

**NATIONAL COUNCIL OF PROVINCES**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 158 [CW212E]**

**DATE OF PUBLICATION: 30 APRIL 2012**

**Ms B V Mncube (ANC-Gauteng) to ask the Minister of Finance:**

Whether the Cabinet has looked into the implications of the private sector or any other service providers which are doing business with the Government regarding the prices that are increased three to five times more varying from provinces, especially in Gauteng (details furnished); if not, why not; if so; what (a) measures and (b) are the further relevant details?

**CW212E**

**REPLY:**

The Minister of Finance had in his previous budget speeches alluded to the fact that private sector companies charge government more than the market-related prices due to, among others, corruption and bid-rigging. To this end, the Minister of Finance announced various measures that the National Treasury will introduce in order to deal with these unethical practices.

- Increase the monitoring capability of government, aimed at early detection of fraud. Institutions will be required to provide specific information to the Treasuries on their procurement practices. Where necessary, the cash disbursement process of institutions will

be temporarily assumed by Treasuries thereby ensuring that only valid contracts are honored and government is charged a fair price;

- Transparent public disclosure will be required at each stage of the supply process, in all spheres of government, including reasons for awarding decisions;
- Identifying procurement requirements that could be better managed centrally such as the use of high value and complex goods and services;
- Impose stiff penalties of up to double the contract value, for service providers who obtain government contracts fraudulently, and
- Develop a national price system to detect deviations from acceptable prices.

If the Hon Ms Mncube provides details of specific cases referred to in the question, the National Treasury will investigate accordingly.