

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •  
UNONDYEBO WEPHONDO



Verwysing  
Reference  
Isalathiso

PT 14/10

Navrae  
Enquiries  
Imibuzo

R. Alberts

**TREASURY CIRCULAR NO. 25/2007**

THE PREMIER

THE MINISTER OF AGRICULTURE  
THE MINISTER OF COMMUNITY SAFETY  
THE MINISTER OF CULTURAL AFFAIRS, SPORT AND RECREATION  
THE MINISTER OF EDUCATION  
THE MINISTER OF ENVIRONMENT, PLANNING AND ECONOMIC DEVELOPMENT  
THE MINISTER OF FINANCE AND TOURISM  
THE MINISTER OF HEALTH  
THE MINISTER OF LOCAL GOVERNMENT AND HOUSING  
THE MINISTER OF SOCIAL SERVICES AND POVERTY ALLEVIATION  
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT  
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR GA LAWRENCE)  
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR P WILLIAMS)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (MR P MBAMBO) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR RB SWARTZ)  
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)  
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS K LUBELWANA) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS S MAJLET)  
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR T TOLMAY)  
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR T MANYATHI)  
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)  
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (DR H FAST) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR MN LINDIE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)  
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS A SMIT)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M MACIKAMA) (ACTING)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)  
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)  
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR PAE BREDEKAMP)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)  
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)  
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR A ASSIM)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE HEAD: SUSTAINABLE RESOURCE MANAGEMENT (MS SMA ROBINSON)  
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)  
THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)  
THE HEAD: PUBLIC FINANCE (MR H MALILA)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS C MILES) (ACTING)  
THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)  
THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MR F JACOBS) (ACTING)  
THE SENIOR MANAGER: ENTERPRISE RISK MANAGEMENT AND GOVERNANCE SYSTEMS (MR L NENE)  
THE CHIEF AUDIT EXECUTIVE (MS R JAFTHA)  
THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS B BOQWANA)  
THE SENIOR MANAGER: FISCAL POLICY: PROVINCIAL GOVERNMENT (MR D BASSON) (PRO TEM)  
THE SENIOR MANAGER: FISCAL POLICY: LOCAL GOVERNMENT (MR G PAULSE) (PRO TEM)  
THE SENIOR MANAGER: BUDGET MANAGEMENT (MS AJ HICKEY)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MR DG BASSON)  
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)  
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)  
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)  
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)  
THE HEAD: OFFICE OF THE MINISTRY (MR G GESWINDT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

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## **ALIGNMENT OF PREFERENTIAL PROCUREMENT WITH THE AIMS OF THE BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT**

### **1. PURPOSE**

- 1.1 The purpose of this Circular is to inform departments of National Treasury Circular dated 18 April 2007 regarding the latest developments in the process of the alignment of Preferential Procurement with the aims of BBBEE and its strategy.

### **2. CURRENT LEGISLATION AND REVISION THEREOF**

- 2.1 The Preferential Procurement Policy Framework Act, Act 5 of 2000 (PPPFA) was enacted by parliament on 2 February 2000 and the Preferential Procurement Regulations were promulgated in August 2001.
- 2.2 The National Treasury has been monitoring the contemplated policy outcomes of the PPPFA since the 2004/2005 financial year.
- 2.3 A report containing information regarding measured procurement policy outcomes was submitted to Cabinet on 13 February 2007 for consideration.
- 2.4 Cabinet resolved that:
- (a) The National Treasury and the Department of Trade and Industry (DTI) collaborate to refine and simplify the Codes of Good Practice and that Preferential Procurement Regulations be amended to ensure that Government's BBBEE objectives are achieved.
  - (b) The revised PPPFA be finalised and that the relevant bill be submitted to parliament for consideration by June 2007.
- 2.5 The National Treasury and DTI are currently executing the above-mentioned cabinet resolutions.
- 2.6 The revision of legislation will include broadening the basis of evaluation beyond equity ownership and the promotion of non-qualifiable RDP goals. The earning of preference points for other elements such as:

- (a) number of black people in management,
- (a) transfer of skills;
- (b) equity employment;
- (c) indirect empowerment by procuring goods and services from black enterprises; and
- (d) socio economic development initiatives in terms of the BEE scorecard.

2.7 National Treasury will facilitate various workshops and training initiatives to support Accounting Officers and Authorities in the implementation of the PPP procedures as soon as the Act and its Regulations are amended.

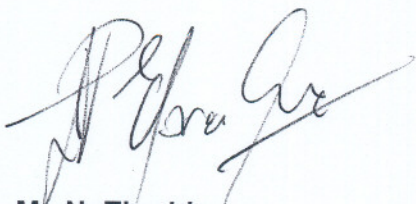
2.8 Departments are requested to bring the content of this circular to the attention of Schedule 3A and 3C public entities.

