**TERMS OF REFERENCE**

**INQUIRY INTO COMPLIANCE WITH THE LOCALISATION AND LOCAL PUBLIC PROCUREMENT POLICY**

**Background**

* Policies affecting localisation and local public procurement
* Committee process ito localisation and the rail sector
* Key findings/challenges identified

**Purpose of the inquiry**

Based on prior engagements, the Committee is of the view that the engagement process it has followed thus far has not yielded the desired outcome. Therefore, it has decided to institute an inquiry into the matter. The overarching purpose of the inquiry is to ensure that the localisation and local public procurement policies, underpinning the success of the Industrial Policy Action Plan, are effectively implemented to achieve job creation and other economic development objectives.

The Committee endeavours to establish:

* To what extent local content requirements were complied with by government and state-owned companies within the contracts that were entered into and the delivery on those.
* The reasons for non-compliance.
* Appropriate legislative and other mechanisms to be effected to improve enforcement of these policies.

**Scope of the inquiry**

The inquiry will be conducted according to the National Assembly’s Rules 167, 189 and 227(1)(c), as well as other applicable rules. Proceedings for the inquiry will be open to the public and the final report will be tabled to the National Assembly for adoption. However, evidence that is subject to confidentiality may not be disclosed to the public and may require a closed meeting subject to National Assembly Rule 184.

The inquiry will consider designated sectors and sample a number of components that are subject to local content requirements within these. This should include engagements with relevant stakeholders involved in these transactions, as well as an analysis of original contracts signed and written evidence supporting the procurement and delivery of a sample of transactions.

The Committee will identify relevant government departments to consult during its inquiry, including the National Treasury, the Department of Public Enterprises, the Department of Trade and Industry and the Economic Development Department.

However, the Committee’s inquiry will be limited by a number of matters which are *sub judice*.

**Planned activities**

The Committee envisages having an initial briefing meeting with stakeholders regarding the purpose and objectives of the inquiry, as well as the manner in which it will be conducted in accordance with the rules of the National Assembly and other relevant legislation. This meeting will be scheduled before the 11th of November 2017. The Committee will determine the timeframes of the inquiry beginning in 2018.

Activities envisioned for the inquiry include:

* Hearings with Transnet, PRASA, original equipment manufacturers (OEMs), government departments overseeing specific areas, any other relevant entity and other stakeholders including Tier 2-6 suppliers.
* Research on compliance by technical industry experts.
* Site visits.

The Committee should also endeavour to engage the Standing Committee on Finance and the Portfolio Committee on Public Enterprises to ensure that the process is supported and recommendations affecting their mandates could be effected.

**Resources required**

The following resources will be required:

* A legal advisor with a contract law background.
* Technical industry/manufacturing specialists with an understanding of the value chain and South Africa’s manufacturing capabilities.