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Sunday Times

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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 Ali 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 Ali 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, Ali 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 Matemoku 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.

Ali, 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.

Ali 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



Fihle 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 Ali that Tolplan had a conflict of interest in adjudicating on tenders and then scoring work on the same toll roads, Ali 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

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Nkandla: top official quits

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

A SENIOR Public Works official responsible for overseeing the upgrade of President Jacob Zuma's Nkandla homestead has resigned.

The departure of KwaZulu-Natal regional manager Kenneth Khanyile has been kept under wraps as the department struggles to come up with answers as to why the costs of the upgrade rose from an estimated R88-million to more than R200-million. Although the reasons for his departure are unclear, it comes at a time of fresh revelations regarding the extent of the multimillion-rand project.

The Sunday Times has learnt that the department has asked Khanyile to stay on until the end of December while they look for his replacement. He was meant to have left at the end of this month.

Khanyile played a central role in the Nkandla upgrade and acted as liaison between his head office and the project manager on site.

He would not answer questions about his resignation, referring them to the department.

His pending departure comes as documents seen by the Sunday Times show that Zuma's personal bill for the upgrades was meant to have been R22-million.

However, the Department of Public Works seems to have gone ahead with the construction without a commitment from Zuma as to how and when he would pay his portion of the costs.

Documents, including memos and minutes of meetings, show that former public works minister Geoff Doidge, now ambassador to Sri Lanka, and his cabinet successor Gwen Mahlangu-Nkabinde did everything in their power as ministers to please their boss by prioritising the upgrade of his private residence.

The questionable publicly funded upgrades and costs related to Zuma's homestead include:

- The building of a new guest house and two private residences at a cost of R16-million, 75% of which was meant to have come from Zuma's own pocket, including R51 000 for bulk earthworks and stormwater drains;

- R3.5-million set aside for the relocation of three neighbouring families to make way for the expansion of Zuma's home;

- R3-million for a visitors' centre and a lounge;

- 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 shuttering; 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 [cat-tle] 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 Fatyela-Lindi, refused to discuss the Nkandla upgrades or Khanyile'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.

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