



APPLICATION FOR PREFERENCE POINTS (ZNT 30)

**THESE FORMS MUST BE COMPLETED AND SUBMITTED TOGETHER WITH
YOUR BID OR QUOTATION.**

FOR INFORMATION ONLY

1. Primary Definitions:

- 1.1 “Affirmable Business Enterprise”** - a business which adheres to statutory labour practices, is a legal entity, registered with the South African Revenue Service and a continuing and Independent Enterprise for profit, providing a Commercially Useful Function and whose management and daily business operations are in the control of one or more of the Historically Disadvantaged Individuals who own it.

2. Supplementary Definitions:

- 2.1 “Affiliated Entity”** - is a business entity which has control of or the power to control another business entity, albeit indirectly, eg where a third person has control of or has the power to control both entities. Indicators of control shall, without limitation, include interlocking management or ownership, identity of interests among family members, shared facilities and equipment or common use of employees.

NOTE: In order to prevent ABE’s from breaking themselves down into smaller entities so as to keep within the prescribed turnover limits and in so doing maintain their ABE status, the annual average turnover of Affiliated Businesses must be considered. A business will be deemed to be an affiliated entity should the ABE under consideration have a 50% or more ownership in such an enterprise, or a HDI who has ownership of 33% or more within the ABE under consideration, also have an ownership of 33% or more in the other entity.

- 2.2 “Commercially Useful Function”** - refers to the performance of real and actual work, or the provision of services, in the discharge of any contractual obligation which shall include but not be limited to the performance of a distinct element of work, which the business has the skill and expertise to undertake and the responsibility for management and supervision.

- 2.3 “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.

- 2.4 “Disability”** - means, in respect of a person, a permanent impairment of a physical, intellectual, or a 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.

- 2.5 “Executive Director”** - is a partner in a partnership, a sole proprietor, a director of a company established in terms of the Companies Act, 1973 (Act 61 of 1973) or a member of a close corporation registered in terms of the Close Corporation Act, who jointly and severally with his other partners, co-directors or co-members, as the case may be, bears the risk of business and takes responsibility for the management and liabilities of the partnership

company or close corporation.

2.6 “Historically Disadvantaged Individuals (HDI)” - means a South African citizen:

- i) 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);
- ii) a female; and
- iii) has a disability.

NOTE: A person, who obtained South African citizenship on or after (27 April 1994) the coming into effect of the Interim Constitution, is deemed not to be an HDI.

2.7 “Independent Enterprise” - means an enterprise which is free of any degree of direct or indirect ownership, or control by any firm which engages in activities similar to those in respect of which credit toward the Contract Participation Goal is sought, or by any Executive Director of such a firm, who is not a Historically Disadvantaged Individual.

NOTE: Any enterprise whose owners include firms which engage in the majority of activities that are performed by that enterprise cannot claim Affirmable Business Enterprise status. Likewise, any enterprise which has any non HDI Executive Directors who have interests in such firms cannot claim Affirmable Business Enterprise status.

2.8 “Priority Population Groups (PPG)” - means Historically Disadvantaged Individuals who fall into population groups that were not offered a franchise in national elections before or after the introduction of the 1984 tricameral parliamentary system and only received their franchise during 1994.

2.9 “Small Business” - means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the schedule and which can be classified as a micro, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the schedule opposite the smallest relevant size or class as mentioned in column 2 of the schedule.

2.10 “Trust” - means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer that property for the benefit of another person (beneficiary).

2.11 “Trustee” - means any person, including the founder of a trust, to whom property is bequeathed in order for the property to be administered for the benefit of another person (beneficiary).

INTRODUCTION AND GUIDELINES

The ZNT 30 was specifically designed to provide for the application for preference points. In order to ensure that bidders/suppliers are considered as legitimate bidders/suppliers, it is imperative that the following guidelines are adhered to.

