



## KZN PROVINCIAL TREASURY

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS  
: ACCOUNTING AUTHORITIES OF PROVINCIAL PUBLIC ENTITIES  
: CHIEF FINANCIAL OFFICERS  
: HEADS OF SCM**

### **KWAZULU-NATAL PROVINCIAL TREASURY SCM CIRCULAR NO.5 OF 2020/2021 ON MAXIMIZING PUBLIC PROCUREMENT FOR RADICAL ECONOMIC TRANSFORMATION THROUGH THE PPPFA**

#### **1. PURPOSE**

The purpose of this Treasury Circular is to prescribe the implementation of Regulation 4 and 9 of the Preferential Procurement Regulations of 2017, for the procurement of commodities that fall within sectors that have been targeted to achieve the objectives of Operation Vula. This implementation will be effected through the vetting of bid specifications to be concluded by departments for the selected commodities.

#### **2. BACKGROUND**

Operation Vula is centred on strengthening local economies and re-orienting them to become effective centres of production, information processing and development. KZN has resolved to adopt procurement strategies that empower the historically disadvantaged, through pro-inclusive economic growth. The Province has taken a decision to champion the implementation of the PPPFA Regulations 2017, in the procurement of goods and services that fall within the **58 Operation Vula Priority Sectors** and shall start with the following in the first phase:

- Bakery
- Clothing Leather and Textile
- Fertiliser (seeds, animal feed)
- Detergents (chemicals)
- Furniture
- Infrastructure Development (construction materials)
- Paper and pulp (bond paper, toilet paper)

#### **3. IMPLEMENTATION OF PPPFA REGULATIONS TO ACHIEVE OPERATION VULA OBJECTIVES**

##### **3.1 PRE-QUALIFICATION AND SUB-CONTRACTING**

- 3.1.1 Institutions must at procurement planning stage identify procurement opportunities to advance designated groups and apply the pre-qualification criteria and/or sub-contracting requirement where the contract value exceeds R30 million as stipulated in the PPPFA Regulations for this purpose.
- 3.1.2 The institution must apply the pre-qualification criteria and/or sub-contracting requirement in respect of all the goods mentioned in paragraph 2. In this regard, a minimum of B-BBEE status level 1 contributor and EME or QSE shall be targeted and sub-contracted where feasible.



- 3.1.3 The tender must be advertised with the condition stipulated in paragraph 3.1.1 or 3.1.2 whichever is applicable;
- 3.1.4 Should it be impractical to comply with paragraph 3.1.1 and 3.1.2, the reasons thereof shall be recorded and approved by the Accounting Officer/Accounting Authority and be reported to Provincial Treasury within five (5) working days subsequent to publishing the tender advert.
- 3.1.5 A tender where prequalification criteria is applicable will be evaluated as follows:
- Phase One: Prequalification;
  - Phase Two: Local content;
  - Phase Three: Mandatory requirement
  - Phase Four: Functionality, if applicable;
  - Phase Five: Price and Preference Point System

## 3.2 VETTING OF SPECIFICATIONS FOR OPERATION VULA PROJECTS

- 3.2.1 The Provincial Treasury has considered it prudent to introduce the vetting of specifications in respect of goods mentioned in paragraph 2 to ensure that the objectives of Operation Vula are met.
- 3.2.2 Subsequent to approval by the Accounting Officer/Authority; all tender specifications relating to Operation Vula commodities listed on paragraph 2 that are above R1000 000 inclusive of VAT and applicable taxes must be submitted to Provincial Treasury for vetting to ensure compliance with Preferential Procurement Regulations prior to advertisement of tender.
- 3.2.3 A confirmation of compliance with the requirements of the PPPFA Regulations will be issued by Provincial Treasury.

## 3.3 REPORTING

Institutions must report on the 7<sup>th</sup> after the end of each quarter using the attached reporting template on the following:

- 3.3.1 Procurement spend on Black Youth Owned Enterprises;
- 3.3.2 Procurement spend on Black Women Owned Enterprises;
- 3.3.3 Procurement spend on Enterprises Black Owned by Military Veterans;
- 3.3.4 Procurement spend on Enterprises Owned by Black people with Disabilities;
- 3.3.5 Procurement spend on enterprises that are owned by Black People;

**The report mentioned in paragraph 3.3 above must be submitted to: [zakithi.zwane@kzntreasury.gov.za](mailto:zakithi.zwane@kzntreasury.gov.za)**



### 3.4 APPLICABILITY

This Circular shall be effective from 09 November 2020.

### 3.5 CONTACT INFORMATION

Enquiries related to this Circular may be directed to:

Ms. Zakithi Zwane

Director: Specialised Support

Tel: 033 897 4577

E-mail: zakithi.zwane@kzntreasury.gov.za

**Mrs N. Shezi**  
Head of Department: KZN Provincial Treasury

DATE: 4 November 2020

**REPORTING TEMPLATE**

| Name of department | Description of item procured | Bid Price | Expenditure on >51% Black Youth Owned Enterprises | Expenditure on >51% Black Women Owned Enterprises | Expenditure on Enterprises >51% Black Owned by Military Veterans | Expenditure on Enterprises >51% Black Owned by people living with disabilities | Expenditure on Enterprises >51% Owned by Black People |
|--------------------|------------------------------|-----------|---|---|--|--|---|
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