



**Media Statement: Issued by the Office of the Premier
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Procurement reforms must be introduced to grow the economy

Durban: KwaZulu-Natal Premier Senzo Mchunu has called on the private sector to work with government to reform the procurement system in favour of emerging entrepreneurs. This is the message that resonated with more than 2000 delegates during the two-day Co-operatives Summit held at Inkosi Albert Luthuli International Convention Centre.

Mchunu said the summit should be viewed as part of ongoing efforts aimed at extricating ordinary members of society from poverty. The latest results of the citizen's satisfaction survey released jointly by Stats SA and KZN Government shows that 50% of the provincial population regards job creation as a top priority. In his response to the results, Mchunu promised to double the efforts of government to drive job creation and invited big business join hands with government.

"The continuing journey of building a stronger province with satisfied citizens requires all players to work hand in glove. We cannot do this alone in our little corners. We need a new public procurement policy framework that is standard and has a social impact at local level. This is the only way of ensuring that the current skewed access to economic opportunities is reversed for the betterment of the majority of our people in all corners of the province," Mchunu explained.

"We have extended an invitation to the representatives of big companies, food chains and retailers such as Massmart, Spar Group, Pick n Pay, Boxer Cash and Carry, Mr Price and Woolworths. We appeal to them to buy from co-operatives. If we want to meet the objectives of achieving broad-based black economic empowerment (BBBEE), creating jobs and growing the economy, then things have to change. The issue of the reform in our supply chain management must be addressed by both government and big business as part of our joint contribution towards ensuring inclusive economic growth."

"For our part as government we have taken a decision to use public procurement as an instrument to uplift the majority of our people especially women, youth and people with disability. It's been reported that globally, public procurement represents on average 15% of Gross Domestic Product (GDP). Clear this is a strong indication that public administration is the lifeblood and a backbone of the country's economy."

"The KZN Provincial Budget for the year 2015/16 is more than R 96 billion with R14 billion set aside for goods and services. We want to state unequivocally that we are identifying products and services that should be provided by previously disadvantaged groups such as co-operatives."

"We are doing this because in examining public procurement spend as per race group as of the 2013/2014 financial year, we discovered that previously disadvantaged groups are not enjoying a major percentage of the provincial government budget spent. Figures from the Provincial Treasury reveal the following breakdown: 34% whites; 33% Indians; 30% Africans; 1% Asian and lastly coloured."

Clearly, there should be a continuing focus on what should be done to reach a broad consensus among all social partners and stakeholders regarding a new radical approach to procurement, both in the private and public sector. We need a new procurement framework that has a social impact at local level where there are triple challenges of poverty, unemployment and inequalities. This will be a long lasting solution to reversing skewed access to economic opportunities."



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“We also need a decisive action from authorities such as the Competition Commission as it is public knowledge that there are big companies that are involved in anti-competitive behaviour. Small players in different sectors of the economy are being marginalized out of the market. Equally, all spheres of government must work together to remove the red tape in public procurement.”

“By and large, municipalities, government departments and public entities are at the centre of our efforts aimed at radically transforming our economy. We have singled out public entities such as Dube Trade Port, Ithala, Richards Bay Industrial Development Zone, KZN Growth Fund, KZN Film Commission, Trade Investment KZN, Umjindi Farming, Ezemvelo Wildlife – to name but few

Please note attached image and credited to Reinhardt Hartzenberg

Caption: KwaZulu-Natal Premier Senzo Mchunu and MEC for Economic Development, Tourism and Environmental Affairs. By 2010 more than R169, 6 million in loan capital had already been approved to fund Co-Operatives, contributing to the creation of more than 7,130 jobs in the province. These figures underpin government’s commitment to fast-tracking the entry of people from previously disadvantaged communities into the mainstream economy. Government decided to convene this summit because there has been a huge interest and commitment shown by the ordinary people of this province towards the co-operative's programme. This clearly shows that with an enabling business environment created, people will grab opportunities with both hands.

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