

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 3130 [NW4202E]**  
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**3130. Mr W T I Mafanya (EFF) to ask the Minister of Finance:**

Given the numerous complaints by the State Owned Companies in terms of being hamstrung by provisions of the Public Finance Management Act, Act 1 of 1999 (PFMA) and the **Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)**, including their inability to compete on equal footing with the private sector companies, what are the reasons that he does not proactively exercise the applicable provisions of both the PFMA and the PPPFA to exempt all the state-owned companies for complying with the PPPFA and the PFMA, just like Telkom was exempted? NW4202E

**REPLY**

In terms of section 3 of the Preferential Procurement Policy Framework Act (Act No. 5 of 2000 – “the PPPFA”), the “Minister may, on request, exempt an organ of state from any or all the provisions of this Act if –(a) it is in the interest of national security; (b) the likely tenderers are international suppliers; or (c) it is in the public interest.

The Minister, before exempting any organ of state, including State-Owned companies, must receive a request from that organ of state, setting out the reasons for the exemption request, which reasons are limited to the three grounds provided for in the PPPFA, whereupon the Minister must then assess the reasons provided in the application for exemption.

The objects of the PPPFA are to give effect to section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the Constitution. If organs of state are exempted from the PPPFA, they will not have any basis on which to provide for empowerment objectives in their institutional policies.

With regard to Telkom, it should be noted that Telkom was exempted from the PFMA and PPPFA because the State is no longer the majority shareholder in Telkom.