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SKG Africa accused of overcharging public works department by R43m

Company says claims are false and they are owed much more money

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A company belonging to one of East London's biggest businessmen is in the crosshairs of the public protector after a formal complaint over millions paid to it by the national government.

But the company's attorneys told the Dispatch that not only were the claims that the business owed money false, but national government, in fact, owed them far more.

SKG Africa (Pty) Ltd, owned by Jean du Plessis, is facing a probe after a complaint by the president of Black First Land First, Andile Mngxitama.

The company is part of SKG Properties, a group of companies dealing in property development, property management, information technology, and property investments among other things.

The complaint relates to the alleged overpayment to the company of more than R43m by the department of public works & infrastructure.

Now the department has threatened to blacklist the company from doing business with it for up to 10 years.

SKG Properties owns several buildings leased to the provincial and national governments.

It also leases buildings to Buffalo City Metro.

According to its website, the company has a total of 180 properties across SA.

The company owns the Beacon Bay Crossing mall.

It has recently been in the news over a deal it signed with the metro to write off millions of rands owed to the city.

It and Rebois Property Fund (Pty) Ltd, which owns the Hemingways Mall, and Secrivest Twenty (Pty) Ltd, were part of a deal approved by the council to write off more than R100m in debt owed by the three com-

panies. Rebois owed more than R80m and was granted more than R65m in write-offs.

SKG owed more than R76m and was granted a R50m write-off.

Secrivest owed more than R2.8m and had more than R1.4m written off.

All the companies had to repay the remainder of the debt for the deal to go through.

The arrangement caused an uproar in the business community, with small businesses asking for similar deals from the municipality and the DA arguing against it in council.

Mngxitama's complaint to the public protector is the second one directed at SKG.

Last month, Mngxitama lodged a complaint with the Hawks, asking that they investigate SKG Properties over the metro deal.

At the time, the Hawks confirmed the complaint had been laid.

The latest complaint comes

after a presentation by public works CFO Mandla Sithole at the Real Estate Management Services Ziveze Landlord Seminar, held at the Gallagher Convention Centre in Midrand last month.

At the seminar, Sithole presented a list of landlords who it asserted had been overpaid by the department.

He said their failure to repay the money was considered fraud by the auditor-general.

One of the companies listed was SKG Africa, which allegedly owed R43m.

SKG, through its attorneys, Sim Attorneys, denied owing the department any money at all.

"Our clients deny that SKG Africa and/or any entities within the SKG Group are indebted to the [department of public works] in the amount alleged or at all.

"The department is well aware that the alleged overpayment in respect of SKG

Africa (and for that matter any other alleged overpayments to other entities within the SKG Group) are the subject of a dispute in terms of which our clients contend the department is in fact indebted to our clients in an amount that far exceeds the alleged overpayments," they said.

"Our clients have, and are, consistently engaging with the department with a view to resolving these disputes, and have recently — and subsequent to the unfortunate false statement by a representative of the department during a seminar — requested that the issues be referred for formal adjudication.

"Our clients have indicated to the department that they are willing to submit themselves to any form of dispute resolution or other formal process to resolve or to have the disputes formally adjudicated."

They rebuffed the implication that they were unable to

repay the alleged amount, saying the issue was in dispute.

They said they were unaware of the complaint to the public protector, but their client would be more than willing to co-operate with the PP's investigations.

They said there was no merit in the allegations by the BFLF, a party they alleged was known to "seek sensation based on false statements".

Asked about SKG Africa, public works department spokesperson Lennox Mabaso said they would not name companies, but "the era of construction companies fleeing the government is over".

"All those [instances] where there is evidence of shortchanging government are being pursued through civil claims, criminally and even through a process of restricting them from doing business with the government for 10 years, which is popularly known as blacklisting."

