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| MEMORANDUM FROM THE PARLIAMENTARY OFFICE |

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 1697**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 12/05/2023**

**INTERNAL QUESTION PAPER NO 16 OF 2023**

**Mr J Engelbrecht (DA) to ask the Minister of Higher Education, Science and Innovation:**

Whether he will furnish Mr J Engelbrecht with a comprehensive breakdown of the procurement allocation of (a) his department and (b) every entity reporting to him in terms of the percentages allocated to (i) small-, medium- and micro-enterprises, (ii) cooperatives, (iii) township enterprises and (iv) rural enterprises with a view to evaluating the effectiveness of the set-aside policy of the Government in fostering an inclusive and diverse economic landscape (details furnished) in the (aa) 2021-22 financial year and (bb) since 1 April 2023? **NW1938E**

**REPLY:**

During the 2021/22 and the current 2023/24 financial years, the Department of Higher Education and Training did not identify procurement allocation for small, medium, and micro enterprises; cooperatives, township and rural. However, a 40% procurement from women owned business was a target. The main challenge experienced in pursuing procurement targets with the previous Preferential Procurement Policy (PPP) Regulations of 2017, was that it did not provide a legal framework to procure directly from women, for an example. Therefore, the Department could merely measure performance monthly.

 With the introduction of the PPP Regulation 2022, the Department is now able to direct procurement towards targets through specific procurement goals.

For the current financial year (2023/24), the Department set the following procurement targets:

* 60% from businesses owned by black persons;
* 40% from businesses owned by women;
* 30% from businesses owned by SMMEs;
* 30% from businesses owned by youth;
* 7% from businesses owned by persons living with disabilities.

In response to the parliamentary question, the table below contains the procurement spending for the financial year 2021/22 and April 2023 in respect of (i) small, medium and micro enterprises; (ii) cooperatives; (iii) township enterprises; and (iv) rural enterprises.

| 1. **DEPARTMENT OF HIGHER EDUCATION & TRAINING**
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| **CRITERIA** | **(aa) FINANCIAL YEAR 2021/22** | **(bb) APRIL 2023** |
|  | **AMOUNT** | **\*\*PERCENTAGE** | **AMOUNT** | **\*\*PERCENTAGE** |
| 1. Small-, Medium- And Micro-Enterprises
 | R131 513 248.03 | 34.93% | R7 573 910.89 | 88.50% |
| 1. Cooperatives
 | R19 612 766.86 | 5.21% | R0 | 0% |
| 1. Township Enterprises
 | R28 207 059.24 | 7.49% | R26 150.15 | 0.31% |
| 1. Rural Enterprises
 | R6 028 384.90 | 1.60% | R42 190.65 | 0.49% |
| **\*Total Expenditure** | **R376 533 697.82** |  | **R8 558 307.72** |  |

*\* This is the total expenditure for the period.*

*\*\*Represents the percentage of expenditure per criterion in relation to the total expenditure for the period.*

1. **INFORMATION PROVIDED BY THE PUBLIC ENTITIES DIRECTORATE OF THE DEPARTMENT:**

|  | 1. **% allocation for SMMEs**
 | 1. **% allocation for Co-ops**
 | 1. **% allocation for township enterprises**
 | 1. **% allocation for rural enterprises**
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| --- | --- | --- | --- | --- |
| **SETA NAME** | aa(2021-22) |  bb(1 April 2023) | aa(2021-22) | bb(1 April 2023) | aa(2021-22) | bb(1 April 2023) | aa(2021-22) | bb(1 April 2023) |
| **AGRISETA** | 88 % | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| **CHIETA** | 0.1% | 4.7% | 0% | 0.74% | 0% | 2.9% | 0% | 0.06% |
| **BANKSETA** | 6%  | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| **CETA** | 76% | 87% | 0% | 0% | 7.06% | 8% | 2.2% | 2% |
| **CATHSETA** | 52% | 0% | 2% | 0% | 0% | 0% | 2% | 0% |
| **ETDPSETA** | 62,79% | 58% | 100% | 100% | 0% | 0% | 0%  | 0%  |
| **EWSETA** | 90% | 90% | 0% | 0% | 1% | 1% | 0% | 0% |
| **FASSET**  | 0% | 1% | 1% | 3% | 0% | 0% | 6% | 1% |
| **FOODBEV** | 64,85% | 51,22% | 0% | 0% | 0% | 0% | 0% | 0% |
| **FP&M SETA** | 41% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| **HWSETA** | 38% | 26% | 0% | 0% | 0% | 0% | 0% | 1% |
| **INSETA** | 0% | 100% | N/A | 0% | 0% | 0% | 0% | 0% |
| **LGSETA**  | 32,76% | 29,89% | 0% | 0% | 0% | 0% | 0% | 0% |
| **MICT**  | 98% | 100% | 0% | 0% | 0.08% | 0% | 0% | 0% |
| **MERSETA** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **MQA**  | 38% | 0% | 0.54% | 0% | 1,07% | 0% | 4.41% | 0% |
| **PSETA** | 76% | 77% | 94% | 0% | 0% | 0% | 0% | 0% |
| **SASSETA** | 94% | 91% | 0% | 0% | 5% | 7% | 0% | 1% |
| **SERVICES SETA** | 100% | 100% | 0% | 0% |  |  | 0% | 0% |
| **TETA** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
|  | TETA- indicated that it implements the preferential point system in terms of the Preferential Procurement Policy Framework Act (2000) and its Regulations when inviting bids and quotations from the market. TETA did not have any set-asides in its procurement practices as of 2021/22 and this was consistent with the dictates/provisions of the National Treasury Practice Note Number SCM 2 of 2006 paragraph 1.1.7. The same principle is applicable for the period 1 April 2023. |
| **W&R SETA** | 90.38% | 95% | 0% | 0% | 87.35% | 96.5% | 0% | 20% |
| **NSFAS** | 63% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| **QCTO** | 51% | N/A | N/A | N/A | 0.11% | N/A | N/A | N/A |
| **NSF** | 0% | 0% | 0% | 0% | 0% | 0% | 92.6% | 99.8% |
| **CHE** | **Internal Auditors** = 0.63%**Garden Services** = 0.26%**Security Services** = 0.66%**IT** = 8.59%**Travel** = 1.06%**Venue and catering** = 0.78%**Training** = 0.70%**Employee Wellness** = 0.34%**Legal firms** = 2.40% | N/A | **External Auditors (AGSA)** = 1.38% | N/A  | N/A | N/A | N/A | N/A |