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**PARLIAMENT**  
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## MEMO

3 October 2011

**To: The Public Protector, Ms Thuli Madonsela**  
**From: Mr BH Holomisa, MP, President of the United Democratic Movement**  
**Subject: SUSPECTED IRREGULARITIES: IEC LEASE AGREEMENTS**

Serious allegations have come to my attention that there could be irregularities with the lease agreement of office space by the Independent Electoral Commission (IEC) at their new offices in Centurion. We request that the Public Protector make investigation into the allegations mentioned hereunder.

The rental agreement is between the IEC and the Riverside Office Park Trust, which started in March 2010 and ends in March 2021. It is alleged that the IEC paid a lump sum of R22, 603, 347 million to the aforementioned Trust in March 2010, long before the building was occupied. The occupation of the building took place only in September 2010. Since the first payment, this building has cost the IEC a whopping R100, 279, 253 million to date. Herewith a breakdown of the payments allegedly made:

|                              |                         |
|------------------------------|-------------------------|
| <b>Lump Sum (March 2010)</b> | R 22 603 374.00         |
| August 2010                  | R 9 954 421.00          |
| September 2010               | R 1 667 975.00          |
| October 2010                 | R 8 137 972.00          |
| November 2010                | R 4 291 085.00          |
| December 2010                | R 26 979 155.00         |
| January 2011                 | R 1 209 777.00          |
| February 2011                | R 2 054 419.00          |
| March 2011                   | R 11 228 550.00         |
| April 2011                   |                         |
| May 2011                     | R 2 405 242.00          |
| June 2011                    | R 2 405 242.00          |
| July 2011                    | R 2 597 952.00          |
| August 2011                  | R 2 352 981.00          |
| September 2011               | R 2 391 108.00          |
| <b>Total</b>                 | <b>R 100 279 253.00</b> |

It is worrying that there is no consistency in the monthly amount paid to the Trust, unlike with the previous building they occupied in Pretoria, rented from Fountainhead Property


Trust Scheme, which cost R750,758.40 per month. It is also alleged that the Commission is still paying for the old building, which now stands empty.

When the matter is being investigated, there should be emphasis on why a lump sum payment was made in advance, in March 2010, whilst the building was still being constructed. Could it be possible that this lump sum payment was used to cover construction costs? If so, why did they not construct their own building instead? In addition, after the IEC paid for their building, two additional buildings were erected on the same premises for leasing to other interested parties. A forensic audit might assist to verify what happened with the R22 million lump sum payment.

Another curious transaction, in December 2010, is an exorbitant amount paid of R26,979,155 million to the same company.

Based on the allegations, it is clear that the IEC did not adhere to PMFA regulations and that the transaction is laced with corruption to say the least.

Kindly advise,

  
Bantu Holomisa, MP  
UDM President