**MEDIA STATEMENT**

**DRAFT PUBLIC PROCUREMENT BILL IN ITS CURRENT FORM WILL NOT RESULT IN IMPROVED TRANSPARENCY AND ACCOUNTABILITY – COMMITTEE HEARS**

**Parliament, Wednesday, 7 October 2020 –**The Standing Committee on Appropriations has heard from the Parliamentary Budget Office (PBO) that the Draft Public Procurement Bill in its current form will not result in improved transparency and accountability as intended.

The draft Bill has been developed to consolidate the numerous laws and supply chain instructions that inform public procurement and to better “regulate” the public procurement process. It is thus government’s response to deal with procurement irregularities, poor compliance that impacts service delivery, and to create a strong oversight mechanism that would deter the corruption and fraudulent activities associated with procurement processes.

PBO Economic Analyst, Mr Rashaad Amra, told the committee that the Bill exhibits several limitations, preventing the necessary realisation of the principles of fairness, equitability, transparency, competitiveness and cost-effectiveness as envisaged in section 217(3) of the Constitution. One of the key issues he highlighted is that the Bill makes transparency discretionary to the regulator’s judgement. According to Mr Amra, non-sensitive bid information, including the company’s name, directors, shareholders and bid prices, should be publicly available at all stages of the bid process.

The committee identified and raised several key issues with the Bill. The Bill fails to address economic transformation through inclusive growth. It also does not speak to the advancement of local production (localisation) and the creation of opportunities for women, youth and persons with disabilities.

The Chairperson of the committee, Mr Sfiso Buthelezi, highlighted the importance of including localisation as part of the Bill itself, and not an addition in the regulatory frameworks to follow.

The committee questioned whether the Bill makes provision for innovation, stating that the current legislation fails to give opportunity where innovative ideas, especially in areas such as Information Technology (IT), could be sourced for the government’s benefit.

The committee remains concerned about value for money and said the Bill is silent on how challenges with regard to value for money will be addressed. Mr Buthelezi said price is a key determining factor in the awarding of tenders, but in many instances, the prices of goods and services are adjusted after the tender has been awarded. This, he said, is something which needs to be clearly addressed in the Bill.

The committee also spoke to deviations and the many cases in which deviations, often approved by middle management officials, have amounted to billions of rands. The committee is of the view that the aspect of deviations is also to be addressed in the Bill.

In light of the many instances where companies were found to have defrauded the state, the committee questioned whether the Bill makes provision for disbarring companies found to be guilty of such activities from doing business with the state. It is further of the view that the Bill is to address the issue of fronting, and companies found guilty of fronting practices need to be dealt with decisively.

The committee resolved to call the National Treasury, which is the custodian of the Bill, to brief it on the many issues raised.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE STANDING COMMITTEE ON APPROPRIATIONS, MR SFISO BUTHELEZI.**