
GOVERNMENT NOTICE

NATIONAL TREASURY

No. 44

18 January 2006

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003:
EXEMPTIONS FROM SUPPLY CHAIN MANAGEMENT REGULATIONS, 2005**

I, Trevor **A.** Manuel, Minister of Finance, acting in terms of section 177(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. **56** of 2003), hereby exempt all municipalities and municipal entities from regulation 44 of the Supply Chain Management Regulations to the extent set out in the Schedule hereto.



TREVORA MANUEL, MP
MINISTER OF FINANCE

SCHEDULE**Definition**

1. In this Notice –

“Supply **Chain Management Regulations**” means the Supply Chain Management Regulations, 2005, published in terms of section **168** of the Local Government: Municipal Finance Management Act, 2003 (Act No. **56** of 2003), by Government Notice **868** of **2005**.

Exemption from regulation 44 of the Supply Chain Management Regulations

2. (1) All municipalities and municipal entities are, subject to subclauses (2) and (3), exempted from regulation 44 of the Supply Chain Management Regulations but only insofar as that regulation prohibits municipalities and municipal entities from making awards to a person on any of the following grounds:

- (a) That person is a non-executive member of the Board of Directors of a municipal entity; or

- (b) that person is not a natural person and any of its directors, managers, principal shareholders or stakeholders is a non-executive member of the Board of Directors of a municipal entity.

(2) The exemption contained in subclause (1) does not apply to the municipal entity on whose Board of Directors a person referred to in paragraph (a), or a director, manager, principal shareholder or stakeholders referred to in paragraph (b), serves as a member, and that municipal entity remains fully bound by regulation 44.

(3) The exemption contained in subclause (1) is subject to the following conditions:

- (a) Municipalities and municipal entities must require all bidders bidding for an award to disclose in their bids –
- (i) in the **case** of a bidder who is a natural person, whether that bidder serves on the Board of Directors of any municipal entity, and if so –
- (aa) whether that person serves as an executive or non-executive member of the Board; and
- (bb) the name of the relevant municipal entity;
- (ii) in the **case** of a bidder which is not a natural person, whether any director, manager, principal shareholder or stakeholder of that bidder serves on the Board of Directors of any municipal entity, and if so –
- (aa) whether that person serves as an executive or non-executive member of the Board; and
- (bb) the name of the relevant municipal entity;
- (b) a disclosure in terms of paragraph (a) by the successful bidder must be placed on the website of the municipality or municipal entity making the award; and
- (c) the notes to the financial statements of a municipality or municipal entity must disclose particulars of any award to a person by that municipality or municipal entity which would have been prohibited in terms of regulation 44 if it were not for the exemption contained in subclause (1).

Period of validity of exemption

3. This Notice lapses on 30 June 2010 unless repealed at an earlier date.