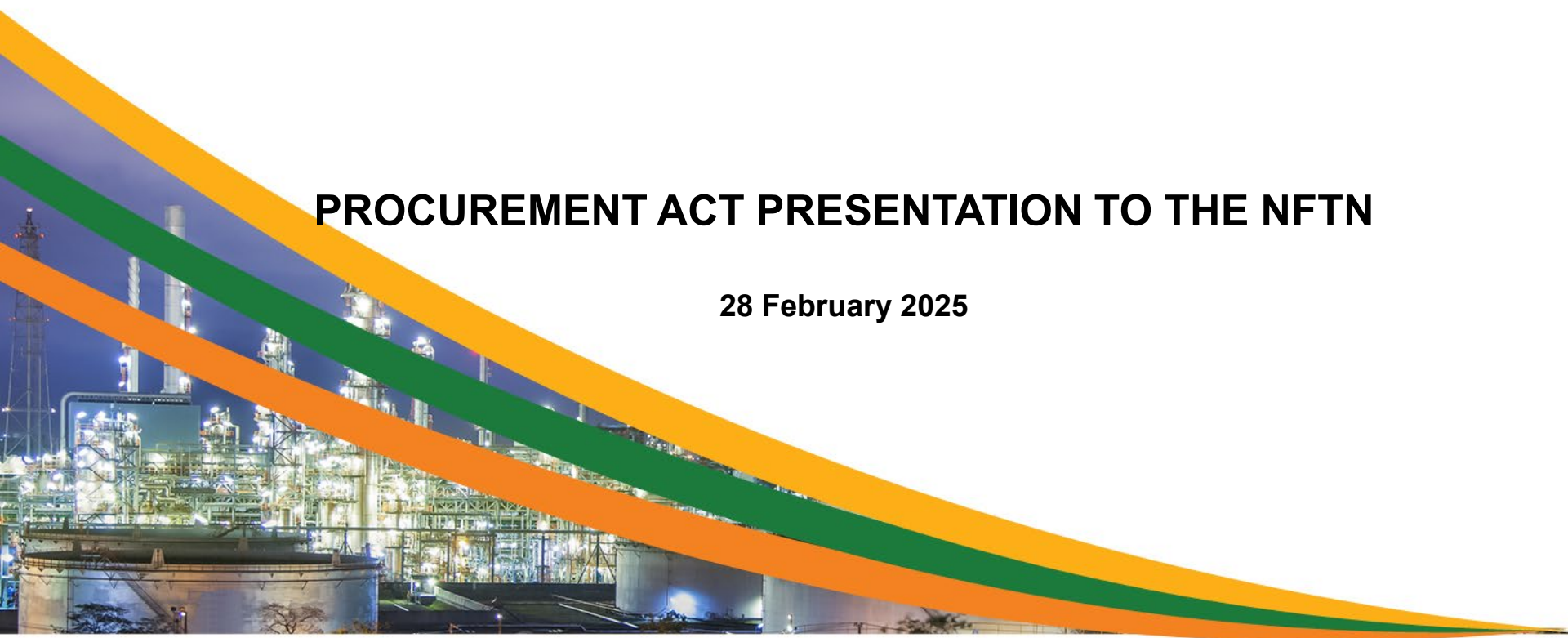


# LOCALISATION IN THE PUBLIC PROCUREMENT ACT

## PROCUREMENT ACT PRESENTATION TO THE NFTN

28 February 2025



**the dtic**

Department  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

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# Arrangement of Chapters

CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6	CHAPTER 7
DEFINITIONS, OBJECTS, APPLICATION AND ADMINISTRATION OF ACT	PUBLIC PROCUREMENT OFFICE, PROVINCIAL TREASURIES AND PROCURING INSTITUTIONS	PROCUREMENT INTEGRITY & DEBARMENT	PREFERENTIAL PROCUREMENT	GENERAL PROCUREMENT REQUIREMENTS <ul style="list-style-type: none"><li>• Procurement system and methods</li><li>• Use of technology</li><li>• Access to procurement processes &amp; information</li></ul>	DISPUTE RESOLUTION <ul style="list-style-type: none"><li>Part 1: Reconsideration of decision to award</li><li>Part 2: Public Procurement Tribunal</li><li>Part 3: Review process</li><li>Part 4: Stand still process</li></ul>	GENERAL PROVISIONS <ul style="list-style-type: none"><li>Investigations</li><li>Delegations</li><li>Limitation of liability</li><li>Offences</li><li>Exemption</li><li>Deviation</li><li>Regulations</li><li>Transitional measures</li><li>Amendment &amp; repeal of legislation – refer to Schedule to Bill</li></ul>

