



LOCALCONTENT

SABS: Trusted partner in Local Content verification

As a renowned quality assurance provider in South Africa and beyond, the South African Bureau of Standards (SABS) has been appointed by the Department of Trade and Industry (**the dti**) as the verification agency for Local Content in South Africa.

Local Content is that portion of goods, works and services that have been generated and produced in South Africa. Companies that import raw material and convert this raw material in South Africa also contribute to local content to the extent that the South African value-add processes and additional inputs count as local content.

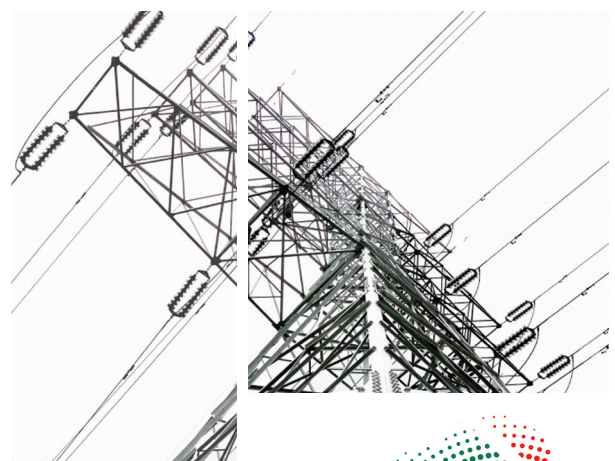
From December 2011, suppliers in certain sectors have to include minimum amounts of Local Content in the goods, works and services that they provide to users in the public sector. This means it affects all national and provincial departments, all municipalities; all entities listed in terms of Schedules 2 and 3A and 3B as well as all other government agencies. The government supply chain management personnel in these departments and organisations have to check adherence to National Treasury regulations on how tenders must be evaluated against Local Content. As a supplier, if you do not comply, you do not win the tender.

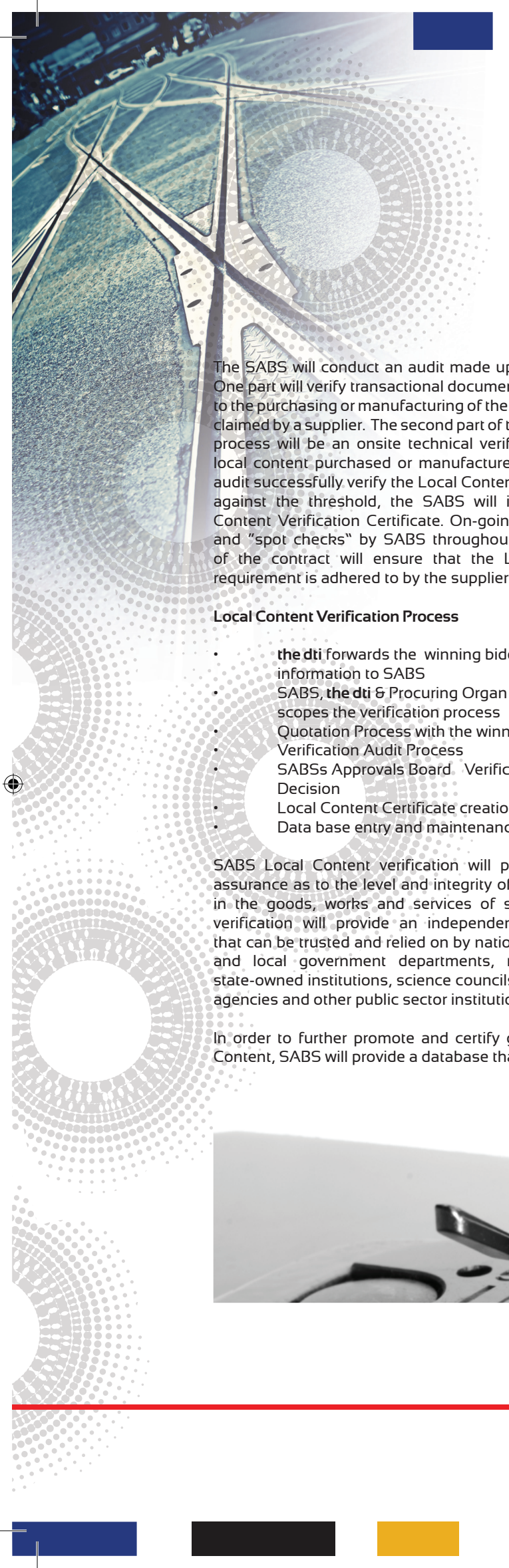
Local Content and the 'verification' procedures are part of the implementation of the Industrial Policy Action Plan (IPAP) under the mandate of the Department of Trade and Industry (**the dti**). An important strategic approach in South Africa's industrial policy is to use government's leveraging muscle as a 'large buyer', that can influence how much is locally manufactured, to promote strong, sustainable growth in the manufacturing sector, leading to new business opportunities, jobs and skills development.

To date, several sectors and sub-sectors have been designated for local production with minimum Local Content thresholds. These include rail rolling stock, power, pylons, bus bodies, canned/processed vegetables, textiles, clothing, leather, footwear, furniture, set-top boxes, power & telecom cables, solar water heaters and valves, manual and pneumatic actuators.

Regular updates on new designations are communicated to the public by the Department of Trade and Industry (**the dti**). For the latest list of designated sectors, go on to: www.sabs.co.za and click on the "Local Content" button.

A crucial aspect of Local Content is its verification, and SABS has been appointed the verification agency for Local Content in South Africa in terms of the amended regulations to the Preferential Procurement Framework Act, Act 5 of 2000.





The SABS will conduct an audit made up of two parts. One part will verify transactional documentation related to the purchasing or manufacturing of the Local Content claimed by a supplier. The second part of the verification process will be an onsite technical verification of the local content purchased or manufactured. Should the audit successfully verify the Local Content requirement against the threshold, the SABS will issue a Local Content Verification Certificate. On-going surveillance and "spot checks" by SABS throughout the duration of the contract will ensure that the Local Content requirement is adhered to by the supplier.

Local Content Verification Process

- the dti forwards the winning bidder's information to SABS
- SABS, the dti & Procuring Organ of State, scopes the verification process
- Quotation Process with the winning Bidder
- Verification Audit Process
- SABSs Approvals Board. Verification Decision
- Local Content Certificate creation
- Data base entry and maintenance

SABS Local Content verification will provide quality assurance as to the level and integrity of local content in the goods, works and services of suppliers. This verification will provide an independent benchmark that can be trusted and relied on by national, provincial and local government departments, municipalities, state-owned institutions, science councils, government agencies and other public sector institutions.

In order to further promote and certify genuine Local Content, SABS will provide a database that will quantify

Public Procurement in the respective designated sectors, indicating the impact of Local Content procurement.

A Local Content Verification Certificate issued by the SABS certifies that a supplier has adhered to legislative requirements in terms of Local Content. It also confirms that the supplier is committed to promoting local employment and contributing to economic growth in South Africa. It can also enable suppliers to achieve Stage 1 Compliance with the Preferential Procurement Policy Framework Act (PPPFA) Act 5 of 2000.

Download the SABS Local Content application form from the SABS website, www.sabs.co.za. Alternatively:

- Contact our call centre on 0861-277-227; or
- Send an e-mail to localcontent@sabs.co.za or info@sabs.co.za.

