



1 to 32 ton
VEHICLES
EFT's & CREDIT
CARDS ACCEPTED
0860 1000 46

Value Logistics Limited is a licit representative
of authorised Financial Service Provider # 8675



Goodbye
JR
PAGE 3

ZILLE
DA will take
Gauteng
PAGE 4

GAGA
SA meat dress
for pop queen
LIFESTYLE

BOKS HOLD OUT AGAINST FEROIOUS ENGLAND – SPORT

Sunday Times

THE PAPER FOR THE PEOPLE



November 25 2012 | R16.00 Inc. VAT | Botswana P14.95, Dubai AED 25.00, Lesotho R14.95, Namibia N\$27.95, Swaziland R15.50

***** www.timeslive.co.za

TAKING THEIR TOLL

SPECIAL INVESTIGATION

How a cosy club dominates SA's toll road empire

ROB ROSE, STEPHAN HOFSTATTER
and MZILIKAZI WA AFRIKA

SOUTH Africans are paying millions of rands extra for toll roads as a group of powerful players reap the spoils of lucrative tenders from the SA Roads Agency (Sanral), while cheaper options are ignored.

A court will hear arguments for and against the proposed tolling of Gauteng roads this week.

Court papers lodged by the Opposition to Urban Tolling Alliance slam Sanral, saying the Gauteng e-toll plan is "unlawful" and "disproportionately and unjustifiably expensive", while accusing the roads agency of a shameless lack of transparency.

This view is supported by a three-month Sunday Times investigation into the toll industry.

It appears to operate under a cloud, with sub-contractors reluctant to criticise economically unsound decisions by Sanral, fearing they will be

Sanral boss Nazir Alli has signed off deals that appear to benefit an "old boys" network

excluded from further deals worth billions.

Our investigation has established that:

● Sanral boss Nazir Alli has signed off a series of deals that appear to benefit an "old boys" network — specifically Tolplan boss Willie Pienaar and N3 Toll Consortium MD Neil Tolmie — while cheaper bids from new entrants are ignored;

● Tolplan is controlled by Pienaar, who first carried out "policy studies" in 1982 that recommended tolling SA's roads. Yet, Tolplan has made a killing by doing feasibility studies on tolling those roads, adjudicating on tenders and, finally, scoring engineering work on the same roads;

● Tolplan fired director Lennox Matshaya this month after he accused them of BEE "fronting". Though Matshaya claims Tolplan made billions from Sanral, the company won't say how much it has earned — even going to court to gag Matshaya from speaking to the press. When asked how much Sanral paid Tolplan, Alli told the Sunday Times: "It's got nothing to do with you";

● In just three deals clinched between 2009 and 2011 — the N1 north in

Limpopo, the N1 south in Gauteng and the Free State, and the N2 north in KwaZulu-Natal — road users are paying R186-million more than they should because Sanral insisted on using a subcontractor with prior business links to Pienaar, Tollink. This is despite numerous gripes that the Tollink electronic system that records toll traffic is prone to crashing and losing data;

● The N3 from Johannesburg to Durban was awarded to the N3 Toll Consortium in 1998 only after the tender adjudicator, Tolplan, "revised" its score on one element to favour the consortium, after handwritten comments were made on the tender evaluation by Tolmie, who was Sanral manager at the time. He later quit to become CEO of the N3TC. Tender documents confirm that Schabir Shaik's company, Nkobi Holdings, was a 3% shareholder of the N3TC when it won the bid. Tolmie said there was "no basis" for alleging any wrongdoing on his part;

● Sanral and the N3TC collected R2.2-billion in toll fees on the N3 highway in 2009 and 2010 alone, yet the consortium insists on keeping its financials secret;

● Electronic Toll Collection (ETC), the firm majority-owned by Austrian company Kapsch, won the tender to operate the Gauteng tolls for R9.9-billion in 2008, boasting 18% black empowerment. But it is estimated that ETC will make far more, while its BEE shareholding has shrunk to 5.8% as Moss Mashishi's Matemeku has sold most of its shares to Kapsch; and

● Motorists will pay at least R71-billion in Gauteng tolls over the next 24 years while operators like ETC will get at least R18-billion of that in fees.

Internal Sanral memos show that e-tolling is set to expand to other provinces if the Gauteng project gets the go-ahead in court.

