

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS FOR LANGEBERG MUNICIPALITY BIDS

1. Langeberg Municipality hereby undertakes to inform all Bidders whenever they tender or provide Quotation for the Designated Sector for Local Production and Content as prescribed in the Preferential Procurement Regulations, 2011 they must conform with the below **General Conditions** at paragraph 2 below

The Municipal Bidding Document (MBD 6.2) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing the declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2011 and the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) 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)].

2. General Conditions

- 2.1. Preferential Procurement Regulations, 2011 (Regulation 9) makes provision for the promotion of local production and content.
- 2.2. That only locally produced or locally manufactured goods as per specified threshold by National Treasury for local production and content will be considered; and
- 2.3. That the exchange rate to calculate local production and content must be the exchange rate published by the South Africa Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid
- 2.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 2.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

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 South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid.

The SABS approved technical specification number SATS 1286:2011 is accessible on http://www.thedti.gov.za/industrial_development/ip.jsp at no cost.

- 2.6. A bid may be disqualified if –
 - (a) this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation; and
 - (b) the bidder fails to declare that the Local Content Declaration Templates (Annex C, D and E) have been audited and certified as correct.

Industrial Procurement

The revised Preferential Procurement Policy Framework Act (PPPFA) regulations which came into effect on the 7 December 2011 empower the Department of Trade and Industry (**the dti**) to designate industries, sectors and sub-sectors for local production at a specified level of local content.

The following industries, sectors and sub-sectors have so far been designated for local production with minimum local content thresholds.

Industry/sector/sub-sector	Minimum threshold for local content
Buses (Bus Body)	80%
Textile, Clothing, Leather and Footwear	100%
Steel Power Pylons, Monopole Pylons, Steel Substation Structures, Powerline Hardware, Street Light Steel Poles, Steel Lattice Towers	100%
Canned / Processed Vegetables	80%
Pharmaceutical Products:	
<ul style="list-style-type: none"> • OSD Tender • Family Planning Tender 	<ul style="list-style-type: none"> • 70% (volumes) • 50% value
Rail Rolling Stock	65%
Set Top Boxes (STB)	30%
Furniture Products:	
<ul style="list-style-type: none"> • Office Furniture • School Furniture • Base and Mattress 	<ul style="list-style-type: none"> • 85% • 100% • 90%
Solar Water Heater Components	70%
Electrical and telecom cables	90%
Valves products and actuators	70%
Residential Electricity Meter :	
<ul style="list-style-type: none"> • Prepaid Electricity Meters • Post Paid Electricity Meters • SMART Meters 	<ul style="list-style-type: none"> • 70% • 70% • 50%
Working Vessels/Boats (All types):	60%
<ul style="list-style-type: none"> • Components 	<ul style="list-style-type: none"> • 10% - 100%
Conveyance Pipes	80% - 100%

<ul style="list-style-type: none"> • Gutters, downpipes & lauders 	<ul style="list-style-type: none"> • 100%
Steel Value-added Products	
<ul style="list-style-type: none"> • Plates 	<ul style="list-style-type: none"> • 100%
<ul style="list-style-type: none"> • Sheets 	<ul style="list-style-type: none"> • 100%
<ul style="list-style-type: none"> • Galvanised and Colour Coated Coils 	<ul style="list-style-type: none"> • 100%
<ul style="list-style-type: none"> • Wire Rod and Drawn Wire 	<ul style="list-style-type: none"> • 100%
<ul style="list-style-type: none"> • Sections 	<ul style="list-style-type: none"> • 100%
<ul style="list-style-type: none"> • Reinforcing bars 	<ul style="list-style-type: none"> • 100%

To access the practice notes to the above designated sectors, please go to www.treasury.gov.za

Other industries, sectors and sub-sectors are still being considered for designation. Once a thorough research and consultations have been concluded a decision to designate will be communicated to the public.

Please note that the Minister of Finance has approved the attached instructions relating to the amendment of:

- Declaration Certificates for Local Production and Content for designated sectors (SBD 6.2 and MBD6.2); and
- National Treasury Instruction on: Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content for Valve Products and Actuators

These instructions will be effective from the date of issue and can be accessed on the [National Treasury website](#).

The standard bidding documents (SBD 6.2 or MBD 6.2) must be completed in line with the requirements of the SABS approved technical specification number [SATS 1286:2011](#) and the [Guidance Document for the Calculation of Local Content](#) together with the Local Content Declaration Templates

- [Annexure C](#): Local Content Declaration - Summary Schedule,
- [Annexure D](#): Imported Content Declaration - Supporting Schedule to [Annexure C](#) and
- [Annexure E](#): Local Content Declaration - Supporting Schedule to [Annexure C](#).

All these documents are important for the calculation, measurement and verification of local content.

- [SATS 1286:2011 Edition 1](#)
- [Guidance Document for the Calculation of Local Content](#)
 - Annexures C, D and E - Download in [\[PDF\]](#) or [\[XLS\]](#) format.
 - Examples of completed annexures
 - [Buses](#)
 - [Canned vegetables](#)
- [Preferential Procurement Regulations, 2011](#)

For local content related enquiries, please call the helpline on +27 (12) 394 1435.

For technical enquiries please contact Ms Cathrine Matidza:

Director: Fleet Procurement

Tel: +27 (12) 394 5598

E-mail: cmatidza@thedti.gov.za

For local content enquiries or complaints, please send an e-mail to localcontent@thedti.gov.za