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A multi-million-rand scandal exposed by PriceWaterhouseCoopers investigation into the roads directorate, but last minute legal advice prevents us- at least for now- from going public with the report....

Date: Wednesday, December 09, 2009

North West MEC for Public Works, Roads and Transport today (Wed) confirmed that his department has been hit by a multi-million-rand scandal corroborated by evidence that people may have acted in concert to loot, defraud and plunder resources of his department.

MEC Mahlakeng Mahlakeng said: " I can confirm that a number of contracts issued by the department for several road projects in the province may have been improperly and fraudulently awarded."

It is estimated that more than R1.5 billion, allocated for road capital projects in the next period of three years- Medium Term Expenditure Framework (MTEF) - has already been committed.

Within three months, of the current financial year-2009/2010- the roads directorate had already spent 100 percent of its capital project budget. Their budget allocation for the current financial year was R525m.

Describing as "shocking" the findings by PriceWaterHouseCoopers (PWC), Mahlakeng decided nevertheless, to pull the trigger in confirming some of the findings in the 196-page report, with a stern warning:

"I will leave no stone unturned to recover-to the last cent- whatever amount was fraudulently and falsely paid out, and from all who may have colluded in looting public funds or lined their pockets with tax payers' monies."

The last minute legal advice stalled his plan to release copies of the final PWC report as well as the executive summary report to the media by latest tomorrow (Thurs).

The legal advice was partly informed by the fact that a number of persons and entities have been identified by name and implicated and further investigations are yet to be made, before such could be made public.

Visibly disappointed by the outcome, Mahlakeng said:

"I've not developed cold feet but paused because of advice by the state lawyers. I do not want a 'we told you so' situation to arise from this noble exercise. If cautioned 'to

please hold it for now' I have to listen because no one wishes to compromise the department and government."

He however pulled the trigger in confirming that multi-million-rand worth of contracts were issued by the department "without following procedure as stipulated by Public Finance Management Act (PMFA).

"Corruption has become the real threat to the future of our democracy. We must therefore begin to make it difficult for those civil servants not to loot any longer. We have to turn the tide on government officials and their cronies found guilty of pilfering rooted out, and face the full force of the law," said Mahlakeng.

He hinted that some of the road construction companies who "cried foul and accused us of not paying for work done and abandoning site" may not have been appointed properly.

Mahlakeng said an arrangement has been made to make copies of the PWC report available to the crime busting unit of the police, the Hawks, to "also investigate whether criminal charges may be preferred" against any persons and or companies implicated.

He said the same applied to the Asset Forfeiture Unit "to study and act upon as and when the matter reaches the court of law".

PWC was appointed by Mahlakeng in the week the Chief Director for roads, Eddie Thebe was suspended. Thebe is still on precautionary suspension and is yet to answer to 11 charges of misconduct and mismanagement.

PWC was asked by Mahlakeng to:

Determine and make recommendations, on whether there were any contraventions of procurement rules and regulations. This also related to the prudent management of resources in the roads directorate. The scope of their investigation included the appointment of consultants or contractors for various road capital projects, beyond this current financial year and to establish whether there were any contraventions of the rules in the manner in which variation orders were managed for various road capital projects.

A variation order is a difference between an approved tender amount and the amount to be paid caused due to unforeseen circumstances.

It is an amount – usually not exceeding 20 percent- which is not built into the original tender amount, but an additional cost payable to a contractor and it is permissible by law.

Mahlakeng said he was "itching" give answers to the public about what monies allocated to his department. He described as "utter nonsense and rubbish" suggestions that he has back tracked from making the report public because he may be implicated.

"They (public) have the right to know. Come rain, come shine, come high water, that report will be made public. It is just a matter of time. It will never ever gather dust somewhere," he said

Mahlakeng said: ``We are called to act decisively against corruption at all levels of government. We must be seen to be doing just that. To deal ruthlessly with the rampant scourge of corruption and the pilfering of state coffers.

`` We will be failing in our duty, if corruption is made to appear not punishable in this province.”

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