Alli, who allowed the Sunday Times access to some of the tender documents, was appointed to head Sanral in 1998 by former transport minister Mac Maharaj, who is now spokesman for President Jacob Zuma.

Alli said that "we don't have a cosy relationship with anyone". He was "offended" by the suggestion.

He said Sanral's systems prevented any one person from abusing it to appoint specific companies.

But numerous sources in the industry said they felt sidelined by Sanral's decisions to consistently appoint the same few people.

Matshaya says in court papers lodged this year that Sanral colluded with Tolplan to "derive maximum benefit for a select few under cir-

SURFIN' RSA



Finile Mbutho on his way to winning the Umthombo Surf Contest, in which 22 former street children took part, at Dairy Beach in Durban yesterday. Organisers said exposure to surfing had helped to wean dozens of Durban's street kids off drugs and enter rehabilitation programmes at the Umthombo Street Children shelter

Picture: JON IVINS

cumstances where it is very much intended that the public will foot the bill".

When it was put to Alli that Tolplan had a conflict of interest in adjudicating on tenders and then scoring work on the same toll roads, Alli conceded "that is how it looks".

But he said that Tolplan "don't make the decisions [on tenders] — we do".

However, Sanral executive Koos Smit admitted that "99% of the time, we will accept [the consultant's] recommendation".

While industry insiders estimate

that Tolplan has scored contracts worth more than R100-million a year from Sanral, Pienaar refuses to reveal the numbers.

"Virtually all consulting engineers

● Turn to Page 2

Nkandla: top official quits

SIBUSISO NGALWA, STEPHAN HOFSTATTER, MZILIKAZI WA AFRIKA and ROB ROSE

● A 250-kilolitre water tank and 15 000 litres of water delivered in 2010, meant for "the festive season";

● The 2.7km security fence, which stands 2.4m high;

● A clinic — initially estimated to cost R6.4-million;

● A helipad and secret tunnels with concrete roof shattering; and

● Underground bunkers and tunnels for the new guest houses.

This is despite Zuma insisting two weeks ago in parliament that "the government did not build a home for me".

The documents show alarm bells rang about the escalating costs for at least one senior official as far back as 2010.

According to minutes from a meeting called by Doidge in Nkandla on September 23 2010, a deputy

Ministers did everything in their power to please their boss

director-general inquired about the cost of the fence as it did not tally with the supplier's quotation.

"[It was] indicated that the variation order includes site preparation works and a trafficable [cattle] culvert which are not included in the supplier's quotation," said the document.

The documents detail the frustrations of Public Works about delays in the upgrades. One memo notes that "due to the fast-track nature of the project, changes [to specifications] are occurring on a daily basis".

The project was initiated by Doidge in August 2009 and was meant to be about security upgrades. But the department then went on to upgrade dwellings, build new private structures and pay for interior design.

Zuma's spokesman, Mac Maharaj, referred questions to Public Works. The acting director general of the department, Mandisa Ratyela-Lindi, refused to discuss the Nkandla upgrades or Khanyle's resignation.

● Yesterday, villagers in Nkandla organised a meeting to pray for Zuma to retain his post as ANC president at the party's elective conference. More than 300 people were expected to attend and 10 cattle were lined up for slaughter.

you want you choose you can get

car
 home improvements
 education

amount
 term

up to R230 000 instant credit
 free life and retrenchment cover
 interest rate based on your profile
 money immediately



One solution to money management

24hr Client Care Centre on 0860 10 20 43 or visit capitecbank.co.za
Fees include VAT. All information correct at time of going to print, 20/08/2012, and subject to change.
A registered credit provider. NCR Reg. No.: NCRCP13. Capitec Bank Limited Reg. No.: 1980/003695/06



Simplicity is the ultimate sophistication

803201-Credit_L10x10 ST

Huge profits for toll companies

Secret financial records point to hundreds of millions in revenue

STEPHAN HOFSTATTER,
MZILUKAZI WA AFRIKA
and ROB ROSE

THE SA National Roads Agency (Sanral) will argue in court tomorrow that blocking the Gauteng e-tolls would create a doomsday scenario in which South Africa's credit rating will plunge dramatically and "the people of South Africa will inevitably have to pay for it in some form or another".