# PUBLIC PROCUREMENT IN THE CONSTITUTION

- **s.217(2)** - Subsection (1) **does not prevent the organs of state or institutions** referred to in that subsection from implementing a procurement policy providing for
  - **a.** categories of preference in the allocation of contracts; and
  - **b.** the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- **s.217(3)** National legislation **must** prescribe a framework within which the policy referred to in **subsection (2)** must be implemented.

# Highlights on the Objects of the Public Procurement Act

- 2(1)(a) **introduce uniform treasury norms and standards** for all procuring institutions to implement their procurement systems as envisaged in section 217(1), read with section 216(1), of the Constitution;
- 2(1)(b) **determine a preferential procurement framework for all procuring institutions** within which to implement their procurement policies as envisaged in section 217(2) and (3) of the Constitution.
- 2(2)(a) ensure efficient, effective and economic use of public resources through, among others, the **assessment of the costs, benefits and risks**;
- 2(2)(c) **advance transformation, beneficiation and industrialisation**;
- 2(2)(d) **stimulate economic development by supporting—**
  - **goods that are produced and services provided in the Republic**;
  - **procurement which is developmental in nature**; and
  - **investment**;

# Chapter 4: Designation of sectors for local production and content

## The Role of the dtic

20(1) the dtic Minister **must, by notice in the *Gazette***—

- **designate** a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced or manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors;
- **stipulate a minimum threshold for local production and content; and**
- **stipulate the period of the designation.**
- The designation and stipulation may only occur after the responsible Minister has—
  - **published** the proposed designation, including the proposed minimum thresholds, for **public comment for thirty days** in the *Gazette* and on **the departmental website** and has **notified the Minister of such publication;**
  - **reviewed all comments received and provided responses to the comments in a schedule setting out the comments and responses;**
  - updated the proposed designation after considering the comments and proposals made during the public comment stage; and
  - submitted the updated proposed designation to the Minister and **considered**
- **any comments made by the Minister.**

# Chapter 4: Designation of sectors for local production and content

## The Role of the dtic

- 20(3) In determining the threshold, **the dtic Minister must**, in addition to considering the public comments and responses, consider—
  - whether there are sufficient local manufacturers in the country who are
- capable to compete for the provision of goods designated for local production and content by determining—
  - the number of existing manufacturers available in the country;
  - security of supply or capability to supply or the period that the designation is to be in effect;
  - the contribution of other role-players in the supply chain of the commodity or product including distributors and product agents; and
  - the effect of local production and content on employment; and
  - **the economic impact on imported goods.**
- The sufficient local manufacturers must be
- determined by the responsible **Minister of the dtic** but may not be less than **three local manufacturers.**

## Chapter 4: Designation of sectors for local production and content

- 20(9) The Minister—
- (a) must **monitor the impact of a designation** and **three years after the designation publish a report** on its impact on the website; and
- (b) may at least 12 months after that report is published, review the appropriateness of the designation and its threshold and period, and if outcome of the review so requires, amend or withdraw the designation and its threshold and period.

## Further work to be done by the dtic with regards to designation

- Finalisation of regulations to operationalise the Act.
- **Designation work**
  - The review of the designation reports and practice notes for public comments
  - The clustering of designated products into sectors.
  - Preparations for the publication of notices for designations in the Gazette and on the departmental website for thirty days.
  - Preparations for the review of all comments received and responses to such comments.



## Clustering of Designated Products into Sectors

- Steel Products
- Rail
- Autos
- Marine
- Food Products
- Wood Products
- Health Related Products
- Water Infrastructure
- Information and Communication Technology
- Any other relevant sector.

## Foundry Product Applications (Designated Sectors)

- Steel Conveyance Pipes, Pipe Fittings and Specials
- Pumps, Medium Voltage Motor and Associated Accessories
- Valves Products and Actuators
- Rail Rolling Stock
- Rail Permanent Way
- Line Hardware
- Working Vessels/Boats
- Bulk Material Handling

**Thank You**