



Local Procurement Lessons From the CTFL Sectors

Trade & Industry Portfolio Committee
Colloquium

18 August 2016



Overview

- SACTWU: over 100 000 members
- 1 500 workplaces
- CTFL industry long decline - yet better
- 'Jobs Campaign'
 - SACTWU effort to save jobs & grow industry
 - 'How to channel orders to local factories?'
 - Conduct procurement advocacy





Public Procurement

- Long standing advocacy issue:
 - Policy: 'government must buy local'
 - Practice: collect and send tender notifications to factories
- 'Designation' arrived in 2012
 - Was it working?





Research

- SACTWU embarked on research in 2012
 - Initially for 6 months
 - Finding tenders; analysing annual reports, tender & RFQ notices, awarded tenders and bid winners; interviewing manufacturers & State SCM officials; mapping the market
 - Research is ongoing



Findings

1) Scale of designation is vast:

- + 700 Public Institutions
- Procurement is decentralised
- 1000s of SCMS officials involved
- 10000s of financial transactions



Q: CAN CONFORMITY EXIST AT SUCH SCALE?



Findings

2) Decentralisation causes problems

- Tender market is opaque
 - » Not easy to find open & awarded tenders
 - » Demand so unclear that:
 - » policymakers cannot monitor
 - » Local industry cannot respond
 - » Market dominated by traders
 - » Local content leakages occur
- Economies of scale are wasted



DECENTRALISATION =
Core challenge inhibiting
local content success

Union's Policy Proposals



- Centralise procurement (various options)
- Make market transparent
- Monitor & use sanctions
- Labour compliance to become a criteria
- Government must proactively collect tender data (don't rely on self-declaration)



Our Classroom

- SACTWU ideas not from 'thin air'
 - Supported by tender advocacy lessons
 - What do we do?
 1. 'Centralize' tender data
 2. Mobilise the market
 3. Intervene in problems





'Centralize' Tender Data

- 'Watch' over 700 websites for open & awarded tenders
- E.g. Jun – Dec 2015:
 - 1000 CTFL tenders,
 - 100 000s of units

Folder	Total
All Bookmarks [325]	741
Changed Bookmarks [325]	325
AutoWatch [325]	741
HotSites	0
Search Results	18
Errors	98
Trash	2
Bookmarks	5
All government [*]	0
Local Government 2 - Test [*]	0
CTFL Tender Search [*]	0
Civil Society	1
Constitutional Institutions [...]	6
eTenders	1
Government Tender Bullet...	1
Higher Education Institution...	0
TVET Colleges [9]	33
Universities and Techs [...]	19
International Tenders [*]	0
African tenders [*]	0
Botswana [7]	15
Kenya	2
European Tenders	1
Local Government [165]	335
Kenneth Kaunda	0
National Government [21]	41
Rural Development [1]	27
Provincial Government [*]	0
Eastern Cape [5]	18
Free State [1]	14
Gauteng [2]	4
KZN [6]	13
Limpopo [1]	8
Mpumalanga [2]	7
North West [3]	12
Northern Cape [1]	7
Western Cape [2]	7
Public Entities [80]	155
Sports Teams [1]	2
Tender lead newspapers and...	0

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MANUFACTURING, SUPPLY
AND DELIVERY OF BADGE,
PATROL DOG, IRON-ON;
BADGE, HORSE PATROL,
IRON-ON, BADGE, PUBLIC
ORDER POLICE, IRON-ON,
OPERATOR, BADGE, IRON ON
(RSA FLAG) EMBOSSED
BADGE, MOBILE
OPERATIONS, IRON-ON;
EMBOSSED, BADGE,
TACTICAL RESPONSE TEAM,
IN
19/1/9/1

Supplies:
Clothing / Textiles / Footwear



Mobilise Market

- Create partnerships
- Send info to:
 - Manufacturers
 - Employer associations
 - Public institutions
 - Suppliers/ traders
 - Union officials & members



Mobilise Market:

- Tender data provided for free to stakeholders
 - Maximise uptake
- We seek to render the market transparent:
 - Communicate openly
 - Enable stakeholders to defend their interests
 - Turn 'challenges' into opportunities: awarded contracts turned into business leads for factories



Outcomes

- Manufacturers:
 - Taken an interest in market
 - Enabled to bid directly or indirectly
 - Monitor tenders & share info

- Policymakers & officials:
 - Learn the market
 - Able to monitor, intervene, evaluate & adjust
 - Find spaces for collaboration



Outcomes

- Public Institutions:
 - Educated about local content & local manufacturing capabilities
- Workers:
 - Mobilised around local procurement
 - Agents of their history
 - Union offers 'jobs saving' tool
 - Even use tool to combat short time

What Manufacturers Say



"Many problems...", "Short lead times", "Small orders", "Not enough transparency", "No monitoring", "Too many imports being used"...

AND YET ALSO...



This...

"We have definitely seen benefits which in turn have saved many jobs & possibly even the factory"

Workwear Fabric Sales, Textile factory

"We have been growing our high visibility tape business with local workwear manufacturers. There is no doubt that local procurement by the state has led to job growth"

MD, Textile factory



And This...

"During the period Mid 2015 to March 2016, we manufactured...160 000 units for use in Government institutions.. This has enabled [us] to employ an additional 50 employees"

MD, Textile factory

"[Our company] was the successful bidder to supply leather gifts to the blue train... They have been a longstanding client, but the insistence on local content ensured we received more business"

Sales Director, Leather factory



And Also This...

"From our point [the local procurement policy] is an unqualified success. It is certainly important in ensuring sustainability in the face of Chinese imports"

MD, Footwear factory

"From 2010 to 2016 our employment figures have literally doubled. The Group provides & sustains employment to over 1 500 individuals, and more in operations who CMT for us. Local procurement by the State, while not the only factor, has helped"

Sales Director, Clothing factory



In Closing

- Enormous potential in local content
- Yet significant obstacles exist, and importation often occurs
- SACTWU's methods are imperfect but suggest remedy requires centralization and transparency