

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 3682**

**DATE OF PUBLICATION: 10 NOVEMBER 2017**

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| **3682.     Ms N W A Mazzone (DA) to ask the Minister of Public Enterprises:**  Whether, with reference to her reply to question 1569 on 6 September 2017, Denel Vehicle Systems deviated from any provisions of the Public Finance Management Act, Act 1 of 1999, on any contracts and/or procurements during the period 1 April 2015 to 31 March 2016; if not, what is the position in this regard; if so, what are the relevant details of each case?            NW4113E |

**REPLY:**

Yes, all procurement for Denel Vehicle Systems during the period 01 April 2015 to 31 March 2016 deviated from the Public Finance Management Act, Act 1 of 1999.

Denel Vehicle Systems (DVS), formerly Land Systems South Africa (LSSA) procurements were made as per LSSA company policies which did not fully comply and was not required to comply with the Public Finance Management Act, Act 1 of 1999 (PFMA). When LSSA was acquired by Denel it was acquired as a going concern and procurement contracts were already in place as was required by operations. Many of these contracts were based on formal supplier agreements and as such it could not be converted to comply with PFMA provisions until such time that these contracts were concluded in terms of its execution and processes and systems are in place which we have achieved. On this basis exemption were requested from National Treasury. Concurrent to the above, new procurement policies compliant with PFMA provisions were instituted at DVS.

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