



NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

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Media Statement

Statement Issued By Nedlac Social Partners

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NEDLAC SOCIAL PARTNERS ACT TO ADDRESS CORRUPTION AND RAMP UP LOCAL PROCUREMENT OF PERSONAL PROTECTION EQUIPMENT (PPE) DURING COVID19 PANDEMIC

South Africans across the nation are justifiably outraged at the allegations of serious corruption, wasteful expenditure, fronting, overpricing, illegal importing and inefficiency in government's procurement of PPEs during the Covid-19 pandemic.

The social partners at Nedlac, government, business, labour and community have noticed that the corrupt practices in respect of the purchase of PPE's often goes hand in hand with the purchase of imports and eschewing local manufacturers who have proved during the Covid19 epidemic to be able to deliver quality products at lower prices than imported ones.

They have thus come together to agree a set of actions which together can address both the corruption and lack of procurement of locally manufactured PPE products by government bodies.

"The cancer of corruption is a threat to the entire nation and permeates every facet of our society. It requires decisive action from all social partners; government, business, labour and community. Not only tackling the scourge of corruption, but also ramping up local procurement is key to our economic survival and recovery and thus decisive action is required," said Mathew Parks, COSATU's Parliamentary Officer and one of organized labour representatives at Nedlac.

"We cannot become an economy of cheap imports and we can't allow this unconscionable looting to pull back the gains we are making in efforts to promote the local production of goods," he added.

"Corruption in the state procurement of PPEs means that scarce public resources are lost to thieves, that money needed for critical public services is lost, that health workers are given PPEs that put their lives at risk, and that local manufacturing jobs are lost to illegal imports. It further erodes public morale in our ability to rebuild our nation," said Cas Coovadia, BUSA CEO and business representative at Nedlac.

"We believe that ramping up of local procurement fosters inclusion and transformation and should not be misconstrued as providing business opportunities to Politically

Exposed Persons and an avenue for corruption, said Nhlanhla Ndlovu from the community constituency.

With the economy in a deep recession and 40% and rising levels of unemployment, the social partners are of the view that not a single job or business should be lost. Thus, ramping up local procurement from the public to the private sector and ordinary consumers is key to economic recovery.

The interventions that the social partners are working together through Nedlac to both fight corruption and promote localisation are set out below.

1. **To add to the fight against corruption**, social partners are working together to:
 - Modernise public procurement systems so that they are online, transversal, competitive and available for public scrutiny at all times;
 - Provide for key large-scale public procurement items to be centralised under National Treasury to ensure lower costs, less scope for looting and greater public transparency and efficiency;
 - Engage with the relevant industry sector to ensure that the prices set in regulations are reflective of production costs and not inflated for gross profiteering;
 - Require legislation to extend the ban on public servants doing business with the state to include Politically Exposed Persons (Politically Exposed Persons as defined by the Financial Intelligence Centre Act);
 - Establish more effective consequence management including rapid response anti-corruption courts (following the model of the 2010 World Cup Courts); and
 - Set up transparent systems for all stakeholders to monitor public procurement.

2. **To ramp up procurement of locally manufactured products, social partners are working together to:**
 - Tighten up the implementation of the local procurement requirements of existing public procurement regulations;
 - Fast track the passage into law of the Public Procurement Bill and to ensure that it is bold and comprehensive enough to tackle to restore public confidence in public procurement and prioritise the procurement of local products;
 - Identify key products that should be prioritised for a buy local campaign that can help unlock critical economic sectors;
 - Identify key public and private procurers who can help scale up local procurement;
 - Develop reward systems that will incentivise local procurement by businesses and consumers; and
 - Create opportunities and reinforce existing opportunities for new, local manufacturers.

3. **To improve compliance with existing legislation and regulation, social partners are working together to:**
 - Ensure that preferably and where feasible state tenders are awarded to local companies that are compliant with all tax obligations and labour legislation;
 - Reinforce and further capacitate quality assurance structures such as the South African Bureau of Standards and SAPRA;



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- Review trade agreements which strengthen export promotion and reduce imports of products earmarked for local procurement and manufacturing;
 - Ensure awareness and buy in from government departments, provinces and other procurement organs and agencies of the state to purchase locally produced products as per government policy.

The intention is that these targeted interventions will be developed into a social compact at Nedlac and accompanied by an implementation plan with specific timeframes and responsibilities allocated to each social partner. Regular reports on its implementation will be submitted to the proposed Presidential Working Committee on Economic Recovery and made publicly available.

The social partners believe that it is only by working together that they can defeat corruption, grow the economy and create jobs. They believe that the public is exhausted and disillusioned by the scale of looting and needs to see decisive action.

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