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| Umhla Date: Datum | 7 APRIL 2022 | Ifoni Telephone: Telefoon | 083 730 1804/083 984 0397 |
| Ireferensi Ref No: Verwysings | REQUESTS FOR EXEMPTION FROM PROVISIONS OF THE PPPFA | Ifaxi Facsimile Faksimile: | N/A |
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TO: ALL ACCOUNTING OFFICERS/AUTHORITIES

CC: ALL CHIEF FINANCIAL OFFICERS

ALL HEADS OF SUPPLY CHAIN MANAGEMENT UNITS

DEAR COLLEAGUES

FRAMEWORK/STRUCTURE OF REQUESTS TO THE MINISTER OF FINANCE FOR EXEMPTION FROM PROVISIONS OF THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (ACT NO. 5 OF 2000)

1. In light of the declaration of invalidity of the Preferential Procurement Regulations of 2017, departments and public entities may only undertake procurement for goods and/or services below R 30 000 per case. In this regard, your attention is drawn to Circular No. 15 of 2021/22 issued by Provincial Treasury.
2. Any procurement above R 30 000 in value during the current "impasse" may only be undertaken with the prior exemption of the Minister of Finance from any or all of the provisions of the Preferential Procurement Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000), as provided for in Section 3 of the PPPFA.
3. Provincial Treasury is being inundated with requests related to the framework or structure that the requests for exemption should take as well as to review draft requests for exemption. This potentially causes delays in obtaining approval for the relevant exemptions. Approval of requests for exemption may also be delayed as a result of submission of incomplete or vague

requests to the Minister of Finance, thus necessitating the request for additional information or the rejection/non-approval of requests.

4. In order to assist departments and public entities in formulating and expediting their requests for exemption, the following minimum information (framework/structure) must be incorporated in their submissions:

1. *PURPOSE*

Indicate the purpose of the request.

2. *BACKGROUND*

Provide a brief background to the mandate of the department/public entity and the relevance of the goods and/or services in respect of which exemption is being requested.

Requests may be made for a single requirement, a category of requirements or multiple categories of requirements. These must be clearly indicated and can be incorporated as an annexure.

3. *LEGISLATIVE FRAMEWORK*

Provide a brief background on the legislative framework related to the request.

4. *DISCUSSION*

Explain in sufficient detail the nature of the request for exemption and motivate/justify the request. The motivation/justification may include the real need to proceed without delay; impact on service delivery, especially critical/essential services; situations that pose a risk to health, life, property or environment which calls for urgent action; implications of not proceeding with projects; risks; negative impact on development/incubator programmes (designated groups); loss of potential investment; escalation in project costs; etc. This is not an exhaustive list. Other motivations/justifications may be included based on the nature of the requirement/s and/or the operating model/service delivery mandate of the department/public entity.

Indicate how the PPPFA is to be applied; i.e. whether you are to apply price only or whether any other criteria, including specific goals, will be applied and if so, how these other criteria to be applied. Please note that if specific goals are to be applied, such should be contained in the departments/public entities approved Supply Chain Management Policy.

Indicate the Section of the PPPFA in terms of which the request for exemption is being made; i.e. in terms of either Section 3 (a), 3 (b) or 3 (c). In most instances, the request would be in terms of Section 3 (c) of the PPPFA.

*It must be noted that the request for exemption relates solely to exemption from the provisions of the PPPFA and does **not** constitute a deviation from other Supply Chain Management requirements.*

5. FINANCIAL IMPLICATIONS

Indicate the financial implications related to the request including but not limited to whether the requirement/s has/have been adequately budgeted for, loss of funding especially conditional grants, underspending, cost escalations as a result of delayed procurement, etc.

6. HUMAN RESOURCE IMPLICATIONS

Indicate whether there are any additional human resource implications.

7. LEGAL IMPLICATIONS

Indicate whether the failure to procure or delays in procurement will have any legal implications and if so, explain what such are and the consequences.

8. RECOMMENDATION

Indicate that the recommendation is that the Minister of Finance should approve the request for exemption.

5. Departments and public entities are reminded that requests for exemption **must** be submitted in a letter format **addressed to the Minister of Finance** and not the Director General or any

other official within National Treasury. Furthermore, the requests for exemption must be submitted via email directly to cpo@treasury.gov.za.

6. Please be reminded that Provincial Treasury does not have the authority to grant exemptions from the provisions of the PPPFA and that submissions to Provincial Treasury will be returned to the relevant department/public entity which will cause unnecessary delays in obtaining the relevant exemption/s.

Ikhwezi Lomso greeting: Serving with Honesty, Humility & Integrity



MR D. MAJEKE
HEAD OF DEPARTMENT
PROVINCIAL TREASURY

10/04/2022

DATE