



**NATIONAL TREASURY
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**TO ALL
ACCOUNTING OFFICERS: NATIONAL DEPARTMENTS
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CHIEF EXECUTIVE OFFICERS / CHIEF FINANCIAL OFFICERS: CONSTITUTIONAL
INSTITUTIONS / PUBLIC ENTITIES**

**Supply Chain Management Office
Practice Note Number SCM 2 of 2003**

**THRESHOLD VALUES FOR THE INVITATION OF PRICE QUOTATIONS AND
COMPETITIVE BIDS**

In accordance with the Framework for Supply Chain Management [Section 76 (4) (c) of the PFMA] that was promulgated in Government Gazette Number 25767 on 5 December 2003 as Treasury Regulations, National Treasury is required to determine threshold values for the procurement of goods and services by way of price quotations or through a competitive bidding process.

Accounting officers/authorities should apply the following threshold values when procuring goods or services, hiring or letting anything, acquiring or granting any right or disposing of movable state property:

1. Up to an estimated value of R 5 000

1.1 Accounting officers / authorities may procure requirements without inviting competitive bids or price quotations by obtaining at least three (3) verbal quotations from, where applicable, a list of prospective suppliers. The order should, however, be placed against written confirmation from the selected supplier.

2. Up to an estimated value of R 100 000

2.1 Accounting officers / authorities should invite and accept price quotations for requirements up to an estimated value of R100 000 from as many suppliers as possible, that are registered on the list of prospective suppliers.

2.2 Where no suitable suppliers are available from the list of prospective suppliers, quotations may be obtained from other possible suppliers.

2.3 If it is not possible to obtain at least three (3) quotations, the reasons should be recorded and approved by the accounting officer / authority or his / her delegate.

2.4. Accounting officers / authorities should apply the prescripts of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and its associated Regulations for all procurement equal to or above R 30 000. However, these prescripts may be applied for procurement with a value of less than R 30 000, if and when appropriate.

3. Above the estimated value of R 100 000

3.1 Accounting officers / authorities should invite competitive bids for all procurement above R 100 000.

3.2 Bids should be advertised in at least the Government Tender Bulletin and in other appropriate media should an accounting officer / authority deem it necessary to ensure greater exposure to potential bidders. The responsibility for advertisement costs will be that of the relevant accounting officer / authority.

3.3 Should it be impractical to invite competitive bids for specific procurement, e.g. in urgent or emergency cases or in case of a sole supplier, the accounting officer / authority may procure the required goods or services by other means, such as price quotations or negotiations. The reasons for deviating from inviting competitive bids should be recorded and approved by the accounting officer / authority or his / her delegate.

3.4 The prescripts of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and its associated Regulations should be adhered to.

4. Compilation of the list of prospective suppliers per commodity

4.1 Accounting officers / authorities should compile a list of prospective suppliers to be used to procure requirements in terms of paragraphs 1 and 2 above. This list should also be used effectively to promote the participation of Historically Disadvantaged Individuals (HDIs) and Small, Medium and Micro Enterprises (SMMEs) within public sector supply chain management.

4.2 Accounting officers / authorities should, through local representative newspapers or by any other means, invite prospective suppliers to apply for evaluation and listing as a prospective supplier. The list should be updated at least quarterly in order to accommodate especially newly established HDI suppliers.

4.3 Once the list has been compiled per commodity, price quotations should be invited therefrom. The invitation of price quotations from the compiled list of prospective suppliers per commodity should be done on a rotation basis in such a manner that ongoing competition amongst suppliers is promoted.


JAN BREYTENBACH

CHIEF DIRECTOR: NORMS AND STANDARDS
5 DECEMBER 2003