

# R3bn looting spree probed

- Zuma-era Public Works fingered
- Ghost leases and dodgy projects

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**T**HE GOVERNMENT is gunning for several landlords, construction companies and its employees involved in stealing billions of rand through inflated leases and dodgy building projects, including renovating the parliamentary precinct.

The projects were sanctioned by the national Department of Public Works, and preliminary estimates show that at least R3 billion may have been looted through ghost leases, inflated rentals, fraudulent tax clearance certificates, and landlords claiming value-added tax (VAT) when they're not supposed to.

Some companies also inflated invoices after the upgrading of the villages in which cabinet ministers, their deputies and members of Parliament live in the Groote Schuur Estate and Avenue in Rondebosch, Cape Town.

Yesterday, Public Works Minister Thulas Nxesi announced that he had asked President Cyril Ramaphosa to authorise a probe into 16 000 dodgy transactions worth R2bn for day-to-day emergency maintenance of his department's clients.

Public Works has a R1bn-a-year emergency maintenance bill.

The overpayments, paying for nonexistent parking bays, unlawful VAT payments and paying for

unlawful leases, have been the subject of Special Investigating Unit (SIU) probes since 2010.

Nxesi has also asked his Public Service and Administration counterpart, Ayanda Dlodlo, to probe nearly 700 appointments pushed through in four months between 2017 and 2018.

He said most of the 684 appointments were made towards the end of 2017, and earlier this year.

Nxesi suggested that the appointments were made by people looking at the political changes following Ramaphosa's election as ANC president in December.

"The result of this is to blow the compensation (of employees) 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 Property Management Trading Entity, which manages the state's massive portfolio of 92 000 buildings," he said.

According to Nxesi, he has asked Dlodlo and the Public Service Commission to assist him in reviewing and investigating these appointments.

Nxesi returned to the Public Works Ministry in February, after he was axed by former president Jacob Zuma in March last year during a cabinet reshuffle.

**BLEW THE LID:** Public Works Minister Thulas Nxesi at a media briefing in Pretoria yesterday.



## Hoping for new dawn in Zimbabwe



A woman walks past election posters in Harare yesterday. See Page 4

PICTURE: PHILIMON BULAWAYO/REUTERS

He was replaced by Nathi Nhleko, who was axed in February by Ramaphosa.

SIU head Andy Mothibi revealed that the unit has referred nine matters worth R807 million to the Office of the State Attorney to institute civil proceedings against the companies involved.

Another R265m in overpayments – including for parking spaces that did not exist, and unlawfully claiming and charging VAT.

"We have found that landlords overstate space leased to the government," he said.

In Parliament, summonses have been issued to a company that overcharged for the upgrade of the 120 Plein Street building in the precinct.

Recoveries totalling about R5m have been referred to the Prestige Programme that takes care of the executive's property needs, with

five officials reported for possible disciplinary action.

Mothibi said the SIU found that some of the buildings leased by government departments and state entities did not comply with occupational health and safety laws, and were hazardous.

He said some landlords had submitted false tax clearance certificates to win lucrative leases, and these fraudulent activities had been referred to the SA Revenue Service.

Mothibi said the SIU had discovered 22 ghost leases during its investigation. He warned that officials leaving Public Works for other departments and private employ would not escape consequences, including possible prosecution.

Acting public works director-general Imtiaz Fazel said R30m had been recovered, while the department would seek to have deals worth R1.2bn set aside by

the courts. Seven officials had been dismissed, with 65 cases pending.

Fazel said the department had learnt lessons from the management of the Prestige Project as it was previously not subject to the state's procurement procedures.

Mothibi also provided an update on the SIU's R155m claim against Zuma's architect, Minenhle Makhanya, for his role in the inflation of invoices charged by companies involved in the Nkandla project.

The SIU will apply for a court date on October 3 after Makhanya's lawyers dumped him last year, which Mothibi described as creating complications and delaying the process.

Six of the 12 Public Works officials implicated in the Nkandla saga have either received final written warnings, written warnings or suspensions without pay. Fazel said another six were still on the go.

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