



South Africa: Remarks by Minister of Public Works, Mr Thulas Nxesi on a Media Briefing of the Department Turns the Tide on Fraud and Corruption

20th July 2018

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Programme Director – Mr Sabelo Mali Deputy Minister, Jeremy Cronin the Head of the SIU, Andy Mothibi and his team – Leonard Lekgeto and Nazreen Pandor Mr Imtiaz Fazel – the Acting Dg and Deputy Director General of the Governance, Risk and Compliance Branch, and officials of the Department of Public Works Members of the media Ladies and gentlemen

It gives me great pleasure to welcome you to this media conference for the following reasons:

- Because it is an opportunity for the SIU to showcase the work that they are doing to combat fraud and corruption, and
- Because it provides concrete evidence that the struggle against corruption and state capture is beginning to bite – right here in Public Works – what I have described as the Department of Tenders.
- Moreover, in formally announcing the Presidential proclamation to extend the scope of the SIU investigation – which was gazetted last Friday – we also demonstrate our commitment to take this struggle against corruption and state capture forward.

When I announced the Seven Year Turnaround Plan for Public works in 2012, I said it would be based on two pillars:

Zero tolerance of fraud and corruption, and improving the way we do business

Today, we are reporting back on aspects of the first pillar of the Turnaround – combating fraud and corruption – and for this we were fortunate enough to partner with the SIU.

I also need to make the point that the political environment in which we operate has been transformed. We now have a leader, in President Cyril Ramaphosa, committed to stamping out corruption, and turning the tide of state capture which brought this country to the brink of disaster.

But it is not going to happen overnight, and not without a massive struggle against the state capture forces which are still entrenched and desperately striving to keep open access to state coffers – yes, including here in Public Works.

I was struck by the thoughtful and courageous analysis provided by Minister Pravin Gordhan in his speech to the National Press Club on 14th July. These criminal state capture elements are now engaged in a desperate ‘fight-back’ – principally to try and

de-legitimize the Ramaphosa government which is turning off the taps of corruption – but also to smear anyone who seeks to expose corruption and state capture – what Minister Gordhan refers to as ... 'Bell-Pottinger Phase 2'.

This brings me back to Public Works. When I was reappointed this year, I announced two investigations:

- A request to the President to extend the SIU proclamation to investigate what is known as 'day-to-day emergency maintenance' – following an internal investigation which pointed to 16,000 suspicious transactions to the value of R2 billion. •I also found that 684 appointments had been pushed through in four months. The result of this is to blow the compensation budget on largely non-essential posts so that there is little left to make the technical and professional appointments required to run a highly technical department like Public Works – and its entity: the PMTE (Property management Trading Entity) – which manages the state's massive property portfolio of 92,000 buildings. I therefore requested the Minister of Public Service and Administration to assist me to review these appointments.

Sure enough, after announcing the investigations, as night follows day, an anonymous document appears with unsupported allegations that Minister Nxesi is siphoning off millions of rands from the Department. Connecting up the dots – as Minister Gordhan stated: we are now in Bell-Pottinger Phase 2.

My immediate response is to request a life-style audit – starting with myself, but for all the management of Public Works.

However, we also must be careful not to be distracted by the dirty tricks of the criminal syndicates that remain entrenched in the Department.

The only way to respond to the fight-back by the state capture forces is to intensify the struggle against corruption and state capture. Hence this joint media conference today.

The SIU will report on earlier investigations completed, looking at irregularities, corruption and collusion around leases – as well as their plans for the investigation of maintenance spending.

The DDG: Governance, Risk and Compliance (GRC) – Mr Imtiaz Fazel – will also say a few words about the measures being taken by the Department and the PMTE to deal with past corruption – and more importantly to prevent future corruption.