

**OPENING ADDRESS BY GAUTENG PREMIER DAVID MAKHURA:  
THE GAUTENG CITY REGION OPEN TENDER SEMINAR.  
GALLAGHER ESTATE.  
11 OCTOBER 2016**

Programme Director, MEC Barbara Creecy;  
Minister of Finance in the Republic of SA, Hon. Pravin Gordhan;  
Deputy Minister, Hon. Mcebisi Jonas;  
MECs from our province and other provinces;  
Executive Mayors and MMCs;  
Representatives of Organised Labour and Civil Society Formations;  
Business Leaders;  
DG, HODs, DDGs and other Senior Government Officials;  
Members of the Media:  
Ladies and Gentlemen:

I would like to take this opportunity to convey our warm welcome to you all for honouring us with your presence at this seminal event, the Open Tender Seminar hosted by the Gauteng Provincial Treasury.

I particularly welcome Minister Pravin Gordhan to this ground-breaking Seminar that focuses on enhancing the integrity of public procurement processes and making government more accountable, more transparent and more responsive to the needs of citizens.

South Africa's development roadmap, the National Development Plan Vision 2030, has the following to say about corruption:

“High corruption levels frustrate society's ability to operate fairly and efficiently, and the state's ability to deliver on its developmental mandate...The perception of malfeasance at senior levels of government makes the fight against corruption that much harder...Political will is essential to combat this scourge...In addition to political will, corruption has to be fought on three fronts: deterrence, prevention and education.”

All over the world, the tender or procurement process is an avenue through which state corruption and state capture take place. Government procurement budget is estimated to be over R500 billion of goods and services annually. The Gauteng provincial government spends more than R47 billion on procurement annually.

The political will and determination to win the war against corruption cannot be measured in the words we utter. It must be demonstrated in the practical and preventive measures we put in place to promote clean governance, integrity and enhance public scrutiny and probity.

In making a point about why it is important that governments open their processes up for public probity and participation, Professor Francis E. Rourke has the following to say:

“Nothing could be more axiomatic to democracy than the principle of exposing the processes of government to relentless public criticism and scrutiny”.

In words, transparency and accountability are important to save public officials and civil servants from themselves from capture by private or corporate interests. We can no longer treat the issues of corruption only as a perception. We must deal with it as a reality that threatens to erode public confidence in all state institutions. In many surveys and public debates, corruption has become one of the major concerns of many citizens of our democratic republic. People demand accountability and transparency.

Equally in our engagements with communities through Ntirhisano outreach programme, the people of Gauteng have raised serious concerns about corruption in government procurement processes. They made it clear to us that there can be no compromise on the need for a clean, accountable, transparent and responsive government.

In addition, we are deeply concerned that according to the Gauteng City Region Observatory’s 2016 Quality of Life Survey 82% of respondents said corruption is the main threat to South Africa’s democracy. We also know that corruption and perceptions of corruption are among the leading motives for protests by citizens.

As the Premier of Gauteng, I have also heard stories from frustrated honest businesspeople who say how difficult it is to get a tender purely on the basis of capacity to deliver. I have also met entrepreneurs, innovators and business executives who have told me that they do not bother anymore to bid for government work citing reasons such as *....I will not get it if I do not know anyone....I know I will have to pay a bribe to get work*. There is a widespread belief that in order to get a tender, you have to bribe your way into the corridors of power.

This situation is both untenable and unsustainable. We have to act now and act fearlessly to stop the rot. All honest businesspeople need to be assured that in Gauteng is open for those who want to conduct business ethically. You don't need to pay a bribe. You just need to deliver. We need value for money from businesses that get work from government.

When I became the Premier of Gauteng in 2014, I made a commitment to fight corruption and to promote integrity, accountability and transparency in the government decision-making processes. Words are not enough. It is not enough to make noise about fighting corruption. We must take action and put practical measures in place to safeguard public interest, promote clean governance, ethics and integrity. Private interest must never be allowed to drive government decision-making processes.

