

# Gordhan: War on graft will be a titanic struggle

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## Bid to control tenders faces 'many points of resistance'

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EFFORTS to reform the state's procurement system are compromised by political figures who are raking in millions of rands through tender fraud.

Tabling the Budget in the National Assembly yesterday, Finance Minister Pravin Gordhan told MPs that, while progress was being made, rooting out corruption within government's multi-billion-rand procurement system was an uphill battle.

Gordhan did not explicitly identify the persons resisting anti-graft measures.

"While our ablest civil servants have had great difficulty in optimising procurement, it has yielded rich pickings for those who seek to exploit it.

"There are also too many people who have a stake in keeping the system the way it is.

"Our solutions, hitherto, have not matched the size and complexity of the challenge.

"Let me be frank. This is a difficult task, with too many points of resistance," he said.

He hinted that the Treasury was investigating the possibility of administering large, lucrative tenders at one central point instead of allowing government departments, provinces and municipalities to handle their own procurement.

"In the present system, procurement transactions take place at too many localities and the contracts are short-term.

"Consequently, there are hundreds of thousands of transactions, from a multitude of centres. There is very little visibility of all these transactions," he said.

In October last year, Gord-

han told parliament that the government was losing up to R30-billion a year due to corruption and tender fraud.

He said yesterday that the Treasury was "scrutinising" 76 companies with contracts valued at R8.4-billion.

All of these contracts are believed to have violated the government's procurement rules.

The South African Revenue Service was investigating more than 300 other companies and was preparing to scrutinise the financial records of another 700 business operations suspected of having defrauded the system.

"The value of these contracts is estimated to be over R10-billion,"

Gordhan said.

"So far 216 cases have been finalised, resulting in assessments amounting to over R480-million being raised.

"The Financial and Intelligence

Centre has referred [cases involving] over R6.5-billion for investigation linked to corrupt activities."

He also announced that respected Treasury official Kenneth Brown will serve as the interim chief procurement officer.

The chief procurement officer will have the power to determine the prices the state pays for specific goods and services.

"Among the first initiatives will be to enhance the existing system of price referencing.

"This will set fair value prices for certain goods and services.

"Secondly, it will pilot procurement transformation programmes in the departments of health and public works, nationally and in the provinces."

**'The value of these contracts is estimated at R10-billion'**