But Sanral's claim that tolls are levied on consumers only to repay South Africa's debts is contradicted by secret financial records obtained by the Sunday Times for the country's flagship toll project — the N3 from Johannesburg to Durban.

These show the Gauteng toll roads are likely to be just as much of a money-spinner for the operating company, Electronic Toll Collection (ETC), as the N3 project has been for the company that scored that contract in 1999, the N3 Toll Consortium (N3TC).

Former transport minister Mac Maharaj awarded the N3TC the tender in May 1999. A cloud still hangs over that deal as it has emerged that Schabir Shaik — whose Nkobi Holdings owned 3% of the N3TC — paid R2.3-million to Maharaj's wife Zarina through secret offshore bank accounts in 1996 and 1997, believed to be bribes from arms dealer Thales.

The Sunday Times estimates that the N3TC has made more than R450-million in bottom-line profit in the past five years alone. The cost of driving from Johannesburg to Durban has rocketed from R58.80, when the road opened, to R174 now.

The profit estimate is based on tender documents, obtained by the Sunday Times, which show that the N3TC collected R1.1-billion in toll fees for the year to June 2010, and R949-million the previous year. Full financial statements for 2006 show the N3TC made a profit of

R70.4-million on toll revenues of R648-million — a 10.3% margin. N3TC CEO Neil Tolmie refused to release the N3TC's most recent financial statements, saying: "We have not been able to obtain the consent of the relevant stakeholders."

Tolmie headed Sanral's eastern region until 2006, and was involved in the decision to pick the winning consortium — which he now heads.

Tolmie said his departure from Sanral through a revolving door to the N3TC does not support the view that there is a small club of individuals who dominate the industry. "There is no basis for this characterisation [as it is based on assumptions] that are oversimplified and flawed," he said.

'Sanral has hidden the costs of toll collection' or tried to portray them as less than they'll be

The Opposition to Urban Tolling Alliance (Outa) will argue in court that ETC will also make a killing in "collection costs" on Gauteng freeways.

In court papers, Outa says: "Sanral, at every turn, has either hidden the costs of toll collection, or has sought to present ... that the costs of toll collection are far less than what they actually will be."

When it first bid, ETC's winning tender to operate the Gauteng freeways was R9.9-billion including VAT, for eight years.

Mashishi said Kapsch's investment was necessary because ETC had to put up a R2-billion guarantee, and none of the banks was willing to provide that. "Kapsch put up the entire guarantee ... [allowing TMT], which was a really small traffic enforcement company in South Africa, to become a global player," he said.

benefit the taxpayer, but only profit operators, including ETC.

As Outa clashes in court with Sanral, Cosatu is gearing up for a "campaign of mass action" against e-tolling, starting next Friday. The federation said there was "overwhelming opposition to this move to privatise a public asset".

Sanral is mounting a vigorous defence, arguing that the Gauteng freeway project is "overwhelmingly beneficial" to motorists. It says Outa "wanted all of the benefits of [the freeway project] but they did not want to have to pay for them".

It says that if the court sets aside the tolls, "this would send a negative message to financial markets", and have dire consequences for the country.

"[The project] must inevitably be paid for. The only question is how it will be paid for, but the people of South Africa will inevitably have to pay for it in some form or another," it argues.

Outa argues that the way the Gauteng e-tolls were implemented is flawed, and that Sanral has consistently refused to be transparent about ETC's contract to run the project.

