**African Christian Democratic Party**

 **18 May 2022

ACDP Parliament
Budget Vote 8: National Treasury
Speech by ACDP Parliamentary Whip, Steve Swart MP**

**ACDP tells Finance Minister to reconsider new Treasury directives that will allow departmental accounting officers to authorise contract deviations**

“Deputy Speaker, honourable minister,

The ACDP would like to commend National Treasury for holding the line against state capture and corruption. In his state capture report, Judge Zondo commends then Deputy Finance Minister Jonas and other senior Treasury officials for refusing to work with the Gupta family during the years of state capture. One shudders to think what would have happened had the planned capture of Treasury actually succeeded.

We would also like to thank the outgoing DG, Mr Mogajane, for his faithful service to the nation over many years and wish him well in his next endeavours.

The ACDP also commends SARS for collecting R1.56 trillion last year, which was R255bn more than the previous year, 2020/21. The challenge is obviously now to spend these additional resources wisely, and to deal comprehensively with procurement malpractices.

In this regard, the ACDP shares the Committee’s concerns about the delays in the tabling of Public Procurement Bill, which will assist in consolidating fragmented public procurement in the country and help to root out corruption within the system.

While National Treasury is trying its level best to stop tender corruption, new Treasury directives will allow departmental accounting officers to authorise contract deviations that previously had to go through Treasury. This is a matter of great concern.

One of the direct causes of the PPE scandal were that deviations from tender regulations were permitted for the emergency purchase PPE products. This led to a feeding frenzy and corrupt tenders, and the deviations from treasury directives were quickly revoked.

Let us also not forget how National Treasury declined Eskom’s controversial request in 2016 to increase the value of the Gupta-owned Brakfontein Coal Supply Agreement to Eskom by a staggering R2.9bn. There are many similar examples, and parliamentary committees have received regular briefings from Treasury about expansion and deviation requests, many of which were turned down by it. Why then is this system being changed?

Supply chain officials have correctly pointed out that there will now be a high rate of deviations, which may not be justified and will lead to increased irregular expenditure. The regulations will place powers to vary tenders in the hands of the very same officials who are issuing them.

While we appreciate that the reason given for these new directives is to speed up the tender process, it’s just not good enough to say that corrupt actions will be dealt with “after the fact” – sometime in the future - if the Auditor General picks them up at all.

The ACDP urges the hon Minister and national treasury to reconsider these regulations, and ensure that proper checks and balances are in place, such as real time auditing. Would it not be better to ensure that the Office of the Chief Procurement Officer is better capacitated to deal more speedily with requests for deviations? Hopefully, these issues will be considered in the Public Procurement Bill.

On other specific findings of the Committee, the ACDP shares the view that there must be improved audit outcomes within the finance portfolio, given that it is the custodian of public finances and should set the example. We look forward to speedy progress in this regard.

Lastly, we are also doubtful about the effectiveness of the Municipal Finance Improvement Programme (MFIP), given the dire financial state of most municipalities. This is where severe service delivery challenges are experienced, and more can and must be done in this regard. We support engagements with the Cogta Committee to find solutions in this regard.

I thank you.”