



# correctional services

Department:  
Correctional Services  
REPUBLIC OF SOUTH AFRICA

## **MEDIA STATEMENT**

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17 May 2026

### **Food Provisioning Contract and Price Review Process for Correctional Services**

The Department of Correctional Services (DCS) has noted recent media reports regarding the Food Provisioning Contract and Price Review Process. It is important to provide clarity and ensure that the facts surrounding the Department's procurement reforms and ongoing cost-containment measures are accurately reflected.

At the centre of this matter is Contract HO4/2023, concluded with 115 service providers for the supply, delivery, and off-loading of 66 perishable and non-perishable commodity items across all six regions of the Department. The contract is valid for a period of five years, effective from 01 April 2025 to 31 March 2030. It provides for a negotiated pricing model under which prices remain fixed for the first six months from the date of signature and are thereafter subject to review at six-month intervals.

Prior to its implementation, food procurement was fragmented across regions, with some operating without long-term contracts and others relying heavily on the Request for Quotation (RFQ) process. This resulted in recurring awards to the same suppliers and identical items being procured at varying prices across regions, creating inefficiencies, undermining standardisation, and reducing value for public funds. It also exposed systemic weaknesses that contributed to irregular expenditure of R36.9 million in 2022/23 and R194.7 million in 2023/24, as identified by the Auditor-General of South Africa, mainly due to non-compliance with Treasury Regulation 16A6.1.

In response to the above, the Department introduced a single national bid framework to standardise procurement, comply with food handling regulations, enhance transparency, ensure fairness, and promote pricing consistency. The current price review process commenced in May 2025 following the identification of pricing variances through routine internal monitoring, and predates the Department's appearance before the Portfolio Committee on Correctional Services in July 2025, reflecting proactive financial oversight and accountability.

Herewith are the timelines and actions demonstrating this fact. To ensure seamless operationalisation and responsiveness to enquiries on the contract, the National Commissioner instituted continuous oversight from the outset. On 30 April 2025, the National Commissioner received a detailed progress report to confirm that implementation was delivering as intended. The contract was also discussed at the weekly National Operations Committee meetings, held every Monday. In addition, following receipt of enquiries, the Minister of Correctional Services convened briefing meetings in May and June 2025 to be updated on the contract's implementation. All these interventions led to early identification of pricing concerns and the issuance of a directive on 13 May 2025 instructing all regions to suspend transactions on affected higher-priced items pending review.

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Regardless of the negotiated pricing model, which provides that prices submitted by successful bidders remain fixed for the first six months from the date of contract signature and are subject to review only every six months thereafter, the Department proactively initiated a pricing review in June 2025. This was preceded by the identification of variances, and as previously explained, a directive was immediately issued to suspend acceptance of orders for the affected items pending completion of the price review process. This review covered all 66 commodity items, of which only seven reflected higher pricing, with expenditure incurred on only four items, namely curry powder, white flour, gravy, and spices.

The Department further clarifies that the cooking oil prices reflected as R726.57 and R697.51 relate to 25-litre containers, not single litres as incorrectly interpreted due to a capturing error. These prices were, in fact, the result of successful downward negotiations and represent justifiable market-related pricing for the specified quantity.

In line with contractual provisions and established procurement governance mechanisms, the Department initiated engagements with all affected suppliers to review and renegotiate prices downward. These engagements were conducted strictly within the framework of the Department's Standard Operating Procedures (SOPs) and the Special Conditions of Contract (SCC), ensuring full transparency, fairness and consistency across all six regions. Importantly, the renegotiation process was not based on Consumer Price Index (CPI) or Producer Price Index (PPI) adjustment formulas. Instead, the Department applied direct market-price benchmarking to assess whether quoted prices were reasonable, fair and justifiable.

The above mechanism has been consistently applied since the inception of the contract and forms part of the Department's contractual safeguards to ensure continued price fairness and responsiveness to market conditions.

Through this process, the Department successfully secured substantial price reductions. The revised prices were then applied uniformly across suppliers within each region, consistent with the Department's pricing equality principle. Accordingly, the presentation made before the Portfolio Committee on Correctional Services on 12 May 2026 demonstrated how prices were laid bare as above-mentioned.

The next round of price reviews and renegotiations has already commenced in line with contractual obligations. It must be affirmed that all engagements with suppliers have been conducted transparently, lawfully, and in strict compliance with the contractual prescripts, and the Department will continue to subject itself to appropriate oversight.

**ENDS**

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