



---

**Two road contractors instructed to vacate sites, criminal proceedings, civil actions planned to recover monies paid, application for seizure, Hawks and Special Investigation Unit (SIU) to be approached for action as the department begins to roll out strategy to recover million siphoned from the roads budget.**

**Date:** Wednesday, January 20, 2010

The department of Public Works, Roads and Transport today (Wednesday) instructed two road construction companies to vacate various sites with immediate effect because they are alleged to have been “improperly and illegally appointed” for the job. The two companies are: Kaulani Civils (Pty) Ltd and Moseme Construction “purportedly appointed” by the department to do certain work on the Lichtenburg- Koster and Phokeng-Sun City roads respectively.

PriceWatershouseCoopers (PWC) who conducted a forensic investigation in the roads directorate, implicated Kaulani Civils (Pty) Ltd; Moseme Construction and also Roucomm Systems as some of the companies improperly appointed to do construction work on provincial roads.

The 196-page report allege that the “appointments” of the three were “irregular and illegal” because of failure to comply with tender procedures.

Ironically, Kaulani Civils Pty (Ltd) sued the department in November last year, for more than R64.3m which they claimed was owed for work done on six road projects in the province.

The directive to vacate the sites was communicated in writing also to Kaulani and Moseme early today,

Plans by the department are at an advanced stage to peruse civil action to recover monies paid to the above mentioned road construction companies. Based on the PWC findings, the department is of the view that the said payments were based on fraudulent appointments.

The department has already made payments of more than R100.6m to two of the above mentioned companies.

The total value of the “contracts”, awarded to the three on November 18, 2008 under: “Emergency Patchwork, Pothole Repairs and Maintenance Programme (Bojanala and Dr Ruth Segomotsi Mompati Districts)” was more than R424.2m.

Criminal proceedings are also planned, a proposed meeting with the corruption busting unit of the police, the Hawks, is in the pipeline. The department is also considering an application for seizure

“I will leave no stone unturned to recover whatever amount was fraudulently and falsely paid out to any of the contractors implicated or from anyone who may have colluded in ‘looting’ tax payers monies,” Mahlakeng warned.

PWC’s findings put to rest speculation dating back to April 2009, when warning lights began to flash, indicating acute budget pressures in the roads directorate.

Chief Director for roads, Eddie Thebe was suspended and PWC was roped-in to probe among others, patterns of expenditure and procurement procedures, with regards to the appointment of consultants and contractors for roads projects by the roads directorate.

Approximately R1.5 billion, allocated for road capital projects in the next period of three years- Medium Term Expenditure Framework (MTEF) – was discovered to have been committed already.

When PWC investigation began, the roads directorate had already spent 100 percent of its capital project budget within three months of the current financial year-2009/2010.

Nic Van Staden (HoD) and Kwekwu Odame- Takyi (CFO) were put on precautionary suspension for their alleged role in the awarding of contracts in question. Charges against them are expected to be finalized before the end of the week.

“Corruption has become the real threat to the future of our democracy. We must therefore be seen and begin to make it difficult, especially for public servants, from colluding and conniving to loot state resources.

“We have to turn the tide on government officials and their cronies found guilty of pilfering, have them rooted out to face the full force of the law,” said MEC Mahlakeng Mahlakeng.

Based on PWC’s findings and following thorough consultations by the department, it was resolved to start identifying “as a matter of urgency” contracts awarded without proper appointments.

In total, 54 such were identified for an urgent due diligence to be conducted in order to verify and ascertain whether procurement procedures were not flaunted in the awarding process.

The department confirmed that once summonses for damages against individuals and entities implicated in the PWC report were issued, it would seek an order that would enable the department to give instructions to the appropriate agencies to enter premises of those identified to obtain evidence deemed essential for the case.

Reacting to developments, Mahlakeng said he felt vindicated but expressed sadness and shock at the ``apparent collusion'' by public officials to fleece tax payers of their monies and robbing ordinary people of basic services.

``We are called to act decisively against corruption at all levels of government. We must be seen to deal ruthlessly with the rampant scourge of corruption and the pilfering of state coffers,'' he said.

Mahlakeng said he would be ``failing in his duty'', if corruption was made to appear ``not punishable'' in his department.