



defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

MEDIA RESPONSE

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Subject:	VARIOUS ALLEGATIONS AGAINST A LOGISTICS COMPANY		

Thank you for your enquiry. The Department of Defence (DOD) responds as follows:

All suppliers and service providers that are awarded contract by the DOD, including Y&P are vetted, screened and cleared by the Defence Intelligence. While the aircraft charter contract is in operation, all aircraft offered for specific operation are certified by South African Civil Aviation Authority (SACAA) while the South African Air Force (SAAF) is capacitating its aircraft inspection capability.

The DOD always makes sure that all complaints, including those that are procurement related are investigated through Board Of Inquiry (BOI), Inspector General (IG) or Defence Intelligence to establish facts and take corrective actions.

All sponsorships received are recorded in the gift registers as per requirement.

The DOD advertised the requirement of aircraft charter openly through the Government Tender Bulletin. Those companies interested, including Y&P Logistics tendered. All companies that have been contracted since the DOD started to charter, have never owned the required type of aircraft, instead they make sub-contract arrangement with the aircraft owners which the DOD approves. It will therefore be misleading to create an impression that Y&P is the only company without aircraft or not in aircraft business.

The removal of any company from the DOD's suppliers' database depends on the outcome of the investigation as would have been reported. Therefore the DOD could not have reasons to remove Y&P Logistics from the database without recommendations from the outcome of the investigations. It is important to note that Brigadier General Edward Mulaudzi has given evidence in all procurement related investigations (including those of Y&P Logistics) which were convened by the DOD, Military Ombudsman, Public Protector, Civilian Courts. It is therefore unfounded and ludicrous to suggest that Brigadier General Mulaudzi was never called to explain himself.

The SANDF has always investigated reports and allegations from known and unknown people or institutions.

The outcome of state tender process, including that of the DOD determines the winning bidder of that specific requirement. It is not prescribed anywhere that if the company won the previous tenders cannot be considered for the next ones if it meets all required criteria.

The idea of contracting Ultimate Heli was not considered because the company was not in a DOD list of contracted aircraft charter companies. The policy stipulates that procurement entity must firstly invite quotations from the contracted companies before other alternatives could be explored. Only if none of the contracted companies has the required service (aircraft), the process of open tender process or sourcing suppliers from the DOD Suppliers' Database could be followed.

It is a fact that AMRHO Africa's offer was cheaper than Y&P Logistics' offer. Unfortunately, AMRHO's offer was "conditional offer" which needed 80% advance payment. The reason why this offer was not accepted was that procurement policy does not allow the acceptance of conditional offers. The expansion of Y&P Logistics was like in any price increase situation, the expansion of Y&P Logistics' offered price was processed by the end-user, processed by procurement centre and approved by the Departmental Commercial Procurement Board (DCPB).

The delay of an aircraft chartered from Y&P during the Battle of Bangui was not the sole responsibility of the service provider but involved various entities for instance acquiring of Over Flight Clearances. It is therefore incorrect and unfair to think that Y&P Logistics' has delayed the execution for six days.

Just like any company that is alleged to have caused a problem in procurement environment, Y&P has been summoned to give their side of story to the DOD. The repercussions thereof depend on the outcome of such an investigation.

The allegation about SANDF allowing Y&P Logistics to manipulate processes and flout rules is unfounded and devoid of truth.

It must be stated clearly that there is nothing wrong with our procurement processes. The DOD procurement management is one of the best in South Africa irrespective of the uniqueness of its operations. During Financial Year 2011/2012 and 2012/2013, the DOD procurement received an unqualified audit opinion which confirms that the DOD is conducting its business in line with prescripts.

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