



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2851

Inkosi R N Cebekhulu (IFP) to ask the Minister of Trade, Industry and Competition:

What mechanisms has his department put in place to ensure that state-owned enterprises comply with (a) designations and (b) local content requirements?
NW3675E

REPLY

Government has identified public procurement as one of the economic policy instruments to re-industrialise the economy. In this regard, the Preferential Procurement Regulations make it mandatory for organs of state, including state owned companies (SOCs) to implement local production and content in the procurement of goods designated for such purpose in the public procurement system.

To date, a number of products have been designated for local production.

The National Treasury, being the custodian of supply chain policy in government has circulated the instruction notes/circulars which regulate the environment within which government departments, public entities and SOCs may procure designated products.

In addition to this, I am advised of work by **the dtic** across a number of initiatives, to strengthen compliance, as detailed below.

To promote compliance with the local content requirements, Proudly South African (PSA) working closely with the Department of Trade, Industry & Competition (**the dtic**) has instituted a tender monitoring system which monitor tenders for compliance on local content and production on a regular basis.

Where there are incidences of non-compliance, **the dtic** requests organs of state to rectify this through either amending or canceling tenders. Some of the non-compliant tenders are referred to the National Treasury's Office of the Chief Procurement Officer (OCPO) for intervention.

I am advised that **the dtic** is also working closely with the Office of the Auditor General to scale up the auditing of tenders designated for local production; audit opinions are being issued in this matter. The dtic is also working with the Department of Public Enterprises (DPE) in making sure that the biggest SOCs reporting to it such as Denel, Eskom and Transnet implement local content requirements in their tenders.

Regular training is also provided to other departments and SOCs on the implementation of local content.

Finally, **the dtic** has made submissions on the draft Public Procurement Bill on the tightening of measures dealing with non-compliance on the local content requirements.

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