During the Gauteng City Region Anti-Corruption Summit in November 2014, we also announced the new measures that as this administration we will be implementing to strength the fight against fraud and corruption. These new measures include:

- strengthening anti-corruption units and setting up integrity management offices across government departments;
- introducing greater transparency, greater public scrutiny and greater public accountability in the tendering processes;
- increasing our capacity to monitor the pricing of materials, goods and other items procured by government;
- black-listing, publicly exposing and prosecuting civil servants and all businesses that are involved in acts of bribery and corruption;
- strengthening civilian oversight on the law enforcement agencies with a specific focus on stemming out corruption and removing from these important institutions corrupt officers.

I strongly believe that it is possible to eliminate corruption from the public procurement process and use procurement budgets to decisively improve the wellbeing of citizens and drive significant change in the wider economy by promoting industrialisation, re-industrialisation, innovation, inclusive growth and shared prosperity and thus change the structure of our economy.

The Open Tender Process (OTP) is one of the ground-breaking policy initiatives pioneered by the Gauteng Provincial Government in 2014 to

ensure that government procurement processes are free from corruption and they achieve their intended development objectives.

The Open Tender Process was introduced as part of promoting accountability, transparency, integrity, public scrutiny and citizen participation in governance.

As the Gauteng Provincial Government we will continue to pursue unprecedented levels of openness and transparency, bring integrity in government in more practical terms as demonstrated by our initiative of the Open Tender Process. Ours is to serve the people of Gauteng with integrity and account for all the public resources we are entrusted with.

In this regard, we are pleased there is tremendous improvement in the 2015/16 Audit outcomes by Gauteng departments and agencies, which obtained unqualified audits, 60% of which were clean audits.

We call for a partnership in promoting open government. The SA government is one of the eight countries that founded the Open Government Partnership (OPG) in September 2011. Today, sixty seven countries are part of the Open Government Partnership. The aim of the OPG is to promote transparency, empower citizens and civil society, fight corruption, harness new technologies to improve government accountability and performance. Openness is seen as the most powerful lever to encourage citizen participation in public affairs and improve government performance and accountability.

We want join hands with citizens and civil society groups – academia, research institutions, business, civil society, churches – to promote open government principles in the Gauteng City Region. All departments and municipalities, regardless of which party governs, must promote open governments principles. This is a revolution in how government works.

Accordingly, we have started by opening up the tender process for procurement but we must go beyond procurement processes. We must also open the budget processes for greater public participation to shape allocative decisions and spending priorities. Are we spending the money on things that matter or we allow pet projects to slip through without rigorous scrutiny.

We need more public scrutiny of the budget processes of government. As John Dewey is said to have said: " the solution to ills or problems of democracy, can only b through more democracy, not less". Corruption a

social pathology that can only be defeated through greater transparency and more democracy, not secrecy.

Students and universities who are demanding more money need to see and be convinced that the resources we have are allocated to many other priorities, not to pet projects but citizen priorities. They need to see that we are using publicly resources prudently. Only then can we make sense.

### **Achieving equity, empowerment and redress through open public procurement**

One of the issues that have come to the fore in the debate on opening public procurement for public scrutiny and citizen involvement is whether the open tender process will not empower only those who are already empowered and reinforce marginalisation of those historically excluded from the mainstream of our economy.

In other words, is the open tender process as integral of open government addressing the imperatives of accountability and transparency at the expense of other developmental imperatives of equity, inclusion, empowerment and redress?

I certainly think this is a legitimate question that warrants a reply during this Seminar. My own view is that the work we are doing in Gauteng shows that we can use the procurement policy to achieve economic empowerment, equity and redress while ridding the system of corruption and malfeasance in order to address the mistaken notion that any person who gets a tender has bribed their way into the corridors of power. Black people must be empowered openly and ethically – contractors and construction companies, law firms, accounting and audit firms, engineering, manufacturers industrialists and entrepreneurs. The idea that black businesses need secrecy and corruption to thrive is an insult to many hardworking and honest Black entrepreneurs.

Over the past two years provincial departments, agencies and municipalities in Gauteng spent R 47 billion on goods and services. R 6.7 billion of this went to township enterprises. In the 2015/16 financial year, we spent a total of R25 billion of which R19 billion (77%) was on black companies. Of which 20% accounted for women companies and 9.3% accounted for youth companies. During the first six months of the financial year 2016/17, out of total spend of R10,2 billion procurement

from black companies amounted to R9.4billion (93%). Of this total spend there was an improvement in total spend on women companies which amounted to 22.7% and youth companies at 10.5%.

