



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Private Bag X84, PRETORIA, 0001, the dtic Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000
the dtic Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedtic.gov.za

OFFICE OF THE DIRECTOR GENERAL

Mr NZ Khuzwayo
Acting Municipal Manager
uThukela District Municipality
36 Lyell Street
Ladysmith
3307

Email: pa.mm@uthukela.gov.za
mm@uthukeladm.co.za
administration@uthukela.gov.za

Dear Mr Khuzwayo

**RE: LOCAL CONTENT REQUIREMENTS FOR CONTRACT NUMBER : 13/2020-
CON- UTHUKELA DISTRICT MUNICIPALITY (THE CONSTRUCTION OF THE
HOBSLAND TO INDAKA BULK WATER FEEDER MAIN - STAGE 3 PROJECT)**

As you may be aware, the government has identified public procurement as a strategic policy instrument to re-industrialise South Africa by making local content mandatory in the procurement of goods designated for local production in line with the Preferential Procurement Regulations, which came into effect on the 7th December 2011 and amended by the current regulations as at April 2017. To this date, 27 products/sectors have been designated for local production, including Plastic Pipes (OPVC Pipes). The National Treasury, being the custodian of supply chain policy in government has circulated circulars which regulate the environment within which organs of state may procure designated products. This means that any procurement of designated products should be subjected to the local content requirements.

It has come to the attention of the Department of Trade, Industry and Competition (the dtic) that uThukela District Municipality issued out the above-mentioned tender, which has to comply with local content requirements. In this regard, plastic pipes have been designated for local production. Regulation 8.2 of the 2017 Preferential Procurement Regulations requires that where products are designated for local content, organs of state must include local content in their invitation of bids and tenders. Regulation 8.5 states that bid and/or tenders that fail to meet the required local content are unacceptable. Therefore, to be in line with the requirements of the

Lefapha la Dikgwebisano, Dintseteri le Tihotsano • Lefapha la Kgwebo Indasteri le Phadišhano • uMnyango wezokhwebo neZimboni kunye noMncintiswano • Muhasho wa zwa Mbambadzo, Makweho na Mutjisanano • Die Departement van Handel, Nywerheid en Mededinging • Kgoro ya Kgwebo Indasteri le Kgaisano • Ndzawulo ya Vuxavisi, Mabindzu na Mphikizano • Litiko leTekuhweba tiMboni neKuncintiswano • ISebe lezoRhwelo noShishino kunye noKhuphiswano • UmNyango wezokuRhwelolana, amaBubulo nama Phaliso

Batho Pele - putting people first





the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Private Bag X84, PRETORIA, 0001, the dtic Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000
the dtic Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedtic.gov.za

Preferential Procurement Regulations 2017 (PPR 2017) the municipality must cancel the above mentioned tender and re-issue with requirements for local content.

In terms of the local content requirements for designated products, bids should be evaluated first to make sure that production will happen within the borders of the country (see the Plastic Pipes designation circular by following the link, http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/Practice-Notes.aspx).

The Circular make it a requirement that once tenders are awarded by the procuring organ of state, the dtic 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 municipal bidding documents (MBD 6.2) together with the Local Content Declaration C submitted by the successful bidders.

The purpose of the above requirements is for the dtic to conduct compliance audits with a view to monitor the implementation of local content as part of the Industrial development policy objectives. Broadly, it is imperative that the bulk of expenditure to be spent in the procurement is leveraged to develop domestic manufacturing supply chains and limits unnecessary high volumes of imports.

We hope that uThukela District Municipality will review its position to be in line with the requirements of the PPR 2017. Please note that this letter will be shared with the Auditor General and National Treasury.

For further engagements on this matter, you may contact the following senior managers: Dr Tebogo Makube, Chief Director: Industrial Procurement on (012) 394 3927 or TMakube@thedtic.gov.za and Ms Claudy Steyn, Chief Director : Chemicals and Plastics on 012 394 5160 or CSteyn@thedtic.gov.za

Yours Sincerely

Tebogo Makube
Sep 4 2020 1:02 PM

.....
Dr Tebogo Makube
Chief Director: Industrial Procurement
Date:...../...../.....

.....
Ms Claudy Steyn
Chief Director: Chemicals and Plastics
Date: 04.09.2020

Lefapha la Dikgwebisano, Diintaseteri le Tiholisano • Lefapha la Kgwebo Indasteri le Phadišano • uMnyango wezoHwebo noZimbani kunye noMncintiswano • Muhasho wa zwa Mbambadzo, Makwovho na Mutajisano • Die Departement van Handel, Nywerheid en Mededinging • Kgoro ya Kgwebo Indasteri le Kgaisano • Ndzawulo ya Vuxavisi, Mabindzu na Mphikizano • Litiko le Tekuhweba liMboni neKuncintiswano • ISebo lezoRhwebo noShishino kunye noKhuphiswano • UmiNyango wezokuRhwebelana, amaBubulo nama Phaliswano





TENDER CANCELATION NOTICE

HOBSLAND TO INDAKA BULK WATER FEEDER MAIN STAGE 3 Contract: 13/2020-CON

UThukela District Municipality would like to thank all the bidders that responded to the tender invitation published 06 July 2020. Notice is hereby given that the above mentioned tender has been cancelled. UThukela District Municipality apologises for any inconvenience caused.

Enquiries may be directed to:

Mr L.T Ngwenya, Tel: 036 638 5183 or email: LNgwenya2@uthukela.gov.za


M SITHOLE
MUNICIPAL MANAGER