

**PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL  
PROCUREMENT REGULATIONS 2001**

**SALES**

This preference form must form part of all bids invited for the sale and letting of assets. It contains general information and serves as a claim form for Historically Disadvantaged Individual (HDI) preference points as well as a summary for preference points claimed for attainment of other specified goals.

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**NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF EQUITY OWNERSHIP BY HISTORICALLY DISADVANTAGED INDIVIDUALS (HDIs), AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2001.**

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**1. GENERAL CONDITIONS**

1.1 The following preference point systems are applicable to all bids:

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

1.2 The value of this bid is estimated to exceed/not exceed R500 000 and therefore the.....system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

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

1.3.1 The points for this bid are allocated as follows:

	<b>POINTS</b>
<b>1.3.1.1 PRICE</b>	.....
<b>1.3.1.2 SPECIFIC CONTRACT PARTICIPATION GOALS</b>	.....
<b>(a) Historically Disadvantaged Individual:</b>	
(i) who had no franchise in national elections before the 1983 and 1993 Constitutions	.....
(ii) who is a female	.....
(iii) who has a disability	.....
<b>(b) Other specific RDP goals.</b>	
(i)	.....
(ii)	.....
(iii)	.....
(iv)	.....
<b>Total points for Price, HDIs and other RDP goals must not exceed</b>	<b>100</b>

**Separate Preference Points Claim Forms will be used for the promotion of the specific goals for which points have been allocated in paragraph 1.3.1.2 (b) above.**

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

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

## 2. GENERAL DEFINITIONS

- 2.1 **“Acceptable bid”** means any bid which, in all respects, complies with the conditions of bid as set out in the bid document.
- 2.2 **“Bid”** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the sale and letting of assets.
- 2.3 **“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.
- 2.4 **“Contract”** means the agreement that results from the acceptance of a bid by an organ of state.
- 2.5 **“Specific contract participation goals”** means the goals as stipulated in the Preferential Procurement Regulations 2001.
- 2.6 **“Control”** means the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous exercise of appropriate managerial authority and power in determining the policies and directing the operations of the business.
- 2.7 **“Disability”** means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.
- 2.8 **“Equity Ownership”** means the percentage ownership and control, exercised by individuals within an enterprise.
- 2.9 **“Historically Disadvantaged Individual (HDI)”** means a South African citizen
- (1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993, (Act No 200 of 1993) (“the interim Constitution); and/or
  - (2) who is a female; and/or
  - (3) who has a disability:
- provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be a HDI;
- 2.10 **“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.
- 2.11 **“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.
- 2.12 **“Person”** includes reference to a juristic person.
- 2.13 **“Rand value”** means the total estimated value of a contract in Rand denomination that is calculated at the time of bid invitations and includes all applicable taxes and excise duties.
- 2.14 **“Small, Medium and Micro Enterprises (SMMEs)”** bears the same meaning assigned to this expression in the National Small Business Act, (1996 No 102 of 1996).

2.15 “**Trust**” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.

2.16 “**Trustee**” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

### 3. ESTABLISHMENT OF HDI EQUITY OWNERSHIP IN AN ENTERPRISE

3.1 Equity ownership shall be equated to the percentage of an enterprise which is owned by individuals classified as HDIs, or in the case of a company, the percentage shares that are owned by individuals classified as HDIs, who are actively involved in the management and daily business operations of the enterprise and exercise control over the enterprise, commensurate with their degree of ownership.

3.2 Where individuals are not actively involved in the management and daily business operations and do not exercise control over the enterprise commensurate with their degree of ownership, equity ownership may not be claimed.

### 4. ADJUDICATION USING A POINT SYSTEM

4.1 The bidder obtaining the highest number of points will be awarded the contract.

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

4.3 In the event of equal points scored, the bid will be awarded to the bidder scoring the highest number of points for specified goals.

