

01<sup>st</sup> February 2017

**1. NATIONAL HEAD OF INVESTIGATIONS**

SAPS  
HEAD OFFICE  
PRETORIA

**2. SPECIAL INVESTIGATION UNIT (SIU)**

**3. HAWKS**

**RE: REQUEST TO INVESTIGATE CORRUPT ACTIVITIES IN THE NATIONAL DEPARTMENT OF WATER AND SANITAION**

Dear Sir/Madam

I'm writing to express my concern about the corrupt activities that are taking place in our organization, the National Department of Water and Sanitation under the leadership of the Hon Minister Nomvula Mokonyane. As an employee and a citizen who cares about the government's ability to provide basic services to our people, I feel it is my duty to report any activities compromises the integrity of the government.

The Department has undertaken a number of projects without following the correct procurement procedures and policies. I believe that certain individuals have knowingly facilitated corrupt activities for their own benefits at the expense of service delivery that the Department is mandated to undertake. Senior government official who are employed by the Department have collaborated with external individuals to carry out this gross corruption.

While I believe that corruption has become epidemic in the Department, the list below constitutes projects where I have identified proven corrupt activities.

**a) Purchasing of SAP Licenses**

The SAP licences for both the Department and water boards were recently purchased at the amount of more that R500 million without following due process and/or establishing the business case. The department already had existing licenses, which could also accommodate additional users, but still went ahead to procure new ones. Furthermore the licenses for the water boards were procured on their behalf without their consent or determining the need for such. In my view this constitutes irregular, fruitless and wasteful expenditure.

The then Director - General of the Department, Ms Margaret-Ann Diedricks also tried in vain to prevent this project from being implemented as it did not make business sense. As the pressure mounted on her to approve this corrupt project, she could not take it anymore and opted to resign from her position as the accounting officer of the Department. Immediately after her departure the tender committees were restructured by the acting Director

General, Mr Sifiso Mkhize as he felt that the committees would not carry his mandate to approve and award this corrupt and fraudulent tender.

Unsurprisingly, the newly constituted tender committee awarded this SAP tender immediately to the SAP Company and the acting DG signed to approve it.

At the center of this corruption is an individual by the name of Mr Luvo Makasi, who is not even an employee of the Department, but has been very influential in facilitating this corrupt deal. Even senior officials in the Department have voiced their concerns about receiving direct instructions from Mr Makasi, who claims to be representing Minister Mokonyane's interests when facilitating corruption.

I'm quite sure that telephone records will prove that there's been extensive communication between Mr Lawrence Kandaswami, MD SAP South Africa and Mr Luvo Makasi before and after the awarding of the SAP contract. I also have it in good authority that in December, two days after the Department made payment to SAP, an amount in excess of R 35 million in kickbacks was directly paid to one of Mr Makasi's proxy company that is owned by Mr. Monurel Islam.

#### **b) Lepelle Water Project**

The Department initially budget R531 million for this emergency project in Limpopo province. Later on the Department's Deputy Director General for National Water Resource Infrastructure (NWRI) Branch, Ms Zandile Mathe granted Lepelle Water Board permission to implement the business plan of over R3 billion, while she ensured that funds were made available. This was undertaken without any approval of additional scope work. Ms Mathe further instructed Lepelle to appoint LTE and Cato Civils companies without following due process and going on open tender. It is also worth noting that both these companies are owned by same partners, namely Mr Simbi Phiri and Thulani Majola. It is a well-known fact that Ms Mathe has been a recipient of kickbacks from LTE and Cato Civils, which has allowed her to maintain her lavish lifestyle beyond her public servant salary.

#### **c) Amatola Water Board (Eastern Cape)**

Despite the cloud hanging over LTE and Cato Civils from their involvement in blatant corrupt business activities, they continue to seek and secure work from the Department. Mr Luvo Makasi, the notorious deal maker, who claims to represent Minister Mokonyane's interests also instructed Amatola Water to award a sanitation tender to LTE. Both Mr Makasi and Ms Mathe continue to benefit million in kickbacks from LTE.