2.9 Any queries in regards to the National Treasury circular can be directed to Mr. J. Breytenbach or Mr. J. Soobramanian on (012) 315 5342 or (012) 315 5336 respectively. Queries can also be logged via the Provincial Treasury with Mr. R. Alberts at [Ralberts@pgwc.gov.za](mailto:Ralberts@pgwc.gov.za).

2.10 National Treasury Circular attached as Annexure A.

### 3. REQUEST

3.1 **Accounting Officers and Authorities are required to apply the current Preferential Procurement Policy Framework Act, Act 5 of 2000 and its Regulations until such time that the Act is officially enacted by Parliament and the revised Regulations pertaining thereto are formally promulgated by the Minister of Finance.**



**Ms N. Ebrahim**

**ACTING SENIOR MANAGER: MOVABLE ASSET MANAGEMENT**

Date: 05/06/2007



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**TO ALL :ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS  
:HEAD OFFICIALS OF PROVINCIAL TREASURIES  
:ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 3A & 3C TO  
THE PFMA**

**SUPPLY CHAIN MANAGEMENT: ALIGNMENT OF PREFERENTIAL PROCUREMENT WITH THE AIMS OF  
THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT (BBBEEA) AND ITS RELATED  
STRATEGY**

**1 PURPOSE**

The purpose of this circular is to inform accounting officers and accounting authorities on the latest developments regarding the alignment of preferential procurement with the aims of the BBBEEA and its related strategy.

**2 CURRENT LEGISLATION**

2.1 The Preferential Procurement Policy Framework Act, Act No. 5 of 2000 (PPPFA) was enacted by Parliament on 2 February 2000. This Act provides a framework for the implementation of a procurement policy, providing for categories of preference in the allocation of contracts and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination, as contemplated in section 217 of the Constitution.

2.2 In August 2001, the Minister of Finance promulgated the Preferential Procurement Regulations in order to give effect to the objectives of the PPPFA.

2.3 Since the 2004/2005 financial year, the National Treasury commenced with the monitoring of the measured procurement policy outcomes contemplated in the PPPFA and its associated Regulations.

**3 REVISION OF LEGISLATION**

3.1 On 13 February 2007, a report containing information regarding measured procurement policy outcomes was submitted to Cabinet for consideration.

3.2 Cabinet resolved, among others, that:

- The National Treasury and the Department of Trade and Industry (DTI) collaborate to refine and simplify the Codes of Good Practice and that the preferential procurement procedures be amended to ensure that Government's BBBEE objectives are achieved; and
- The revised PPPFA be finalized and that the relevant Bill be submitted to Parliament for consideration by June 2007.

3.3 These resolutions are currently in the process of being implemented by the National Treasury in collaboration with the DTI.

3.4 The revision of the legislation will include broadening the basis of evaluation to beyond only equity ownership and the promotion of the non-quantifiable RDP goals. Bidders will also be able to earn preferences for other elements such as the number of black people in management, transfer of skills, equity employment, indirect empowerment by procuring goods and services from black enterprises and socio-economic development initiatives in terms of the BBBEE scorecard.

#### **4 STATUS QUO FOR APPLICATION OF PREFERENTIAL PROCUREMENT**

4.1 Accounting officers and accounting authorities are required to apply the current Preferential Procurement Policy Framework Act, Act No. 5 of 2000 and the Preferential Procurement Regulations, 2001 until such time that the revised Act is officially enacted by Parliament and the revised Regulations pertaining thereto are formally promulgated by the Minister of Finance.

4.2 The National Treasury will convene various workshops and training initiatives to support accounting officers and accounting authorities in the implementation of the new preferential procurement policy procedures as soon as the Act and its Regulations are amended.

#### **5 DISSEMINATION OF INFORMATION**

5.1 Heads of Provincial Treasuries are requested to please bring the contents of this circular to the attention of accounting officers of their provincial departments.

5.2 Accounting officers of national and provincial departments are requested to please bring the contents of this circular to the attention of accounting authorities of Schedule 3A and 3C public entities reporting to their respective executive authorities.

#### **6 CONTACT**

Any enquiries on this circular may be directed to JAN Breytenbach or Jeyrel Soobramanian of the National Treasury on telephone (012) 315 5342 or (012) 315 5336 respectively.

*JAN Breytenbach*  
JAN BREYTENBACH  
CHIEF DIRECTOR: NORMS AND STANDARDS  
DATE: 2007/04/18