1. Applicants are to complete pages 5 to 8, where applicable. Failure by an applicant bidder/supplier to provide all relevant information required, will result in such a bidder/supplier not being considered for preference point's allocation. If the information required is not applicable to your business, clearly insert the symbols "**N/A**" in the appropriate space. If the space provided is left blank, it will be regarded as information that is still outstanding and the ZNT 30 will not be processed further.
2. Applicants are advised that only original **ZNT 30, or PHOTOSTAT** copies thereof, will be processed. Any document that has been retyped or redrafted will be disregarded.
3. It is imperative that only documents with an original signature be submitted. No photocopies or fax transmissions will be accepted, if they do not bear the original signature/s.
4. All signatures to the document must be commissioned by an authorised Commissioner of Oaths. Failure to do so will result in the applicant not qualifying for preference points.
5. All terms contained herein shall be interpreted in terms of the KwaZulu-Natal Supply Chain Management Framework.
6. This document remains valid for a period of one hundred and eighty (180) days only.
7. Bidders/Suppliers providing information incorrectly or fraudulently in their **ZNT 30** submitted for the purpose of preference points, will be disqualified from bidding and removed from the Suppliers Database, in addition to any other action the Province may institute against such a supplier. Further, in the event of the Province being prejudiced financially, it reserves the right to take legal action against the bidder/supplier.
8. For definitions of terminology used in this document, please refer to the definitions set out in regulation 1 of the Procurement Regulations, 2001, obtainable from the Procurement Administration Office or website.
9. Any alterations made by the bidder must be initialed. The use of correcting fluid is prohibited, and may lead to non-awarding of preference points.
10. Submission of a duly signed **ZNT 30** indicates that a bidder/supplier has adequately familiarised himself/herself/itself with the contents and the legal implications thereof. Because bidders/suppliers are accordingly liable for all information submitted on the **ZNT 30**, they are urged to seek legal advice where there is uncertainty relating to the terms and conditions contained herein.

APPLICATION FOR PREFERENCE POINTS

(The following information must be filled in by the applicant. Failure to submit all the required information may lead to non-awarding of preference points)

1. BUSINESS PARTICULARS

- 1.1. Name of Business:
- 1.2. Suppliers Database Registration Number:
- 1.3. Postal address:
.....
Physical address:
.....
Telephone no.: Fax no.:
Cell. no.:
E-mail address, if available:
- 1.4. Contact person (Print name):
- 1.5. Physical location of Head Office (if applicable):

1.6 TYPE OF BUSINESS

Tick whichever block is applicable to your business or firm.

PUBLIC COMPANY LTD	
PRIVATE COMPANY (PTY) LTD	
CLOSE CORPORATION CC	
SOLE PROPRIETOR	
PARTNERSHIP	
TRUST	
CO-OPERATIVE	
VOLUNTARY ASSOCIATIONS	
JOINT VENTURE	

2. BUSINESS INFORMATION

THE FOLLOWING TABLE MUST BE COMPLETED IN ORDER TO ESTABLISH WHETHER A BUSINESS CAN BE CLASSIFIED AS AN SMME IN TERMS OF THE NATIONAL SMALL BUSINESS ACT 102 OF 1996. INDICATE THE SECTOR BY TICKING THE APPROPRIATE BLOCK IN COLUMN 2 AND THEN TICK THE CORRESPONDING INFORMATION BLOCKS IN COLUMNS 3, 4 AND 5.

COLUMN 1	COLUMN 2	COLUMN 3		COLUMN 4		COLUMN 5	
Sector or sub-sectors in accordance with the Standard Industrial Council	TICK WHERE APPLICABLE	Total full time equivalent of paid employees		Total annual turnover Less than		Total gross asset value (fixed property excluded) Less than	
Agriculture		MORE THAN 100		MORE THAN R 4.00m		MORE THAN R 4.00m	
		LESS THAN 100		LESS THAN R 4.00m		LESS THAN R 4.00m	
Mining and Quarrying		MORE THAN 200		MORE THAN R 30.00m		MORE THAN R 18.00m	
		LESS THAN 200		LESS THAN R 30.00m		LESS THAN R 18.00m	
Manufacturing		MORE THAN 200		MORE THAN R 40.00m		MORE THAN R 15.00m	
		LESS THAN 200		LESS THAN R 40.00m		LESS THAN R 15.00m	
Electricity, Gas and Water		MORE THAN 200		MORE THAN R 40.00m		MORE THAN R 15.00m	
		LESS THAN 200		LESS THAN R 40.00m		LESS THAN R 15.00m	
Construction		MORE THAN 200		MORE THAN R 20.00m		MORE THAN R 4.00m	
		LESS THAN 200		LESS THAN R 20.00m		LESS THAN R 4.00m	
Retail and Motor Trade and Repair Services		MORE THAN 100		MORE THAN R 30.00m		MORE THAN R 5.00m	
		LESS THAN 100		LESS THAN R 30.00m		LESS THAN R 5.00m	
Wholesale Trade, Commercial Agents and Allied Services		MORE THAN 100		MORE THAN R 50.00m		MORE THAN R 8.00m	
		LESS THAN 100		LESS THAN R 50.00m		LESS THAN R 8.00m	
Catering, Accommodation and other Trade		MORE THAN 100		MORE THAN R 10.00m		MORE THAN R 2.00m	
		LESS THAN 100		LESS THAN R 10.00m		LESS THAN R 2.00m	
Transport, Storage and Communications		MORE THAN 100		MORE THAN R 20.00m		MORE THAN R 5.00m	
		LESS THAN 100		LESS THAN R 20.00m		LESS THAN R 5.00m	
Finance and Business Services		MORE THAN 100		MORE THAN R 20.00m		MORE THAN R 4.00m	
		LESS THAN 100		LESS THAN R 20.00m		LESS THAN R 4.00m	
Community, Social and Personal Services		MORE THAN 100		MORE THAN R 10.00m		MORE THAN R 5.00m	
		LESS THAN 100		LESS THAN R 10.00m		LESS THAN R 5.00m	