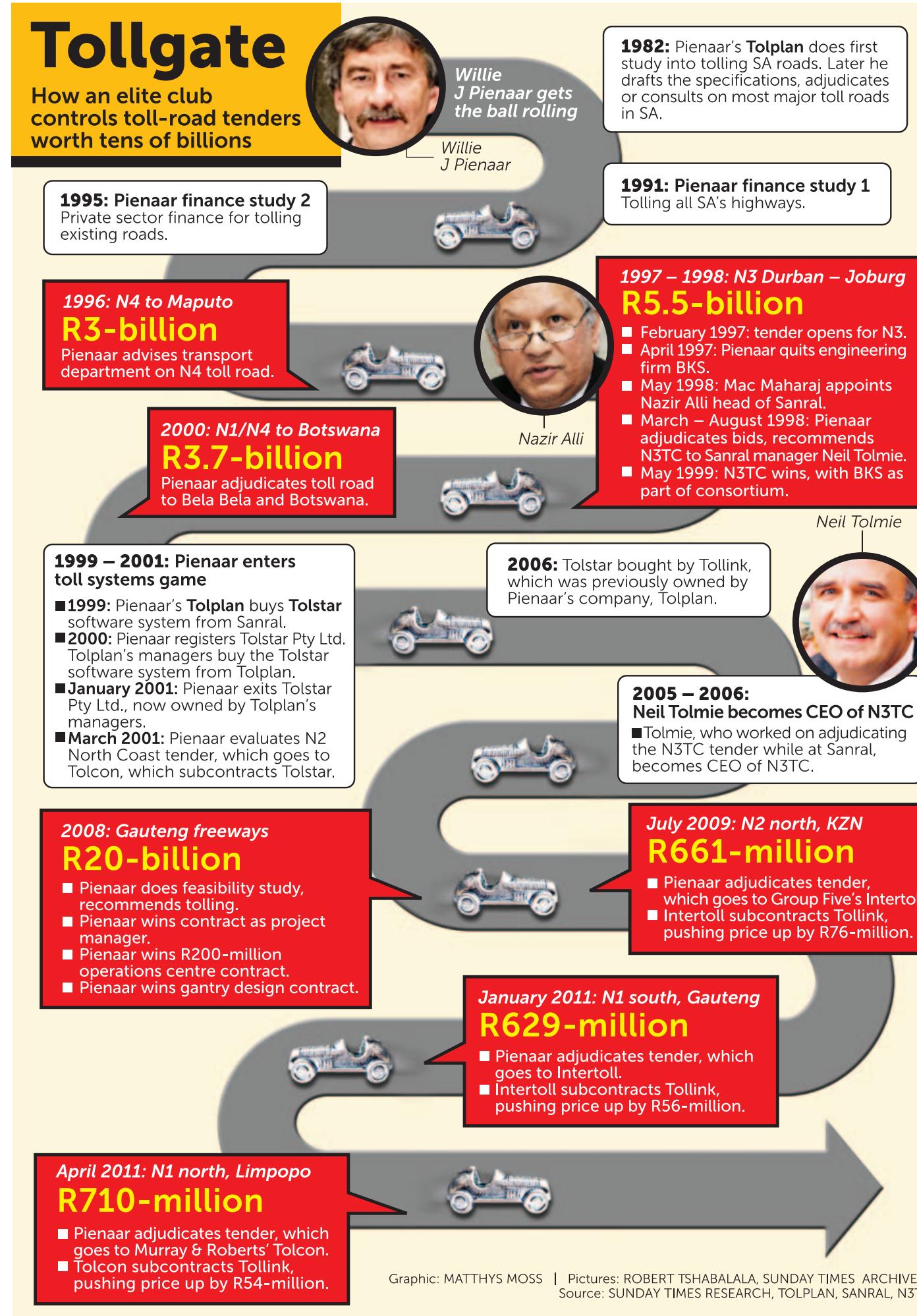
As it is, ETC's black ownership has dropped markedly from when it tendered in 2009 — one of the factors considered by Sanral when awarding tenders.

At that stage, ETC was effectively 18% owned by Moss Mashishi's Matemeku through a company called TMT Services. But Austrian group Kapsch has since bought into TMT, reducing Matemeku's stake in the Gauteng project to about 5.8%.

Mashishi said Kapsch's investment was necessary because ETC had to put up a R2-billion guarantee, and none of the banks was willing to provide that. "Kapsch put up the entire guarantee ... [allowing TMT], which was a really small traffic enforcement company in South Africa, to become a global player," he said.

If e-tolling goes ahead, Gauteng motorists will pay at least R71-billion in toll fees over the next 24 years, with the collection costs estimated to be at least R18-billion. This means motorists will pay billions in tolls that will not improve roads or

investigations@sundaysundaytimes.co.za



Graphic: MATTHYS MOSS | Pictures: ROBERT TSHABALALA, SUNDAY TIMES ARCHIVE | Source: SUNDAY TIMES RESEARCH, TOLPLAN, SANRAL, N3TC

From Page 1

Cosy club dominates SA's toll road empire

Engineers in South Africa are involved in investigating a potential solution for an engineering problem, and then... they will quite often be involved in the design and construction supervision of the solution.