This shows that Government's vast buying power is a critical lever we must use to promote economic inclusion and transformation. However this must be done transparently, ethically and with integrity.

We call on society to join us in a partnership to fight and eradicate corruption; a partnership to utilize public procurement policy to empower those marginalised from the mainstream of our economy; a partnership to deploy the budget effectively to increase local production and re-industrialize our economy so that it can grow in an inclusive and sustainable way.

During this Seminar we will demonstrate the capabilities of the Open Tender System to enhance transparency and integrity in the procurement of goods and services in our tendering processes. We are doing this as part of instilling greater public confidence in our procurement processes.

Since the piloting of the Open Tender Process in 2014, 72 tenders to the value of R 10.4 billion have now been awarded using the Open Tender System. For the current financial year, our target is that 60% of our total procurement spend should go through the Open Tender System. This target will increase to 80% in the 2017/18 financial year and to 100% in the 2018/19 financial year.

If it wasn't for capacity constraints, we could move faster. This process includes training public servants to do the right thing and act with integrity.

It also includes appointing external independent auditors to audit every phase of the tender adjudication process to ensure total compliance with laws and regulations and ensure that there is no maladministration, fraud or collusion. We have appointed reputable auditing firms to perform this function.

We are delighted to announce that most municipalities across Gauteng have publicly embraced the Open Tender Process that is being pioneered by the Gauteng Provincial Government. The City of

Ekurhuleni, in particular, is already adjudicating some of its tenders through the Open Tender System. The provincial government will work with all municipalities to rollout the Open Tender Process, regardless of whichever party governs which municipality. It is in the public interest that decisions made in the tender processes are clean, ethical and transformative.

Ladies and gentlemen, the Open Tender System is one of the most important innovations of this fifth administration in Gauteng. We are leading the country in ensuring that procurement decisions are taken above board.

We count among our weaponry in the fight against corruption the fact that our Provincial Treasury won third prize at the 2015 Centre for Public Service Innovation Awards for introducing an online payroll certification application, which has helped in eliminating ghost workers in the payroll system.

Our Provincial Treasury has also introduced new technology to ensure that service providers are paid within 30 days. In fact, our target is to ensure that most invoices get paid within 15 days. As we speak, 77% of invoices across all departments and agencies are now paid within 15 days. The remainder of the big budgets departments such as Education, Health, Housing and Infrastructure Development are receiving the necessary support to deliver on the 30 Day and 15 day payment.

Campaign clean audits and sound financial management is an important part of building an accountable, responsive and clean government. It is pleasing that for the 2015/16 financial year Department of Health and G-Fleet achieved an unqualified audit opinion from an adverse opinion and a disclaimer in the two previous years. This makes all Gauteng departments and agencies to be unqualified, 60% of which are clean audits. This is a great statement of confidence.

In the Department of Sports, Recreation, Arts and Culture, we are awaiting a report following a forensic investigation that we instituted, last year, into corruption and the mismanagement of funds in that department. Once the report is released we will act firmly without fear or favour in implementing its recommendations. We will also make the findings of the investigation public because we have nothing to hide from the citizens. Open government and transparency are pillars of a democracy.

Programme Director, whilst addressing the issue of accountability, integrity and transparency, we must also address the negative connotations around the empowerment of those who have been on the margins of our economy. Furthermore public procurement is central in developing the basic capabilities for enabling small companies, including township enterprises and cooperatives to participate in and benefit from growth processes. When procurement is done fairly and with transparency, it facilitates equality of opportunity and economic inclusiveness thereby improving chances for all companies to grow.

Accordingly as the Gauteng Provincial Government we will continue to pursue unprecedented levels of openness and transparency, ensure integrity in government, and show through action our determination to fight corruption as demonstrated by our implementation of the open tender system.

We must do all of these things to restore the confidence of our citizens in government and its processes.

Allow me to leave you with a quote by the world famous poet and statesman Johann Wolfgang von Goethe, who once said; *“The greatest part in this world is not so much where we stand. It is in what direction we are moving.”*

Let us do what we can to make South Africa a well-governed and more equal society. Let us take every step move us in this direction.

Thank you.