3. OWNERS/SHAREHOLDERS/PARTNERS/SOLE PROPRIETORS/TRUSTEES/BENEFICIARIES

3.1. List all persons who are OWNERS, PARTNERS, SOLE PROPRIETORS, TRUSTEES AND BENEFICIARIES (whichever is/are applicable) in the business/trust, who are actively involved in the management thereof and who exercise control over the business/trust commensurate with their degree of ownership/interest.

3.2. PROOF OF DISABILITY PROVIDED BY A RECOGNISED RELATED INSTITUTION, IN THE CASE OF HANDICAPPED PERSONS, MUST BE SUPPLIED.

3.3. If insufficient space, kindly attach a copy/copies of this page to this ZNT 31, signed by the same person who signs on behalf of the business/trust on **Page 10** hereof.

FULL NAME	ID NUMBER	SOUTH AFRICAN CITIZEN BEFORE 27 APRIL 1994 YES/NO	CAPACITY : MEMBER/PARTNER/ PROPRIETOR/SHARE -HOLDER/TRUSTEE/ BENEFICIARY	% OWNERSHIP/ PARTNERSHI P/TRUST/ INTEREST	MALE/ FEMALE	HANDI- CAPPED YES/NO	AFRICAN (A) / COLOURED (C) / INDIAN (I)	YOUTH YES/NO	% OF TIME DEVOTED TO THE FIRM

4. CERTIFICATION OF CORRECTNESS OF INFORMATION SUPPLIED IN THIS DOCUMENT RELATING TO PREFERENCES THAT THE APPLICANT (BUSINESS) MAY APPLY FOR

I/WE, THE UNDERSIGNED, WHO WARRANTS THAT HE/SHE IS DULY AUTHORISED TO DO SO ON BEHALF OF THE BIDDER/SUPPLIER, CERTIFIES THAT THE INFORMATION SUPPLIED IN TERMS OF THIS DOCUMENT (ZNT 30) INCLUDING THE ANNEXURE/S WITH ADDITIONAL INFORMATION, IS CORRECT AND ACCURATE AND ACKNOWLEDGES THAT:

- 4.1** The bidder/supplier will be required to furnish documentary proof of the information relating to preferences points, if requested to do so.
- 4.2** If the information supplied is found to be incorrect then the Province may, in addition to any remedies it may have:
 - i. Disqualify the bidder/supplier/contractor for a particular bid/contract/project it may be considered for, or which had been awarded to the supplier/contractor;
 - ii. Recover from the bidder/supplier/contractor all costs, losses or damages incurred or sustained by the Province as a result of the award of a contract;
 - iii. Cancel the contract and claim any damages which the Province may suffer by having to make less favourable arrangements after such cancellation; and/or
 - iv. De-register the supplier registered on the Suppliers Database.

SIGNED ON THIS DAY OF 20..... AT.....

.....
BEFORE THE COMMISSIONER OF OATHS

.....
SIGNATURE OF BIDDER/SUPPLIER OR DULY AUTHORISED

NAME IN BLOCK LETTERS OR REPRESENTATIVE ON BEHALF OF

(BIDDER/SUPPLIER'S NAME).....