"Many [clients] see an advantage in having the same company involved from a continuity point of view," he said.

Pienaar often technically complies with governance rules by quitting a company shortly

before it lands a major Sanral contract.

He was a shareholder and director of engineering consultancy BKS until he resigned in April 1997, three months after the N3 tender opened.

His company, Tolplan, then adjudicated on bids for the N3 tender, recommending that the N3TC be awarded the R5.4-billion

contract. However, BKS is a member of the N3TC.

Pienaar said: "It was precisely to eliminate the conflict of interest that could have arisen... that I resigned from BKS in April 1997."

Meanwhile, Tollink repeatedly scores multimillion-rand Sanral tenders adjudicated on by Tolplan.

In one deal, Murray & Roberts

enlightened the commission on the role he played, if any, in the acquisition process.

Others who have been called to provide testimony at the hearings include losing bidder, Dr Richard Young, Cape Town mayor Patricia de Lille, arms-deal activist Terry Crawford-Brown, former MPs Gavin Woods, Andrew Feinstein and Raenette Taljaard, as well as Major-General Hans Meiring and Colonel Johan du Plooy, who are both working for the Hawks.

Judge Seriti said the witnesses were informed via e-mail and letter on Friday that they would have to appear.

He said the only person they were not able to locate was Hlongwane.

"I can't say he's trying to evade us, but we have failed to find him."

Requests for information were made to various government institutions and departments, including the Auditor-General's office, the National Prosecuting Authority, Parliament and Cabinet, said Seriti.

"Almost all government entities have thus far co-operated with the commission and provided documents and information we requested."

A team of forensic auditors has also been engaged to probe and compile a report on the vast number of banking accounts and statements at our disposal."

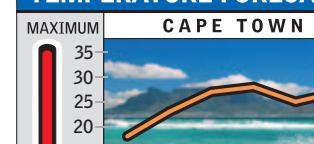
TODAY'S WEATHER

Gauteng, North West and the Free State will be partly cloudy and warm with isolated showers in places. Limpopo and Mpumalanga will be partly cloudy with scattered thundershowers, becoming hot in the bushveld.

Northern Cape will be partly cloudy and fine and cool to warm with a fresh southeasterly wind. Western Cape will also be partly cloudy and cool, with isolated showers. The wind will be moderate to fresh southerly, but southwesterly along the south coast.

The Eastern Cape will be partly cloudy and cool with light rain in places, while KwaZulu-Natal will be cloudy to partly cloudy and cool with isolated showers.

TEMPERATURE FORECAST



Subscriptions

E-mail: subscriptions@sundaysundaytimes.co.za
New subscriptions: Call 0860 946 946 or go to www.timeslive.co.za

Enquiries and problems: 0860 5252 00

Accuracy

If you spot mistakes in our stories, please email them out to us so that we can fix them. Phone (011) 280 3232 or (011) 280 5150/1 or e-mail readers@sundaysundaytimes.co.za

Letters to the Editor

Write to PO Box 1742, Saxonwold, 2132, fax (011) 280 5150/2, SMS 33971, or email letters@sundaysundaytimes.co.za

News tips

If you have a story you would like us to investigate or report, send an e-mail with your contact details and phone number to news tipoff@sundaysundaytimes.co.za

Copyright

The copyright in all material in this newspaper and its supplements is expressly reserved.

Published by Avusa Media Ltd.

subsidiary Tolcon won a R710-million tender in April 2011 to run the N1 in Limpopo for eight years, using the Tollink system.

However, when Group Five subsidiary Intertoll tendered for the same project, using its in-house electronic system, for R656-million, it was unsuccessful.

On the N1 south, Intertoll won the R629-million tender when it

included the Tollink system, despite providing an alternative R573-million bid, using its own system.

On the N2 north, Intertoll again won the tender worth R661-million, using the Tollink system, rather than their cheaper alternative of R585-million.

Sanral has acknowledged

Tollink's problems in a memo.

Smit said Intertoll's in-house system was untested, and "we want a proven system".

However, Intertoll's system has been successfully tested at the Grasmeare ramp plaza.

