



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 INSTRUCTION 04 OF 2015/2016

AMENDMENT OF DECLARATION CERTIFICATES FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS [STANDARD BIDDING DOCUMENT (SBD 6.2) AND MUNICIPAL BIDDING DOCUMENT (MBD6.2)]

1. PURPOSE

- 1.1 The purpose of this instruction is to prescribe the amended Standard Bidding Document (SBD 6.2) and Municipal Bidding Document (MBD 6.2) to give effect to the new requirements prescribed by the Department of Trade and Industry (the dti).

2. BACKGROUND

- 2.1 The Preferential Procurement Regulations, 2011 ('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 7 December 2011 make provision for the dti to designate sectors in line with national development and industrial policies for local production.
- 2.2 Regulation 9 (1) of the Regulations prescribes that in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with the specific bidding condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 2.3 Since 16 July 2012, the dti has designated and determined the stipulated minimum threshold for various sectors/products for local production and content.

2.4 Giving effect to the designations in question, the National Treasury has issued the following instructions, prescribing how the designation of sectors/products for local production and content should be implemented:

- (a) Furniture Products
- (b) Set top boxes sector
- (c) Bus sector
- (d) Steel power pylons sector
- (e) Canned or processed vegetables sector
- (f) Textile, clothing, leather and footwear sector
- (g) Rail rolling stock sector
- (h) Solar Water Heater Components
- (i) Electrical and Telecom Cable products
- (j) Residential Electricity Meters
- (k) Working Vessels (Boats)
- (l) Valve Products and Actuators

3. DISCUSSION

3.1 The SBD and MBD 6.2 prescribe that *“bidders must submit a certificate from a registered auditor confirming that the local content declaration templates have been audited and certified as correct”*.

3.2 This is a mandatory requirement and should bidders not adhere to it, it will result in their bids being disqualified from the bidding process.

3.3 The dti received numerous complaints from various stakeholders that this requirement is cumbersome and costly. It is for this reason that the dti decided that the provision be relaxed and only provides that the South African Bureau of Standards will conduct post award local content verification to ensure that the declaration made by bidders is true and correct.

3.4 From the effective date of this instruction, institutions must utilise the attached SBD and MBD 6.2 when inviting bids for sectors/products that have been designated for local production and content.

4. RETROSPECTIVE APPLICATION OF THIS INSTRUCTION

4.1 The application of the new condition that abolishes the submission of a certificate by bidders from a registered auditor confirming that the local content declaration templates have been audited and certified as correct may be applied retrospectively.

4.2 Bids that have already been issued and not yet awarded having the submission of the audit certificate as a requirement may be evaluated with that condition withdrawn (i.e. a requirement for a certificate by a registered auditor).

4.3 The retrospective application of this instruction does not apply to bids that have already been awarded.

5. ENQUIRIES

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

6. APPLICABILITY

This instruction 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 apply.

7. DISSEMINATION OF INFORMATION CONTAINED IN THIS INSTRUCTION

- 7.1 Heads of provincial treasuries are requested to bring the contents of this instruction to the attention of accounting officers and supply chain management officials of their respective provincial departments.
- 7.2 Accounting officers of national and provincial departments are requested to bring the contents of this instruction 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.
- 7.3 Accounting officers of municipalities and municipal entities are requested to bring the contents of this instruction to the attention of the supply chain management officials of their municipalities and municipal entities.
- 7.4 Accounting authorities of Schedule 2, 3B and 3D public entities are requested to bring the contents of this instruction to the attention of the supply chain management officials of their public entities.

8. NOTIFICATION TO THE AUDITOR-GENERAL

A copy of this Instruction will be forwarded to the Auditor-General for notification.

9. AUTHORITY FOR THIS INSTRUCTION AND EFFECTIVE DATE

- 9.1 The Minister of Finance has approved the issuance of this instruction in terms of regulation 9(2) of the regulations.
- 9.2 This instruction takes effect from the date of issue.

CONTACT INFORMATION

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SCHALK HUMAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: 21/7/2015