



NATIONAL TREASURY
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MEDIA RELEASE

National Treasury Promulgates a Framework for Supply Chain Management

A Framework for Supply Chain Management has been promulgated as Treasury Regulations, issued in terms of section 76(4)(c) of the PFMA.

Supply Chain Management forms an integral part of the financial management system of every institution and deals with the supply chain of goods and services. Supply Chain Management will continue to address an effective, efficient and innovative process for demand planning, procurement (including strategic sourcing), contract management, inventory / asset control and obsolescence / disposal planning. With this process we plan to add value at every stage of the supply chain process.

To ensure uniformity in the application of the supply chain process National Treasury is in the process of issuing practice notes which deal with specific issues relating to Supply Chain Management. The practice notes include, among others, standardised bidding documents, directives for the appointment of consultants and a code of conduct applicable to all Supply Chain Management practitioners. This framework and the ensuing practice notes will be applicable to all national and provincial departments, constitutional institutions and public entities listed in schedules 3A and 3C of the PFMA. The provincial treasuries are empowered to issue further practice notes to provincial departments and entities which should not be in conflict with those issued by the National Treasury.

The National Treasury will continue to facilitate the arrangement of transversal period contracts for the procurement of goods / services required by more than

one client department, provided that the arrangement of such contracts is both cost-effective and in the national interest.

Policy outcomes that determine the success of Government's procurement reforms will be monitored by the various treasuries and regular reports in this regard will be forwarded to the relevant executive authorities.

An amendment to Regulations issued in terms of the State Tender Board Act, 1968, (Act No. 86 of 1968), has also been promulgated today in the *Government Gazette*. *Where before*, the Regulations required that procurement of all goods and services must be done **only** through the State Tender Board, the amended Regulations now allow for accounting officers of national departments to procure goods and services either through the State Tender Board or alternatively in terms of the Public Finance Management Act, No. 1 of 1999 (as amended by Act 29 of 1999) (PFMA).

The promulgated amendment is in line with the intention of the PFMA which empowers accounting officers to manage their departments and accept full responsibility and accountability for all expenditures incurred by their departments.

The promulgation of the above-mentioned Regulations allows national departments an option to arrange their *ad hoc* tenders through the State Tender Board, or alternatively in terms of the PFMA. This "dual system" will be available to accounting officers at national level until such time that the State Tender Board Act is repealed.

At provincial level the various tender board acts will also be ultimately repealed and the various provincial tender boards will be dismantled. In some provinces this phased process has already commenced and certain provincial tender boards have already been dismantled.

Any inquiries regarding the promulgation of the regulations and the implementation of the supply chain process, can be directed to the Chief Director: Supply Chain Policy: Mr Henry Malinga at telephone number (012) 3155502 or by e-mail at henry.malinga@treasury.gov.za

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Issued by the National Treasury

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