

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 459 [NW613E]

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459. Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether directives have been issued to all government departments at the end of 2012 to make it mandatory for all contracts in 2013 to include provisions for cost overruns and deviations to be appropriately penalised; if not, why not; if so, what are the relevant details?

NW613E

REPLY:

The National Treasury issued a directive during May 2011 to all government departments regulating the expansion of contracts. For Construction related projects, the contract variation/expansion is capped at 20% from the original contract value, while with a non-construction related contract, the expansion/variation is capped at 15% of the original value.

Any noncompliance within the directives mentioned above is dealt with as a financial misconduct in terms of chapter 4 of the Treasury regulations and chapter 10 of the PFMA.

Furthermore the draft revised National Treasury Regulations of which Supply Chain Management is part of makes provision for Treasuries to take appropriate action in case of misconduct.