***Signed and affirmed, before me at on this day of year....., by the deponent who has acknowledged that he/she knows and understands, the contents of this document, and he/she has acknowledged that he/she has no objection to affirming, that he/she regards the affirmation to be binding on his/her conscience. NB: Kindly initial each page in confirmation that the deponent understands the contents of the document and affirms that the information supplied is true and correct.**

.....
COMMISSIONER OF OATHS

FULL NAME:

BUSINESS ADDRESS:

.....

CAPACITY:..... **AREA:**

CRITERIA UTILISED FOR THE AWARDING OF PREFERENCE POINTS
(Attached to the ZNT 30 for Information purposes only)

PREFERENCE POINT SYSTEM, EVALUATION OF BIDS, AWARDING OF CONTRACTS PERTAINING TO BIDS NOT SCORING HIGHEST POINTS, CANCELLATION OF BID PROCESS AND RE-INVITATION OF BIDS

1. Direct Preference Point System (80/20): Consideration of bids for the procurement of goods and services with an estimated value of R 30 000 up to R 500 000

- (1) the following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value equal to or above R 30 000 and up to a Rand value of R 500 000.

$$Ps = 80 \left\{ 1 - \frac{Pt - Pmin}{Pmin} \right\}$$

Where

Ps = Points scored for price of bid under consideration

Pt = Rand value of bid under consideration.

Pmin = Rand value of lowest acceptable bid.

- (2) A maximum of 20 preference points may be awarded to a bidder for achieving the following specified goals.

Goal 1 (a) Preference points may be allocated to an HDI woman, HDI disabled person or a youth, with reference to the formula below.

(i) **0.0333 x (Xt -25)**

Where:

Xt = the equity ownership of an entity under consideration, with respect to HDI women, HDI disabled persons or youth, which must be determined in relation to total equity ownership of the bidder under consideration.

Points are therefore only allocated if the equity ownership of HDI women, HDI disabled persons or youth

respectively, **is greater than 25%**.

(b) A maximum of 2.5 points in respect of each group may be allocated. Points may therefore be allocated as follows:

- (i). If HDI women equity ownership is 25% or more, 2.5 points may be allocated proportional to equity ownership.
- (ii). If HDI disabled persons equity ownership is 25% or more, 2.5 points may be allocated proportional to equity ownership.
- (iii). If youth equity ownership is 25% or more, 2.5 points may be allocated proportional to equity ownership.

Points may be allocated cumulatively in respect of the above three groups under the relevant circumstances, as set out above.

Goal 2 : If the bidder is a **black company** with a minimum of **40% black equity ownership, 7,5 points** must be allocated. (If black equity ownership is less than 40%, no points may be allocated.)

Goal 3 : If the bidder is a **black co-operative with 100% black ownership, 2.5 points** must be allocated. (If black ownership is less than 100%, no points may be allocated.)

Goal 4 : Entities which have a **100% PPG equity ownership** will qualify for **2.5 points**. (If PPG equity ownership is less than 100 %, no points may be allocated.)

(3) The preference points scored by a bidder in respect of the goals contemplated in sub-paragraph (2) must be added to the points scored for price.

(4) Only the bid with the highest number of points scored may be selected.

A discussion and explanations regarding the application of the preference point system, is contained in Provincial Practice Note SCM 06 of 2006.

2. Contract Participation Goal System (90/10): Consideration of bids for the procurement of goods and services with an estimated value above R 500 000.

(1) The following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value above R 500 000:

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

- P_s = Points scored for price of bid under consideration
 P_t = Rand value of bid under consideration
 P_{\min} = Rand value of lowest acceptable bid

- (2) A maximum of 10 preference points may be awarded to a bidder for being an HDI and/or achieving specified goals and/or subcontracting with an HDI. The formula for the calculation of points for the contract participation goals are as follows:

(i) $N = 10 (D - D_s) / (X - D_s)$

Where

- N = Points scored for achieving contract participation goal/s
 D = Tendered Participation Goal
 D_s = Minimum Participation Goal set by employer (10%)
 X = Participation Goal above which no further points are awarded (40%)

- (ii) A contractor may achieve his Contract Participation Goal obligations as follows:

- (a) By virtue of HDI status as a Prime Contractor.
 (b) By virtue of PPG status as a Prime Contractor.
 (b) By virtue of joint venture status as a Prime Contractor.
 (c) By awarding/subcontracting to HDI's/PPG's
 (d) By awarding/subcontracting to joint ventures which have HDI/PPG partners.