### 5. POINTS AWARDED FOR PRICE

#### 5.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

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

$$\begin{array}{ccc}
 \mathbf{80/20} & \mathbf{or} & \mathbf{90/10} \\
 \\
 P_s = 80 \left( 1 + \frac{P_t - P_h}{P_h} \right) & \mathbf{or} & P_s = 90 \left( 1 + \frac{P_t - P_h}{P_h} \right)
 \end{array}$$

Where

P<sub>s</sub> = Points scored for price of bid under consideration

P<sub>t</sub> = Rand value of bid under consideration

P<sub>h</sub> = Rand value of highest acceptable bid

**6. Points awarded for historically disadvantaged individuals**

6.1 In terms of Regulation 13 (2) preference points for HDIs are calculated on their percentage shareholding in a business, provided that they are actively involved in and exercise control over the enterprise. The following formula is prescribed in Regulation 13 (5) (c):

$$NEP = NOP \times \frac{EP}{100}$$

Where

NEP = Points awarded for equity ownership by an HDI

NOP = The maximum number of points awarded for equity ownership by an HDI in that specific category

EP = The percentage of equity ownership by an HDI within the enterprise or business, determined in accordance with the definition of HDIs.

6.2 Equity claims for a trust will only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the trust.

6.3 Documentation to substantiate the validity of the credentials of the trustees contemplated above must be submitted.

6.4 A consortium or joint venture may, based on the percentage of the contract value managed or executed by their HDI-members, be entitled to preference points in respect of an HDI.

**7. BID DECLARATION**

7.1 Bidders who claim points in respect of equity ownership must complete the Bid Declaration at the end of this form.

**8. EQUITY OWNERSHIP CLAIMED IN TERMS OF PARAGRAPH 2.9 ABOVE. POINTS TO BE CALCULATED FROM INFORMATION FURNISHED IN PARAGRAPH 9.6.**

<b>Ownership</b>	<b>Percentage owned</b>	<b>Points claimed</b>
8.1 Equity ownership <b>by persons who</b> had no franchise in the national elections	%	.....
8.2 Equity ownership <b>by women</b>	%	.....
8.3 Equity ownership <b>by disabled persons*</b>	%	.....

\*If points are claimed for disabled persons, indicate the nature of impairment (see paragraph 2.7 above)  
 .....

**9 DECLARATION WITH REGARD TO EQUITY**

- 9.1 Name of firm : .....
- 9.2 VAT registration number : .....
- 9.3 Company registration number : .....

**9.4 TYPE OF FIRM**

- Partnership
- One person business/sole trader
- Close corporation
- Company
- (Pty) Limited

[TICK APPLICABLE BOX]

**9.5 MUNICIPAL INFORMATION**

Municipality where business is situated: .....

Registered Account No: .....

Stand No: .....

**9.6 TOTAL NUMBER OF YEARS THE FIRM HAS BEEN IN BUSINESS? .....**

**9.7 List all Shareholders by Name, Position, Identity Number, Citizenship, HDI status and ownership, as relevant. Information to be used to calculate the points claimed in paragraph 8.**

Name	Date/Position occupied in Enterprise	ID Number	Date RSA Citizenship obtained	* HDI Status			% of business / enterprise owned
				No franchise prior to elections	Women	Disabled	

\*Indicate YES or NO

**9.8 Consortium / Joint Venture**

9.8.1 In the event that preference points are claimed for HDI members by consortia / joint ventures, the following information must be furnished in order to be entitled to the points claimed in respect of the HDI member:

Name of HDI member (to be consistent with paragraph 9.6)	Percentage (%) of the contract value managed or executed by the HDI member

9.9 I/we, the undersigned, who warrants that he/she is duly authorised to do so on behalf of the firm certify that points claimed, based on the equity ownership, indicated in paragraph 8 of the foregoing certificate, qualifies the firm for the preference(s) shown and I / we acknowledge that:

- (i) The information furnished is true and correct.
- (ii) The Equity ownership claimed is in accordance with the General Conditions as indicated in paragraph 1 of this form.
- (iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 8, the contractor may be required to furnish documentary proof to the satisfaction of the seller that the claims are correct.
- (iv) If the claims are found to be incorrect, the seller may, in addition to any other remedy it may have -
  - (a) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - (b) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation.

**WITNESSES:**

- 1. ....
- 2. ....

.....  
SIGNATURE (S) OF BIDDER (S)

DATE:.....

ADDRESS:.....

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