Evaluation form for tender based on the Preferential Procurement Policy Framework Act (PPPFA) (Act 5/2000)

PREFERENCE CERTIFICATE

The preference form is based in part on the Preferential Procurement Policy Framework Act and incorporates concepts prescribed in the Codes of Good Practice regarding Broad-based Black Economic Empowerment gazetted in February 2007.

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1. GENERAL CONDITIONS

1.1. The following preference point systems are applicable to all tenders:

- the 80/20 system for requirements with a Rand value of up to R500 000; and
- the 90/10 system for requirements with a Rand value above R500 000.

1.1.1 Where the fiancial value inclusive of VAT of one or more responsive tenders received equals or is less than R500 000, the 80/20 system shall be applicable.

1.1.2 Where the financial value inclusive of VAT of all responsive tenders received have a value in excess of R500 000, the 90/10 system shall be applicable.

1.2. Preference points for this tender shall be awarded for:

- Price; and
- Specific contract participation goals, as specified in the attached forms.

1.3. The points for this tender are allocated as follows:

	Points:
1.3.1. PRICE AND OTHER FACTORS	80/90%
1.3.2. SPECIFIC CONTRACT PARTICIPATION GOALS	
Provision of a valid B-BBEE rating	20/10%

1.4. Failure on the part of a tenderer to fill in and/or to sign this form may be interpreted to mean that preference points are not claimed.

1.5. The University reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the University.

2. GENERAL DEFINITIONS AND ABBREVIATIONS

2.1. **"Acceptable tender"** means any tender which, in all respects, complies with the specifications and conditions of tender as set out in the tender document.

2.2. **"Tender"** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of goods, works or services.

2.3. **"Comparative price"** means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration.

2.4. **“Consortium or joint venture”** means an association of persons for the purpose of combining their expertise, property, capital, efforts, skills and knowledge in an activity for the execution of a contract.

2.5. **“Contract”** means the agreement that results from the acceptance of a tender by an organ of state.

2.6. **“Specific goals”** refers to the Broad-Based Black Economic Empowerment rating of the tenderer.

2.7. **“Management”** means an activity inclusive of control and performed on a daily basis, by any person who is a principal executive officer of the company, by whatever name that person may be designated, and whether or not that person is a director.

2.8. **“Owned”** means having all the customary elements of ownership, including the right of decision-making and sharing all the risks and profits commensurate with the degree of ownership interests as demonstrated by an examination of the substance, rather than the form of ownership arrangements.

2.9. **“Person”** includes reference to a juristic person.

2.10. **“Rand value”** means the total estimated value of a contract in Rand denomination that is calculated at the time of tender invitations and includes all applicable taxes and excise duties.

2.11. **“Sub-contracting”** means the primary contractor’s assigning or leasing or making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

2.12. **“B-BBEE”** means Broad-Based Black Economic Empowerment.

2.13. **“BEE Procurement Recognition Level”** means the percentage BEE Procurement Recognition Level as determined:

2.13.1 for Enterprises that are neither Qualifying Small Enterprises nor Exempted Micro-Enterprises, using statement 000;

2.13.2 for Qualifying Small Enterprises, using statement 800; and

2.13.3 for Exempted Micro-Enterprises, a deemed BEE Procurement Recognition of 100% and BEE Status of Level 4 Contributor under statement 800.

2.14. **“Exempted Micro Enterprises (EME)”** means an Entity with an annual turnover of less than R 5 (five) million.

2.15. “**Quantifying Small Enterprise (QSE)”** means an Entity that qualifies for measurement under the qualifying small Entity scorecard wit a turnover of between R5 and R35 million; “Qualifying Enterprise Development Contributions” is a collective term describing Category A and B Enterprise Development Contributions targeting black owned EME’s and QSE’s, and black youth in rural, and underdeveloped areas in statement 600;

2.16. “**Large Business**” means an Entity with a turnover of above R 35 million per year applying the generic scorecard comprising all seven elements to calculate its B-BBEE rating.

3. EVALUATION USING A POINT SYSTEM

3.1. Responsive tenders will be evaluated by the University using a system which awards points on the basis of:

- The tendered price
- B-BBEE rating

3.2. The tenderer obtaining the highest number of points will usually be awarded the contract.

3.3. Preference points shall be calculated after prices have been brought to a comparative basis.

3.4. Points scored will be rounded off to 2 decimal places.

3.5. In the event of equal points scored, the tender will be awarded to the tenderer scoring the highest number of points for specified goals.

4. POINTS AWARDED FOR PRICE

4.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 or 90/10

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right) \quad \text{or} \quad Ps = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points allocated for price of tender under consideration

Pt = Price of tender under consideration

Pmin = Price of lowest acceptable tender

5. POINTS AWARDED B-BBEE RATING

The Preferential Procurement Policy Framework (PPPF) Act, promulgated in 2000, was followed by the gazetting of the Final Codes of Good Practice on Broad-based Black Economic Empowerment (henceforth referred to as the B-BBEE Codes) in the Government Gazette on 9 February 2007.

The B-BBEE Codes provide a scorecard according to which the B-BBEE rating of a company may be determined. The scorecard encompassing all seven elements is shown in Table 1.

Furthermore a distinction is made on the turnover of an institution to be measured. Three categories are defined:

- Exempt Micro Enterprises (EME's): annual turnover of less than R5 million;
- Qualifying Small Enterprises (QSE's): annual turnover between R5 million and R35 million; and
- Large Businesses: annual turnover of R35 million or more.

In the case of Exempt Micro Enterprises, no scorecard is required. An affidavit from the financial officer of the institution confirming an annual turnover of less than R5 million is

sufficient for the entity to be awarded a Level 4 contribution which equates to a 100% preferential procurement recognition level. For a Qualifying Small Enterprise, the entity's score is based on any four of the elements in the scorecard (irrespective of the scorecard used). For a Large Business all the elements of the relevant scorecard apply. For a tenderer to be considered, a valid rating according to the appropriate scorecard needs to be provided.

Table 1 B-BBEE Scorecard

Element	Weighting
Ownership	20 points
Management control	10 points
Employment equity	15 points
Skills development	15 points
Preferential procurement	20 points
Enterprise development	15 points
Socio-economic development initiatives	5 points

The score achieved by a measured entity will be used to determine its B-BBEE recognition level. The recognition level may vary from 0% (non compliant) to 135% (Level 1 contributor). The various recognition levels are shown in Table 2.

Table 2 B-BBEE Recognition Levels

B-BBEE status	Qualification	Level of recognition
Level One Contributor	≥ 100 points on scorecard	135%
Level Two Contributor	≥ 85 but < 100 points on scorecard	125%
Level Three Contributor	≥ 75 but < 85 points on scorecard	110%
Level Four Contributor	≥ 65 but < 75 points on scorecard	100%
Level Five Contributor	≥ 55 but < 65 points on scorecard	80%
Level Six Contributor	≥ 45 but < 55 points on scorecard	60%
Level Seven Contributor	≥ 40 but < 45 points on scorecard	50%
Level Eight Contributor	≥ 30 but < 40 points on scorecard	10%
Non-compliant contributor	< 30 points on scorecard	0%

A maximum of 20 or 10 points is allocated for specific goals on the following basis:

80/20 or 90/10

$$Ss = 20\left(1 - \frac{S\max - St}{S\max}\right) \quad \text{or} \quad Ss = 10\left(1 - \frac{S\max - St}{S\max}\right)$$

Where

S_s = Points allocated for specific goals of tender under consideration

S_t = Specific goal (B-BBEE) rating of tender under consideration

S_{max} = Specific goal (B-BBEE) rating of highest rated tender