

# Nxesi vows to clamp down on PWD graft

## POLITICAL BUREAU

MINISTER of Public Works Thulas Nxesi has blown the whistle on suspected irregularities in the R100 million renovation of ministerial houses in Cape Town and the Central Government Office building in Pretoria, where the price tag climbed by an astonishing R266m.

Yesterday, Nxesi announced that he had embarked on a turnaround strategy in the Public Works Department where "collusion and corruption" were "endemic".

He had asked the Special Investigating Unit (SIU) to probe his department's Prestige Portfolio projects in Cape Town - in particular the renovation of ministerial houses, where about R100m had been spent on 11 houses - because he suspected that charges had been inflated and there had been fruitless and wasteful expenditure.

Nxesi said a preliminary investigation had indicated that the initial 2009 budget for renovating the Central Government Office was R59m, but by the time the project was completed in August 2011 the cost had climbed to R325m.

He said the SIU had completed a probe into the renovation of ministerial houses in Pretoria, where about R27m had been spent, with R4.7m being paid out without supporting documents.

This probe had found invoices had been "excessively inflated" and service providers selected irregularly. The officials implicated would face disciplinary action. The department intended instituting civil proceedings to recover the money unjustifiably paid.

The minister said he had asked the SIU to investigate the security upgrade at President Jacob Zuma's home in Nkandla. He said this followed a preliminary task team probe, but provided no details.

Earlier this year, in a reply to a parliamentary question, Nxesi said the department had spent R65m in renovating ministers' houses in 2011/12 alone.

The department subsequently said the 27 properties in question were in the main old, extensive in size, and of heritage value, having been used by successive colonial and/or apartheid administrations in the modern history of South Africa, and this of necessity made them expensive to maintain.

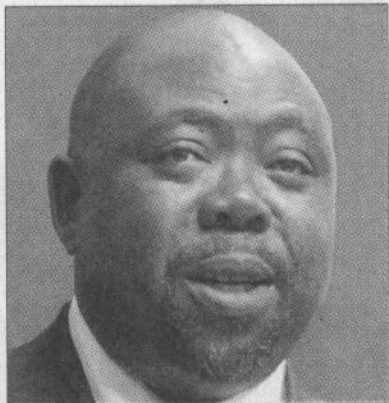
The renovation bills reportedly included R15m for a Cape Town house allocated to Rural Development Minister Gugile Nkwinti; R10.67m to overhaul a house earmarked for use by Deputy Transport Minister Lydia Chikunga; and just under R5m to upgrade a house for Agriculture Minister Tina Joemat-Pettersson.

The SIU has been helping the department since mid-2010, probing contracts, tenders, leases, prestige accommodation and general procurement irregularities.

The unit has investigated about 40 cases, 13 of which have been finalised, and the department has taken action against several senior officials.

Nxesi said that 23 cases were being investigated by the SIU and he was approaching Zuma to extend the proclamation for the SIU to focus on capital projects.

"(Public Works) spends about R150m a month on capital projects,



Thulas Nxesi.

therefore this concern should be addressed urgently," Nxesi said.

"High-profile cases of alleged overpricing in relation to leases, renovations of ministerial houses, and security provisions for the residence of the president, as well as the findings of the Competition Commission in relation to the construction sector, all tell the same story: collusion and corruption are endemic within some elements of the Department of Public Works and certain sections of the property and construction industry."

According to the minister's statement, some of the cases completed by the SIU include:

- The payment of R28m for six unoccupied buildings in Braamfontein. The department has begun civil proceedings against the landlord, an official has been dismissed, another has resigned, and criminal investigations are under way.

- A lease for a Herbert Baker building was procured irregularly. The head of property management faces a disciplinary hearing and the department is trying to recover R6.3m.

- Construction of the Skilpadhek border post, where the department unjustifiably paid more than R50m. The department has instituted civil proceedings to recover the cash and criminal investigations are under way.

- The Skilpadhek, Golelo and Lebombo border posts, where the irregular appointment of a programme management firm resulted in fruitless and wasteful expenditure of R3.5m. The payment was made without supporting documents. Seven officials face disciplinary action.

Nxesi said the SAPS lease for the Middestad Building in Pretoria had been "procured irregularly" and the department had approached the high court to declare the lease invalid.

The lease for the Independent Police Investigation Directorate's offices in Pretoria had been procured "irregularly, fraudulently and through fronting". Two officials faced disciplinary hearings, and a criminal case had been opened. The department had instituted civil proceedings to declare the lease invalid.

The SAPS lease of the Transnet building had been cancelled, saving the department R1.86 billion.

Nxesi said he had embarked upon a turnaround strategy for his department that was receiving strong support from the Treasury.

"Probably more important is the need to put in place transparent and robust systems that make it easy for weak people to do the right thing, and difficult for bad people to do the wrong thing."