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I'm quite confident that an investigation into the telephone and e-mail records between Mr Makasi and Mr Lefadi Makibinyane, the CEO of Amatola water board will expose the corrupt nature of their relationship. Mr Makibinyane is currently at odds with the newly appointed Board at Amatola Water Board as he sees them as stumbling block to his corrupt dealing.

**d) Vaal/Gamagara water project**

Ms Zandile Mathe and her accomplices Mr Makasi continued with their spate of corrupt activities which resulted in commissioning of the R18 billion Vaal/Gamagara water project without going out on tender, while ensuring the availability of funds.

**e) Corruption Syndicate**

It is clear from aforementioned corrupt projects that there exists a clique of corrupt individuals at the highest management level in the department. The mastermind at the center of this corruption is Mr Thelle Moema, who is the Special Advisor to the Minister Mokonyane.

Senior Department officials have confirmed that Mr Moema has used his close proximity to the Minister to unduly influence decisions to allocate tenders in the Department to his preferred corrupt friends. It is also Mr Moema who continues to position Mr Luvo Makasi by introducing him to Department officials as the main person who represents Minister Mokonyane's interest and yields the power of influence.

Mr Moema has also developed a close relationship with Ms Zandile Mathe, with a promise to provide her with political protection from the Minister. It has been proven and a known fact that Ms Zandile Mathe's house has been utilized as a meeting place to discussed and allocate tenders to corrupt companies preferred by this corrupt cabal.

Certain contractors/companies have been complaining to department's officials about being summoned by Mr Moema, Ms Mathe and Makasi to provide kickbacks in return to being allocated work in the Department. This also include those companies that already have contracts with the department who have been threatened that their contracts will be terminated if their do not comply with these demands.

Mr Makase goes as far as calling the Minister and putting her on speaker in the present of business owners and Department officials to prove his close relationship and influence over the Minister.

Mr Moema and Mr Makasi reign of terror has extended to other water sector institutions that are accountable to the Minister, such as TCTA and Water Boards. They have been recently going around intimidation management and

board members to allocate tender to their preferred suppliers whom they claim represent Minister's business interests. One clear example of this interference is the pressure they are exerting on the current TCTA board to appoint a CEO candidate that is provided by them and claiming that this has been cleared with the Minister as the shareholder of TCTA.

Minister Mokonyane has recently announced the appointment of a private company called Werksmans Attorneys to investigate irregularities and corruption that has been linked to the Department and herself. This initiative is regarded by many in the Department as just a smoke screen and to blind the public since the company was identified and recommended by Mr Moema and Mr Makasi who are central to the very same corruption that is taking place in the Department. Mr Makasi has a direct relation with Werksmans attorneys who have used him as a subcontractor of many of their legal work, including the Prasa investigation into the multibillion rand tender irregularities.

Unsurprisingly, the appointment of Werksmans Attorneys did not follow correct procurement processes as it was allocated without the tender being advertised. This is just another example on how these corrupt individuals will go at great lengths to flout department procurement laws to hide their corrupt dealings. It has been confirmed by senior department officials that the Werksmans was approved and accepted without any cost estimate. Basically this provides the service provider with a "blank cheque" where the final cost can be any amount that they decide upon.

Some officials within the department have confronted Mr Luvo Makasi, threatening to expose his corrupt activities to the media. He arrogantly made them know that no media channel will run a story against him since he always pays his way out of trouble. Basically, he has most of influential media persons on his pay-roll. And some media journalist had confirmed that him and Thelma has indeed been paying them a lot of money to squash their stories on Newspapers, including City Press, Sunday World and Mail & Guardian among others.

It is also within my knowledge that corrupt activities associated with Mr Makasi have been reported to the Special Investigating Unit (SIU) before, but the investigation was squashed with the assistance of Mr Thelma Moema's wife who works at the SIU.

Water is the lifeblood of the country's social and economic development. This becomes even more critical given the current drought conditions. Therefore we cannot allow a group of few individuals to compromise the government's ability to provide basic services to its citizens.

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It is my belief that this letter provides the necessary information for you to institute further investigation to protect taxpayer's money from these selfish and corrupt individuals. Appendix A, below provides the cellphone numbers for some of the individuals implicated in corrupt activities as detailed in this letter.

Yours Sincerely

Anonymous

(In fear of being victimized by this powerful syndicate)