



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## **SPEECH BY MINISTER OF FINANCE MR NHLANHLA NENE**

### **Launch of the Central Supplier Database**

VENUE: East London IDZ  
DATE: 1 September 2015

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Honourable MEC for Finance in Eastern Cape,

Senior Officials of government,

Members of the media,

Ladies and gentlemen,

Mr Programme Director

Let me first convey my sincere condolences to the families of victims of the road accident over the weekend here in the Eastern Cape Province. It is tragic and we keep the families in our thoughts and prayers.

In my 2014/15 budget speech, I committed to improving transparency, efficiency and effectiveness of Supply Chain Management by simplifying the process of doing business with government in the SCM environment. On 1<sup>st</sup> of April 2015, the eTenders site went live, wherein all competitive tenders and awards should be advertised. This means that all suppliers are no longer travelling across the country looking for tender information. In addition to the competitive bids on eTenders, the public and suppliers can monitor government through the published procurement plans contained on the same page.



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The procurement plans indicate which competitive bids will be advertised by when and the responsible department or entity.

I also committed to addressing exorbitant cost of building new schools and extending existing schools and I am pleased to inform you that the cost model for this programme was implemented 1 May 2015.

The establishment of a Central Supplier Database for whole of government was also highlighted in my budget speech and today marks the occasion where we will launch the CSD.

South Africa has unlimited potential to be GREAT, with a lot of opportunities in various sectors of the economy, technology, natural resources, our heritage and our very diverse cultures to name but a few. The National Development plan eloquently describes actions required to bring this very potential to reality and implores us to collectively embrace every endeavour to make this country to be GREAT – I truly believe that a better life for all is not only a possibility, it is a reality in the making.

One such aspect that is extensively described in the NDP is the importance of a professional public service. Specific mention of the importance of a modern public procurement system that will make a meaningful contribution to economic activity in South Africa is made. Currently, R500 billion flows through the procurement systems at different spheres of government on an annual basis – it is a significant amount of money and if spent wisely, could be a force for the greater good of all South Africans.

Modern procurement is first and foremost established on the principle of buying the right commodity, at the right time, at the right price from the right supplier.



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Goods, services and infrastructure procurement are the machinery that makes service delivery a reality. Suppliers are therefore, very important strategic partners of government in creating a GREAT South Africa and making the vision described in the NDP a reality step-by-step. Trust is built when suppliers deliver the correct commodity of the right quality, in the correct quantities and to the exact correct delivery point. Trust is an essential ingredient in this relationship and when it comes to public procurement, much more trust, integrity and performance are required.

Today, we have an opportunity to witness history when we take one of the many small steps towards that GREAT South Africa we all believe in. I have the pleasure to launch the Central Supplier Database for the whole of the South African government here in the Eastern Cape today. This Supplier Database will enable a new approach towards:

- Government's ability to engage and manage major suppliers;
- Government's ability to engage and manage SMME suppliers;
- Government's ability to scout, develop, and contract new suppliers;
- Government's ability to ensure greater productivity and value for money from suppliers doing business with the state.

This central supplier database is the first step towards standardising, automating and simplifying the fragmented SCM system and is seen as the precursor to eProcurement in government. Currently, there is no single consolidated comprehensive supplier database and consequently, information related to the compliance requirements of government, is duplicated during procurement processes.



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From today, prospective suppliers will be able to self-register on the CSD website. The CSD will have interfaces to South African Revenue Service (SARS) to enable tax clearance certificate verification and the Companies and Intellectual Property Commission (CIPC) for verification of business registration and business ownership information. The CSD will furthermore, verify supplier information with the register for tender defaulters and database of restricted suppliers, and will verify South African identification numbers with the Department of Home Affairs (DHA).

The key benefits of the CSD include the following:

- The CSD will be the source of all supplier information for all organs of state;
- The CSD will reduce duplication of effort and cost for both business and government while enabling electronic procurement processes, as suppliers will only be required to register once when doing business with the state;
- Suppliers that are in good standing on the various compliance requirements of government, will experience a reduction in red tape and administrative burden when doing business with government;
- Standardised and electronic verification of supplier information, will lead to reduced fraud;
- Significant reduction in compliance audit effort and cost will be achieved across all spheres of government; and
- The CSD will allow government to more effectively implement SCM policies and practices applicable to suppliers for example 30 per cent of sourcing dedicated to SMMEs as announced by our President in the State of the Nation address earlier this year.



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In summary, the CSD, as part of the modernisation of the supply chain management (SCM) in government, will contribute to the National Treasury's objectives of establishing a public procurement system that is fair, equitable, transparent, competitive and cost-effective.

I would like to thank all suppliers present today for displaying their commitment and support towards government's modernisation initiative. All over the country, departments are launching the CSD in their provinces and departments – the CSD is truly a national initiative supported by the entire administration. Our campaigns will in the next weeks and months focus on rural areas and registration points will be set up in district offices to support suppliers that do not have internet access. I anticipate that approximately 250 000 suppliers will be registered in the next 6 months on the CSD. Thank you for embracing this change and moving forward with us on this journey.

I am informed that the members of the media had an opportunity to experience the capabilities of the CSD. Myself and MEC Somyo will each assist a supplier to register on CSD after this session.

The few suppliers that registered during the pilot are extremely excited about the CSD and I am told by officials that it will be mandatory for all suppliers that want to do business with the state to be registered on the CSD from 1 April 2016. I therefore call on all suppliers to register on government's Central Supplier Database before 31 March 2016 by visiting [www.csd.gov.za](http://www.csd.gov.za) or visit a government office dealing with supplier registration for assistance. I hereby declare the CSD officially open for registrations.

Thank you