROCUREMENT OFFICER

DATE: 16. 08. 19