Asked why Tolplan was key to most major contracts, Smit said: "It's a small industry."

investigations@sundaysundaytimes.co.za

IN BRIEF

KALLIE'S CLOSE CALL: Former South African heavyweight boxer Kallie Knoetze accidentally injured his four-year-old grandson when he drove into him outside his home on Friday afternoon.

The child suffered a broken coccyx but was in a stable condition in hospital yesterday.

Knoetze was returning to his De Wildt home near Hartebeespoort when he reversed into his grandson, Nuan Knoetze, who was playing in the yard with his two-year-old brother, Lian. Nuan's father, Nickol, said they were thankful that Nuan would be alright.

"When my dad [Kallie] drove in he did not see the boys who were hiding in some bushes. They wanted to surprise my dad. When my dad saw no one around he reversed to park under a tree, which is when Nuan jumped out of the bush and my dad bumped him with the back of the bakkie," — Taschica Pillay

TODDLER FALLS: Marco Grobler will celebrate his second birthday with a steel plate holding his jaw together after a one-storey fall inside a shopping centre in Cape Town.

Shoppers at the Cape Gate mall near Brackenfell watched in horror as the blond 22-month-old plunged from the first floor onto the ground floor.

Marco, his eight-year-old brother Carlo and mother Alisha were on a shopping outing on Friday afternoon.

Cape Gate marketing manager Laretha Blom said: "Video footage showed that he put his foot onto the side of an escalator, while at the same time grabbing the belt that was moving up. The momentum of the moving belt pulled him over the side of the escalator." — Shanaaz Eggington

CRUSHED BY BUS: A man was killed yesterday when he was crushed by a luxury bus on the Ben Schoeman highway in Pretoria.

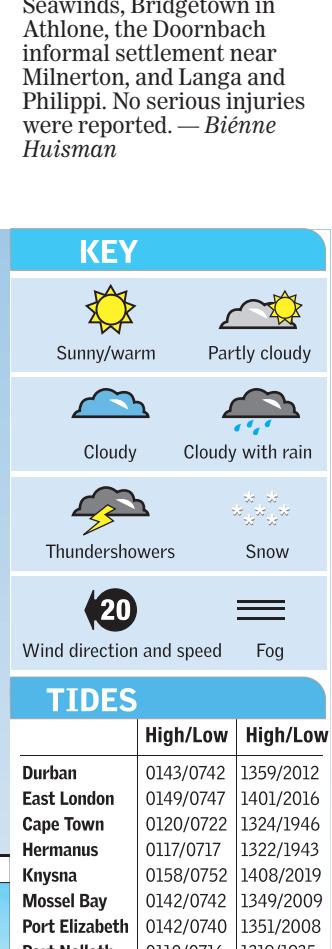
While the exact cause of the crash is under investigation, it is believed that the bus veered out of control.

ER24 spokesman Andre Visser said: "The bus crashed through the roadside barrier and proceeded to overturn down an embankment." All of the occupants were thrown out of the vehicle as it overturned.

Visser said medics treated seven passengers on the scene for minor injuries and, as they were about to leave, received word that there had been eight passengers on the bus. They then found the eighth passenger under the vehicle. — Monica Laganparsad

FIRE AND RAIN: More than 300 people were left homeless in rainy conditions after fires ripped through informal settlements in Cape Town yesterday.

Affected areas included Overcome Heights in Seawinds, Bridgetown in Athlone, the Doornbach informal settlement near Milnerton, and Langa and Philippi. No serious injuries were reported. — Biéne Huisman



Vampire lifts garlic sales

SALES of garlic are booming in western Serbia after the local council warned that a vampire was on the loose.

The warning came after an old mill, said to have been the home of a notorious vampire, collapsed. Local mayor Miodrag Vujetic admitted

that "Everybody knows the legend of this vampire and the thought that he is now homeless and looking for somewhere else and possibly other victims is terrifying."

He said nobody in the area was in any doubt that vampires exist. — ananova.com

Published by Avusa Media Ltd.

ABC CERTIFIED

Lotto results November 24 2012

7 11 13 21 22 24 + 17

LOTTO PLUS 5 13 18 30 42 47 + 24



Sunday Times subscribes to the South African Press Code that prescribes news that is truthful, accurate, fair and balanced. If we don't live up to the Code please contact the Press Ombudsman at 011 484 3612/8, fax: 011 484 3612/8, Website: www.presscouncil.org.za