

PRESS RELEASE



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FOR IMMEDIATE RELEASE

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Eden District Supply Chain Practitioners attends “Local Content” Training

Supply Chain Management Practitioners, Internal Audit and Bid Committee members from the Eden District, Bitou, Knysna, George, Mossel Bay, Kannaland and Oudtshoorn, attended Supply Chain training on 29 May 2018 with specific focus on “Local Content”.



Facilitators and Supply Chain Management Practitioners, Internal Audit and Bid Committee members from the Eden District, Bitou, Knysna, George, Mossel Bay, Kannaland and Oudtshoorn, who attended the Supply Chain ‘Local Content’ training in George.

The National Department of Trade and Industry (DTI) conducted the training, in collaboration with National Treasury, at the Roads Training Room of Eden District Municipality in George.

The aim of the training was to ensure that the “Local Content” requirements on designated sectors is administered appropriately and that officials are fully aware of the subject matter and how it is incorporated into the procurement process. The preparation of bid documents and assessment of this requirement when procuring goods and services that are under the list of designated sectors, were also discussed. The aim of the training was also to empower Practitioners to be able to provide the correct information to bidders on the correct completion of bidding documents especially with regards to declarations of local content.

During the training Ms Catherine Matidza from DTI emphasised that bidders must indicate the percentage of local content of the products or services which they tender for. Ms Matidza explained: “A tenderer must complete Declarations D and E, and consolidate the information on Declaration C of the tender document and it is for the practitioner to ensure the information declared is correct.

According to DTI, the local content of a product or service is calculated as “tender price less the value of imported content, expressed as a percentage. It is, therefore, necessary to first calculate the imported value of a product to determine the local content of such a product”.

In a case where the tenderer supply components, material or services that are imported by a third party (e.g., an agent, subcontractor or supplier etc), it is the responsibility of the tenderer to obtain verifiable evidence from the third party in terms of the “local content” of the material, services or products which they supplied. This information must be completed on the Declaration D, included in the tender document.

The “Local Content” section of the Preferential Procurement Regulation of 2017, is geared towards empowerment of South African manufactures and to promote greater investment in the industrialisation of South Africa. Buy proudly made in South Africa goods and grow the economy, that was the message in short.

What is Local Content?

One may wonder what does “Local Content” means, this means that in terms of the manufacturing process the materials and labour in the manufacturing of the designated sector goods is produced within the borders of South Africa. Therefore “locally” refers to “proudly made in South Africa” and does not begin to ring fence procurement from only people within the town or region but for all South African irrespective of location.

In Accordance with the Preferential Procurement Regulation, 2017, the Department of Trade and Industry, may in consultation with the National Treasury - designate a sector, sub-sector or industry or product in accordance with the national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local productions and content, taking into account economic and other relevant factors; and stipulate a minimum threshold for local production and content.

The following sectors are but some of the few designated sectors for local content and they have varying degrees for local content threshold; Buses (Bus Body – 80%), Textile (100%)(clothing, leather and footwear), Steel Power Pylons (100%), Canned or Processed vegetables (80%), Furniture Products (Office Furniture – 85%, School Furniture – 100%, Base Mattres – 90%), Electrical and Telecoms cables (90%), Valves Products and Actuators (70%), Wheely Bins (100%) and many more. Identification of designated sectors is a continuous working process by Department of Trade and Industry in an effort to strengthen the economy of South Africa.

Various appeals and objections have been experienced in the past where there was a misunderstanding regarding the term “local” and somehow it was wrongly interpreted as meaning only suppliers in the region or town were legible to be responsive.

Therefore it is also knowledge for public consumption that designated sectors and local content is an initiative by Government specifically geared towards strengthening local manufactures to invest in industries and promote the economy of South Africa by using South African materials and labour in their manufacturing process and not import finished goods.

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