

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 1704**

**QUESTION:**

1. **- Mr G R Krumbock (DA) to ask the Minister of Public Enterprises:**

Whether he will furnish Mr G R Krumbock 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? **NW1945E**

**REPLY:**

**Department of Public Enterprises**

(aa) **PROCUREMENT ALLOCATION FOR PUBLIC ENTERPRISES 2021-2022**

|  |  |  |  |
| --- | --- | --- | --- |
| **CATEGORY OF BUSINESSES** | **TOTAL RFQ AND BIDS** | **ALLOCATION NUMBER** | **ALLOCATION PERCENTAGE** |
| (i) SMME’s/EME | 60 | 55 | 91.67 |
| (ii) Cooperatives | 0 | 0 | 0 |
| (iii) Township Enterprises | 0 | 0 | 0 |
| (iv) Rural Enterprises | 0 | 0 | 0 |

(bb) **PROCUREMENT ALLOCATION FOR PUBLIC ENTERPRISES SINCE 1 APRIL 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **CATEGORY OF BUSINESSES** | **TOTAL RFQ AND BIDS** | **ALLOCATION NUMBER** | **ALLOCATION PERCENTAGE** |
| (i) SMME’s/EME | 3 | 3 | 100 |
| (ii) Cooperatives | 0 | 0 | 0 |
| (iii) Township Enterprises | 0 | 0 | 0 |
| (iv) Rural Enterprises | 0 | 0 | 0 |

**According to the information received from all SOCs**

(b) - (i – iv). SOCs are currently reporting Specifically on activities relating to Broad Based Black Economic Empowerment and development of Small- Medium- and Micro-Enterprises. Although SOCs may have supported cooperatives, township enterprises and rural enterprises such as in the case of Safcol that has supported close to 30 cooperatives, 24 township enterprises and 63 rural enterprises the information on % spend is not available due to SOC systems only capturing Exempted Micro-Enterprises and Qualifying Small Enterprises.

Tables 1 and 2 provide a detail procurement spend related to transformation.

Table 1: 2021-22 SOCs measured procurement and transformation spend.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **% Allocated** | **Alexkor** | **Denel** | **Eskom** | **SAA** | **Safcol** | **Transnet** | **Total** | **Total on transformational initiatives** |
| Total Measured Procurement Spend | **-** | **R636m** | **R177bn** | **-** | **R575m** | **R23bn** | **R201bn** | **R129bn** |
| Small- Medium- and Micro-Enterprises | **-** | **20%** | **30%** | **0.3%** | **-** | **28%** | **R59bn** | **64%** |
| Qualifying Small Enterprises (QSE) | **-** | **6%** | **15%** | **-** | **10%** | **10%** | **R24bn** |
| Exempted Micro-Enterprises (EME) | **-** | **2%** | **15%** | **-** | **15%** | **18%** | **R25bn** |
| Black Youth Owned | **-** | **2%** | **2%** | **0.3%** | **11%** | **6%** | **R1bn** |
| Black People with Disabilities (BPD) | **-** | **1%** | **1%** | **-** | **2%** | **0.3%** | **R341m** |
| Black-owned enterprises (BOE) | **-** | **15%** | **3%** | **0.6%** | **68%** | **43%** | **R10bn** |
| Black women owned (BWO) | **-** | **8%** | **9%** | **0.5%** | **27%** | **25%** | **R6bn** |
| Cooperatives | **-** | **-** | **-** | **-** | **-** | **-** |  |
| Township Enterprises | **-** | **-** | **-** | **-** | **-** | **18%** | **R4bn** |
| Rural Enterprises | **-** | **-** | **-** | **0** | **-** |

The above table provides an indication of the Total Measured Procurement Spend per SOC with the percentage of total procurement on each transformation initiatives. For the Financial year 2021/22 SOCs within the Department portfolio reported a total spent of R129 Billion on Transformation initiatives. Of the R129 Billion, 45% was on procurement from SMMEs, 18% on Qualifying Small Enterprises (QSE), 19% on Exempted Micro-Enterprises (EME), 8% on Black women owned (BOE), 5% on Black women owned (BWO), 1% on Youth owned Enterprises and Black People with Disabilities (BPD), while spent on Rural and Township Enterprises was 3%.

Table 2: 2022-23 SOCs measured procurement and transformation spend.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **% Allocated** | **Alexkor** | **Denel** | **Eskom** | **SAA** | **Safcol** | **Transnet** | **Total** | **Total on transformational initiatives** |
| Total Measured Procurement Spend | **-** | **R889m** | **R206bn** | **R1.0 bn** | **R644m** | **R30bn** | **R239bn** | **R191bn** |
| Small- Medium- and Micro-Enterprises | **-** | **36%** | **30%** | **0.6%** | **-** | **31%** | **R70bn** | **80%** |
| Qualifying Small Enterprises | **-** | **-** | **15%** | **0.1%** | **22%** | **13%** | **R31bn** |
| Exempted Micro-Enterprises | **-** | **-** | **15%** | **0.1%** | **50%** | **18%** | **R30bn** |
| Black Youth Owned (BYO) | **-** | **3%** | **2%** | **0.2%** | **10%** | **8%** | **R6bn** |
| Black People with Disabilities (BPD) | **-** | **0.8%** | **1%** | **0** | **1%** | **0.2%** | **R2bn** |
| Black-owned enterprises | **-** | **33%** | **16%** | **0.3%** | **71%** | **43%** | **R35bn** |
| Black women owned (BWO) | **-** | **15%** | **7%** | **0.2%** | **29%** | **34%** | **R17bn** |
| Cooperatives | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Township Enterprises | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Rural Enterprises | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

The above table provides an indication of the Total Measured Procurement Spend per SOC with the percentage of total procurement on each transformation initiatives for the financial year 2022/23.

For the 2022/23 financial year SOCs within the Department portfolio reported a total measurable procurement spent of R239 Billion. Of the R239 Billion, R191 Billion was spent on Transformation initiatives. Of the R191 Billion, 37% was on procurement from SMMEs, 17% on Qualifying Small Enterprises (QSE), 16% on Exempted Micro-Enterprises (EME), 18% on Black-owned enterprises (BOE), 8% on Black women owned (BWO), 3% on Youth owned Enterprises and Black People with Disabilities (BPD), while spent on Rural and Township Enterprises was not reported.

(aa) and (bb). The set-aside policy has been discontinued by the National Treasury as from 16 January 2023 following a legal challenge. It is, thus, no longer applicable. The new Public Procurement Bill will seek to address this policy gap.

**Remarks: Approved / Not Approved**

**Jacky Molisane PJ Gordhan, MP**

**Acting Director-General Minister**

**Date: Date:**