

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 621 [NW788E]
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Dr D T George (DA) to ask the Minister of Finance:

- (1) With reference to his statement during his Budget Speech on 22 February 2012 that the National Treasury and the Department of Public Works will undertake a joint review of the validity and cost effectiveness of all government leases, (a) who will participate in the review process, (b) what deadline does he envisage for the completion of the review and (c) what is the intended scope of the investigations;

- (2) whether any action will be taken against persons who are found to be guilty of transgressing legislation in this regard; if not, why not; if so, what (a) action will be taken against public officials who failed to adhere to the appropriate tender process and (b) are the further relevant details? **NW788E**

REPLY:

- (1) (a) The review will be undertaken by a joint team of the National Treasury and the Department of Public Works.

(b) No deadline for the review has been set. Work is currently underway and is expected to continue for at least 12 months.

(c) During a Press Briefing before the Budget Speech on 22 February 2012, Ministers

Gordhan and Nxesi announced that the National Treasury would support the Department of Public Works to review the lease portfolio. The Treasury's interest in the review is due to the need for better outcomes in terms of (a) value for money and (b) fit-for-purpose government accommodation on existing and new lease stock. The urgency in this regard is underscored by the various reports of apparently exorbitant lease rates and questionable leasing processes.

For the review to have appropriate traction and sustained influence, the process will dovetail with the DPW Turnaround and will;

- Determine and implement 'stabilisation' actions necessary to urgently address existing shortcomings in the Lease Management system and shortcomings with individual high risk leases. This may include updating of data in the lease management system, amendment of existing leases, tightening up of processes, procedures and delegations and the development of more sophisticated costing models, norms and standards for decision support. Included under stabilisation will be action against misconduct, fraud and corruption. This Lease Function Review Team will work hand in hand with the SIU and Public Protector to ensure that findings by those authorities are incorporated into the Lease Function Review.
- Make recommendations regarding possible 'transformation' of the lease management policies, procedures and systems in order to achieve sustained improvements in the efficiency and effectiveness of this function. The existing lease function needs to be brought under control to (a) allow short term improvements and (b) to provide a platform for a fundamental re-engineering of the Lease Function.

The planning and implementation of the necessary Lease Management Function transformation will follow-on from the Lease Function Review.

The role of National Treasury is mainly in the functional review and stabilisation actions. DPW will take ownership of the transformation, although with Treasury support.

- (2)** Any actions arising from the review will be guided by the requirements and provisions of the Constitution and the laws of South Africa. As such, the outcomes of the lease review process will complement and not replace existing investigations and any resultant prosecutions that may follow the work of the Special Investigations Unit.