

TRANSLATION

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Photo: A Gripen fighter jet over Armscor's head office, which also houses the defence force headquarters.

Investigation ordered into Armscor money

- Lekota wants to know whether millions go to the state or to individuals
by Erika Gibson

The Minister of Defence, Mosiuoa Lekota, has ordered an investigation into possible irregular payments of millions of rand in rental between the Department of Defence, Armscor and the Department of Public Works.

Brig Gen Bobo Moerane, director of facilities and support management, said yesterday that certain discrepancies with regard to the management of property had come to light in an investigation that was being conducted since 2003.

"The Minister recently stopped all transfer of rent payments for the Armscor head-office building, which also houses the Defence Headquarters. The investigation must now determine whether the payments landed in state coffers, or in the pockets of certain individuals.

"Should it be shown that the money was paid into the coffers of a state department, the investigation will cease, as one state department cannot take another one to court. Should it seem that individuals profited from it, he or they will be prosecuted", Moerane said.

According to him, Armscor in fact belongs to the Department of Defence. In the early 1990s the "assets" of Armscor and Denel were split, with Denel functioning under the Department of Public Enterprises and Armscor under the Department of Defence.

When the Armscor head-office building was completed in 1992, it was decided that the headquarters of the Defence Force would be housed in one half of the building, while Armscor occupied the rest of the building.

According to him, the lease agreement between the Defence Force and Armscor expired in 2003 and a renewal had to be negotiated. It is at that point that questions arose and an investigation was ordered.

In view of the findings of this investigation Lekota recently decided to stop all payments. According to Moerane there is possibly talk of double payments which could amount to millions of rand.

It is understood that the Department of Defence pays about R2,4 million rent per month. According to Moerane it would seem that double payments have occurred for at least two years.

The amount could thus amount to R115 million. The building's book value is, for offsetting purposes, about R15 million, according to Moerane.

According to Moerane the investigation is being conducted by the special investigations unit of the Military Police.

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