

# HOW TO LOOT R1.6BN

Several companies were paid advances worth millions to build **houses, roads and schools** in the Eastern Cape, but they delivered nothing

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**T**hey bought a top-of-the-range Chevrolet Trailblazer, suits from exclusive boutiques and wined and dined in some of South Africa's finest restaurants. That's what some of the R1.6 billion looted from one of South Africa's poorest provinces was spent on.

A series of reports Treasury compiled detail how a string of companies, individuals and national government agencies - including the Independent Development Trust (IDT), SA National Roads Agency Limited (Sanral) and the Coega Development Corporation (CDC) - allegedly helped themselves to more than R1.6 billion which was meant to build roads, schools and houses in the Eastern Cape.

The details are contained in three reports compiled by Treasury's special audit services between 2011 and 2017 on the provision of mobile classrooms, roads and social housing in the province.

According to the reports, which City Press obtained, the Social Housing Regulatory Authority (SHRA), which falls under the national department of human settlements, was paid R341 million for housing projects for the poor. But not a single home was built.

Three companies were advanced more than R260 million to provide mobile classrooms, in defiance of Treasury regulations. One of them was paid R10 million for mobile classrooms for four schools, but delivered none. A further R38 million was given to the same company without any documentation or evidence of work done. Another mobile classroom company acknowledged a debt of R24 million, but hasn't paid it yet. The same company was paid another R8.6 million, but delivered nothing. Despite this, it was paid another R17 million without any supporting documentation or evidence of work done. Of the R380 million given to those three companies, R280 million was awarded without any tenders.

The then Eastern Cape roads and public works department paid a company called Aqua Transport R4 million for two road projects. The IDT had paid other companies R8.2 million for the same roads, and Sanral was paid R2.3 million for one of those two roads.

The IDT did not account for R21.7 million of the R173 million it was paid. The IDT was further paid about R3.8 million for projects

which were either cancelled or terminated.

The CDC spent an "excessive" R101 million on stones for 23km of road.

## NO HOUSES

Treasury's report into the supply of social housing shows that around 2012, the national human settlements department transferred R341 million to its Eastern Cape counterpart to build low-cost and subsidised housing.

Eastern Cape officials then irregularly transferred the money to the SHRA, instead of to companies directly involved in building the housing, according to the report.

Of the R341 million, the SHRA paid R61 million to one construction company to build houses in East London. Nothing was built. "The R61 million was paid to a company to be used to pay service providers during the construction of social housing units in Connemara, East London. Only a vacant plot remains where the social housing units should have been erected," the report reads.

The SHRA claimed to have paid R80 million for a social housing project in Phoenix, Durban, and a further R85 million for another social housing development in North West. Again, nothing was built.

About R115 million is unaccounted for.

This week, housing authorities in KwaZulu-Natal and officials in North West refuted the SHRA's claims that it sent money to their provinces.

North West human settlements spokesperson Ben Bole said: "The department did not receive R85 million from SHRA. We need to go on record and say that the matter is under investigation by law enforcement agencies."

KwaZulu-Natal housing spokesperson Mbulelo Baloyi said: "We do not receive monies from the SHRA. They pay monies directly to social housing institutes." Baloyi said he knew nothing of any social housing project in Phoenix.

## BUYING BLING

According to the report, R4.8 million of the R61 million meant to build houses in East London was illegally transferred to 11 personal bank accounts. Some of it was used to buy the Trailblazer. The money was spent on suits worth R10 000 from House of Monatic and a Cape Town boutique and R1 800 was spent at Grazia fine dining restaurant in East London.

The account into which the R61 million was transferred has been frozen. The Eastern Cape human settlements department did not respond to questions.

## TALK TO US

What can ordinary South Africans do to stop money meant for service delivery from being looted?

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