- (3) The preference points scored by a bidder in respect of the goals contemplated in sub-paragraph (2) must be added to the points scored for price.

- (4) Only the bid with the highest number of points scored may be selected.

A discussion and explanations regarding the application of the preference point system, is contained in Provincial Practice Note SCM 06 of 2006.

3. Direct Preference Point System (80/20): Consideration of bids for the sale or letting of assets with an estimated value of R 30 000 up to R 500 000.

- (1) The following formula must be used to calculate the points for price in respect of

bids with a Rand value equal to, or above R 30 000 and up to a Rand value of R 500 000 and which relate to the sale or letting of assets:

$$P_s = 80 \left(1 + \frac{P_t - P_h}{P_h} \right)$$

Where –

P_s = Points scored for price of bid under consideration
 P_t = Rand value of bid under consideration
 P_h = Rand value of highest acceptable bid

- (2) A maximum of 20 preference points may be awarded to a bidder for achieving specified goals.

Goal 1 (a) Preference points may be allocated to an HDI woman, HDI disabled person or a youth, with reference to the formula below.

(i) $0.0333 \times (X_t - 25)$

Where:

X_t = the equity ownership of an entity under consideration,

With respect to HDI women, HDI disabled persons or youth, which must be determined in relation to total equity ownership of the bidder under consideration,

Points are therefore only allocated if the equity ownership of HDI women, HDI disabled persons or youth respectively, **is greater than 25%**.

(b) A maximum of 2.5 points in respect of each group may be allocated. Points may therefore be allocated as follows:

- (iv). If HDI women equity ownership is 25% or more, 2.5 points may be allocated proportional to equity ownership.
(v). If HDI disabled persons equity ownership is 25% or more, 2.5 points may be allocated proportional to equity ownership.

- (vi). If youth equity ownership is 25% or more, 2.5 points may be allocated proportional to equity ownership.

Points may be allocated cumulatively in respect of the above three groups under the relevant circumstances, as set out above.

Goal 2 :If the bidder is a **black company** with a **minimum of 40% black equity ownership, 7.5 points** must be allocated. (If black equity ownership is less than 40%, no points may be allocated.)

Goal 3 :If the bidder is a **black co-operative** with **100% black ownership, 2.5 points** must be allocated. (If black ownership is less than 100%, no points may be allocated.)

Goal 4 : Entities which have a **100% PPG equity ownership** will qualify for **2.5 points**. (If PPG equity ownership is less than 100 %, no points may be allocated.)

(3) The preference points scored by a bidder in respect of the goals contemplated in sub-paragraph (2) must be added to the points scored for price.

(4) Only the bid with the highest number of points scored may be selected.

A discussion and explanations regarding the application of the preference point system, is contained in Provincial Practice Note SCM 06 of 2006.

4. Contract Participation Goal System (90/10): Consideration of bids for the sale or letting of assets with an estimated value above R 500 000

- (1) The following formula must be used to calculate the points for price in respect of bids with a Rand value above R 500 000 and which relate to the sale or letting of assets:

$$P_s = 90 \left(1 + \frac{P_t - P_h}{P_h} \right)$$

Where -

P_s = Points scored for price of bids under consideration

P_t = Rand value of bid under consideration

P_h = Rand value of highest acceptable bid

- (2) A maximum of 10 preference points may be awarded to a bidder for being an HDI and/or achieving specified goals and/or subcontracting with an HDI. The formula for the calculation of points for the contract participation goals are as follows:

(i) $N = 10 (D - D_s) / (X - D_s)$

Where

N = Points scored for achieving contract participation goal/s

D = Tendered Participation Goal

D_s = Minimum Participation Goal set by employer (10%)

X = Participation Goal above which no further points are awarded (40%)

- (ii) A contractor may achieve his Contract Participation Goal obligations as follows:

(a) By virtue of HDI status as a Prime Contractor.

(b) By virtue of PPG status as a Prime Contractor.

(c) By virtue of joint venture status as a Prime Contractor.

(f) By awarding/subcontracting to HDI's/PPG's

(g) By awarding/subcontracting to joint ventures which have HDI/PPG partners.

- (3) The preference points scored by a bidder in respect of the goals contemplated in sub-paragraph (2) must be added to the points scored for price.

- (4) Only the bid with the highest number of points scored may be selected.

A discussion and explanations regarding the application of the preference point system, is contained in Provincial Practice Note SCM 06 of 2006.