



FETAKGOMO TUBATSE LOCAL MUNICIPALITY

PREFERENTIAL PROCUREMENT PROVISION OF 2022

Extract from the policy on the new preferential procurement regulation and the set specific goal for Fetakgomo Tubatse Local Municipality.

Please note that reliance maybe be placed on the extract from the SCM policy, otherwise the draft policy is available on the municipal website for review and comments on the new Preferential Procurement Regulation 2022 amendments.

Identification of preference point system

(1) The municipality must, in the tender documents, stipulate—

(a) the applicable preference point system as envisaged in regulations 4, 5, 6 or 7;

(b) the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

(2) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

(a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

(b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

2. 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million

(1) The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80 \left(1 - \frac{Pt - P \text{ min}}{P \text{ min}} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

(2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified in the tender. (The allocation of preference points for tenders above the quotation threshold to be decide and allocated per tender)

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

3. 90/10 preference point system for acquisition of goods or services with Rand value above R50 million

(1) The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left(1 - \frac{Pt - P \text{ min}}{P \text{ min}} \right)$$

Where-

Ps= Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin= Price of lowest acceptable tender.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender. (The allocation of preference points for tenders above the quotation threshold to be decide and allocated per tender)

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

4.80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

(1) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million,

$$Ps = 80 \left(1 - \frac{Pt - Pmax}{Pmax} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

(2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender. (The allocation of preference points for tenders above the quotation threshold to be decide and allocated per tender)

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(3) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

5.90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million

(1) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left(1 - \frac{Pt - Pmax}{Pmax} \right)$$

Where:

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax= Price of highest acceptable tender.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender. (The allocation of preference points for tenders above the quotation threshold to be decide and allocated per tender)

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

Specific goals

The municipality will be considering the following specific goals when procuring good and services for the institution:

- a) Historical disadvantaged individuals which include women and the disabled;
- b) Locality – for local empowerment or
- c) Youth

51. Specific goals

The municipality will be considering the following specific goals when procuring good and services for the institution:

As and when a tender is advertised, the municipality will selected from the below mention:

- d) BB-BEE
- e) Historical disadvantaged individuals which include women and the disabled;
- f) Locality – for local empowerment or
- g) Youth

Points allocation for specific goals and BB-BEE

Points to be allocated for specific goals to promote economic development”

1. The following conditions will stipulate the specific goals as contemplated in section 2(1)(d)(ii) of the Preferential Procurement Policy Framework Act, be attained.
2. A maximum of 20 points (80/20) preference points system or 10 (90/10) preference points system will be allocated for specific goals. These goals are as follow”
 - a) Contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability;
 - b) Locality - The promotion of enterprise located in the local area;
 - c) Youth – empowerment of youth or
 - d) BB-BEE

3. On paragraph 2(a) above 50% of the (20/10) points will be allocated to promote this goal and points will be allocated in terms of the BBEE scorecard as follows.

BBEE- status level of contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	10	5
2	8	4
3	6	3
4	4	5
5	2	4
6	2	2
7	2	1
8	2	1
Non-Contributor	0	0

4. A tender must submit proof of its BBEE status level contributor
 A tender failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but
- a) may only score point out of 90 and 80 for price and;
 - b) scores) points out of 10 for B-BBEE status level of contributor, which is in line with section 2(1)(d)(i) of the Act, where the supplier or service provider did not provide proof thereof.

On paragraph 2 (b0 above 50% of the (20/10) points will be allocated to promote this goal. Points will be allocated as follows:

Historical disadvantaged individuals which include women and the disabled (HDI);	Means of verification	Number of Points for Preference (50%)	
		80/20	90/10
HDI	<p>Women – Director’s ID copy for gender verificatio</p> <p>Disabled – Medical report indicating disabilities.</p>	10	5

Local area of supplier	Means of verification	Number of Points for Preference (50%)	
		80/20	90/10
Within the boundaries of Fetakgomo-Tubatse Local Municipality	Address on the company registration document (CK)	10	5
Within the boundaries of Sekhukhune District Municipality		6	3
Within the boundaries of Limpopo Province		4	2

Youth Supplier	Means of verification	Number of Points for Preference (50%)	
		80/20	90/10
Youth Suppliers	Director's ID copy for age verification	10	5

5. Any specific goal for which a point may be awarded, must be clearly specified in the invitation to submit a tender
6. A tender failing to submit proof of required evidence to claim preference for other specified goals, which is in line section 2 (1) (d) (i) of the Act.
 - a) may only score in terms of the 80/90-point formula for price and;
 - b) scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.
7. The preference points scored by a tender must be added to the points scored for price
8. The points scored must be rounded off to the nearest two decimal places
9. The contract must be awarded to the tender scoring the highest points